

# **ERSTE STOCK EUROPE PROPERTY**

**Jointly owned fund pursuant to the InvFG**

Annual Report 2020/21

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## General Information about the Investment Firm

<b>The company</b>	Erste Asset Management GmbH Am Belvedere 1, A-1100 Vienna Telephone: +43 05 0100-19777, fax: +43 05 0100-919777
<b>Registered capital</b>	EUR 2.50 million
<b>Shareholders</b>	Erste Group Bank AG (64.67%) Erste Bank der österreichischen Sparkassen AG (22.17%) Steiermärkische Bank und Sparkassen Aktiengesellschaft (3.30%) Tiroler Sparkasse Bankaktiengesellschaft Innsbruck (1.74%) DekaBank Deutsche Girozentrale, Frankfurt (1.65%) „Die Kärntner“ Trust-Vermögensverwaltungsgesellschaft m. b. H. & Co KG (1.65%) Salzburger Sparkasse Bank Aktiengesellschaft (1.65%) Sieben Tiroler Sparkassen Beteiligungsgesellschaft m. b. H. (1.65%) NÖ-Sparkassen Beteiligungsgesellschaft m. b. H. (0.76%) VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe (0.76%)
<b>Supervisory Board</b>	Rudolf SAGMEISTER (Chairman) Thomas SCHAUFLER (Deputy Chairman) Harald GASSER Gerhard GRABNER Harald Frank GRUBER Oswald HUBER Radovan JELASITY Robert LASSHOFER Franz PRUCKNER Rupert RIEDER Gabriele SEMMELROCK-WERZER Reinhard WALT Gerald WEBER Appointed by the Works Council: Martin CECH Regina HABERHAUER Heinrich Hubert REINER Peter RIEDERER Nicole WEINHENGST Manfred ZOUREK
<b>Managing directors</b>	Heinz BEDNAR Winfried BUCHBAUER Peter KARL Thomas KRAUS (from 01.01.2021) Wolfgang TRAINDL (until 28.02.2021)
<b>Prokuristen (proxies)</b>	Achim ARNHOF (until 30.06.2020) Karl FREUDENSCHUSS Manfred LENTNER Günther MANDL Gerold PERMOSER Magdalena REISCHL Oliver RÖDER (from 06.07.2020)
<b>State commissioners</b>	Walter MEGNER (from 01.10.2020) Christoph SEEL Eva SCHRITTWIESER (until 30.06.2020)
<b>Auditor</b>	Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.
<b>Depository bank</b>	Erste Group Bank AG

## Dear Unit-holder,

We are pleased to present you the following annual report for the ERSTE STOCK EUROPE PROPERTY jointly owned fund pursuant to the InvFG for the accounting year from 1 May 2020 to 30 April 2021.

The companies managing the sub-funds contained in the fund that are not managed by the Investment Firm assessed management fees ranging between 0.00% and 0.40%. No front-end surcharges were charged for the purchase of the units in these funds.

Even as the COVID-19 pandemic spreads, we are not losing sight of our responsibility to manage the assets entrusted to our care in a manner that maintains our ability to act on the capital markets and that enables us to make the best possible allocation decisions.

Modern technology also allows us to meet these obligations in full via teleworking.

## Development of the Fund

### Investment strategy

ERSTE STOCK EUROPE PROPERTY invests in real estate stocks and REITS (real estate investment trusts). The fund's strategy focuses on equities from European real estate companies. Foreign currency risks are not hedged.

### Market

Over the past ten years, real estate stocks have emerged as a very attractive asset class and performed better than the overall market in Europe because of the low interest rates. The low interest rate level resulting from the monetary policy of the ECB (and other central banks) is a major driving force behind the performance of the real estate sector. In light of the low interest rates and high spreads between ten-year government bonds and corporate bonds, real estate is currently an attractive asset class for investors and was a source of value gains in recent years. Because of varying economic and real estate market conditions, however, this trend is developing differently in the individual markets. Real estate stocks in the UK have been among the losers following the Brexit vote on 23 June 2016.

Even though investors are looking to other sectors at present, real estate performed well until the outbreak of the COVID-19 pandemic in Europe. Strong capital inflows boosted the real estate market further. The listed real estate market has been a distinct GICS sector since the beginning of September 2016 and reached its high in the middle of February 2020. The European equity markets corrected substantially in the wake of the major economic uncertainty and reached their low point at the end of March 2020. Real estate stocks corrected less substantially than in other crises. Since then, prices have recovered noticeably on all European exchanges, though the real estate sector is recovering most slowly. Restricted personal mobility and the trend towards remote working put pressure on selling prices and rents for office properties.

COVID-19 further exacerbated the differences in the conditions and prospects for various real estate segments and locations. Despite investor sentiment being dominated by uncertainty, the cash flows (from rental revenue) for many property types with long-term leases remain solid.

ERSTE STOCK EUROPE PROPERTY generated a performance of plus 17.56% (ISIN AT0000708334) for the reporting period. The market has been moving in a range between minus 7% (middle of May 2020) and plus 17% (middle of April 2021) since May 2020. Investment level management, currencies, and stock picking were important performance drivers as the volatility and diversification of the stocks remained very high. The development of individual shares varied between plus 79% and minus 15%.

Compared with the market, stock picking in Sweden, Germany, Austria, and France generated a positive performance contribution. The underweighting of Belgium had a negative effect because increased investment activity enabled Belgian REITs to outperform the market despite more expensive valuations.

Due to unit certificate increases, the fund conducted roughly EUR 2.5 million in equities transactions over the reporting period to maintain its strategic orientation. Positions in Shurgard (BEL logistics), Castellum (SW office), British Land (UK office/retail), Derwent London (UK office), BYG Yellow (UK logistics), Derwent London (UK office), LEG Immobilien (DE residential), Grand City Properties (DE commercial/hotel), Immofinanz (AT office/retail), Unite Group (UK office), Merlin Properties (SP office/retail), CA Immobilien (AT office), Klepierre (F retail), Deutsche Euroshop (DE retail), S Immo (AT office/retail), Deutsche Wohnen (D residential), Big Yellow (UK logistics), Vastned Retail (NL retail), Aroundtown (D residential), Gecina (F office), Kojamo (F office/retail), Warehouses de Pauw (BEL logistics), Safestore (UK logistics), TAG Immobilien (D residential), and LEG Immobilien (D residential) were allocated. The position in Vonovia SE had to be reduced multiple times via share sales to remain within the investment limits (maximum weighting of an individual issue 10%) due to increases in its share value. Positions in REITs are kept below 50% of the fund assets for tax reasons.

The outlook for 2021 remains very selective among the subsectors. However, we are currently expecting a recovery in the second half of the year, and a cyclical market environment should lend support to the European real estate market. Real estate is generally behind the cycle and correlates strongly with the macroeconomic data.

Even though there is a great deal of uncertainty and investors are currently focusing on other sectors, the listed real estate market still offers interesting investment opportunities.

At a discount of around 17% on its NAVs 2022e and an expected dividend yield of 3.7% for 2022, we estimate a total return of around 6% for 2021 (valuation gains + dividend yield). (ROE of 4% for 2021–23)

There are substantial valuation differences and changes between the individual subsectors. While we anticipate further growth for quality companies in logistics, self storage, assisted living and retirement homes, German residential property, and office properties (under cyclical conditions), the retail and hotel property markets are dominated by substantial uncertainty.

Topics such as a rapidly growing e-commerce share and remote working are changing the overall conditions and the demand/supply structure for retail, office, and logistics space and are continuing to drive the market (“logistics will be the new retail”).

The carbon issue will also have a massive impact on the future strategies and orientation of real estate companies. Environmental, social, and governance (ESG) factors have become an indispensable element of real estate management. This is in part due to the international climate goals and national and European laws. Buildings have a direct impact on the environment and account for 40% of all carbon emissions. ESG measures can help to reduce energy consumption.

Real estate stocks in the UK have been among the big losers following the Brexit vote. Especially international market participants are not only fearing the further depreciation of the British pound and associated negative effects for investments compared with other currencies, but also a drop in prices on the real estate market, especially in London. The final Brexit decision was particularly important for the UK property companies.

Residential properties in Germany remain one of the most popular investments on the European real estate market. The German housing investment market will remain dynamic because of the better overall economic outlook and the sustained high demand. Rents are rising and are reflected in the cash flow growth (FFO) of the listed companies. Yield decreases, FFO growth, and declining refinancing costs are the valuation drivers on the balance sheets. The results posted by the companies exceeded the expectations on average. The decision by the Berlin city government to freeze residential rents for five years and to only allow rent increases under certain exceptions in this period was controversial. (This decision was stricken down by the Supreme Court in May 2021). After the price declines on the exchanges, the listed real estate sector is no longer overvalued but is listing at a fair level with an FFO yield of roughly 3.6% and a dividend yield of about 4%. The real estate market in Germany is even in a good position to absorb possible future interest rate increases as the difference between the purchase yield and financing costs is currently around 420 bp.

Companies outside of the retail and hotel segments have strong balance sheets compared with the financial crisis in 2008 and 2009. The development of the companies is being driven largely by equity capital, and debt levels are relatively moderate. The average loan-to-value (LTV) ratio in Europe is currently between 35 and 40%, though deleveraging has become significantly more important for major retail property companies such as Unibail-Rodamco Westfield and Hammerson and some disposals are being seen.

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## ERSTE STOCK EUROPE PROPERTY

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Looking for more attractive returns, many real estate investors are planning extensive activities in Germany and Sweden in 2021. There was also some M&A activity, evidencing the ongoing market consolidation. Risk appetite is trending down as well, however. The most attractive market segments at present are prime and core assets. Activity is likely to slow due to the changed economic conditions.

The medium-term trend will depend on how the European and global economies develop. It is becoming increasingly important to act selectively. Capital increases and takeovers will remain relevant in 2021/22.

The investment strategy continues to focus on companies with solid balance sheets, low debt, low refinancing risk, well diversified tenant structures, and sustainable cash flow growth.

The portfolio consists primarily of the logistics (12%), residential real estate (47%), and office real estate (26%) segments. Investments in retail property companies (12%) will continue to play a secondary role due to the structural market changes.

The IMF anticipates a strong recovery in 2021 and 2022. But these projections depend largely on the duration of the pandemic, and are thus still subject to great uncertainty. The global equity markets will continue to see high volatility. Even though investors and analysts have high hopes for the Q2 data, a price correction is still likely. The medium-term trend will depend on how the European and global economies develop. It is becoming increasingly important to act selectively. Capital increases and takeovers will remain relevant in 2021/22.

The highest weightings are currently in Germany (31.6%), France (9.7%), Sweden (9.4%), and the UK (25.5%). The portfolio is broadly diversified in 53 stocks in 13 countries, with the German residential specialists Vonovia SE, Deutsche Wohnen SE, and LEG Immobilien AG representing the three largest positions in the fund. The share of REITs in the fund is being strategically maintained below 49% for tax reasons. As a result, UK REITs and Belgian REITs are significantly underweighted. No derivatives were used during the reporting period.

The investment strategy continues to focus on companies with solid balance sheets, low debt, low refinancing risk, well diversified tenant structures, and sustainable cash flow growth.

The fund achieved a positive performance of 17.56% (AT0000708334) for the reporting period.

## Method of Calculating the Global Exposure

Method of calculating the global exposure:		Commitment approach
Reference assets used:		-
Value at risk:	Lowest value:	-
	Average value:	-
	Highest value:	-
Model used:		-
Leverage* when using the value-at-risk calculation method:		-
Leverage** according to § 4 of the 4 <sup>th</sup> Derivatives Risk Measurement and Reporting Regulation:		-

\* Total nominal values of derivative instruments without taking into account offsetting and hedging (item 8.5. Schedule B InvFG 2011).

\*\* Total derivative risk taking offsetting and hedging into account = total of the equivalent values of the underlying assets as a percentage of the fund assets.

## Asset Allocation

	As of 30.04.2021	
	EUR millions	%
Equities		
GBP	10.6	19.38
EUR	29.4	54.08
NOK	0.8	1.38
SEK	5.4	9.88
CHF	1.8	3.38
USD	0.0	0.00
Investment certificates		
GBP	3.9	7.11
CHF	1.3	2.45
Transferable securities	53.2	97.66
Bank balances	1.1	2.07
Dividend entitlements	0.2	0.29
Other deferred items	-0.0	-0.02
<b>Fund assets</b>	<b>54.4</b>	<b>100.00</b>

## Comparative Overview

Accounting year	Fund assets
2018/2019	52,980,000.72
2019/2020	44,450,279.96
2020/2021	54,448,996.68

General information about performance:

The performance of unit categories with no outstanding units at the end of the reporting period or no outstanding units during the reporting period is generally based on the dividend-adjusted performance of the overall fund. In these cases, the performance is not reported below.

When a unit category is issued during the reporting period, the performance and reinvestment are calculated from the point in time that the unit category is launched. Because of this and possible other fees and currency classes, the performance and reinvestment of this unit category differ from those of comparable unit categories.

The performance is determined assuming the reinvestment of all paid dividends and amounts at their nominal value on the day of disbursement.

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2018/2019	Dividend-bearing units	AT0000708334	EUR	188.35	5.0000	10.0797	1.45
2019/2020	Dividend-bearing units	AT0000708334	EUR	164.11	4.0000	4.7891	-10.49
2020/2021	Dividend-bearing units	AT0000708334	EUR	188.35	4.0000	0.0000	17.56

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2018/2019	Dividend-bearing units	AT0000A1YRZ9	EUR	106.64	-	-	-
2019/2020	Dividend-bearing units	AT0000A1YRZ9	EUR	95.51	-	-	-
2020/2021	Dividend-bearing units	AT0000A1YRZ9	EUR	112.40	-	-	-

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2018/2019	Non-dividend-bearing units	AT0000708342	EUR	312.07	4.2041	20.6371	1.46
2019/2020	Non-dividend-bearing units	AT0000708342	EUR	275.55	2.6175	12.0621	-10.49
2020/2021	Non-dividend-bearing units	AT0000708342	EUR	321.04	0.0000	0.0000	17.59



Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2018/2019	Non-dividend-bearing units	AT0000A1YS04	EUR	106.64	-	-	-
2019/2020	Non-dividend-bearing units	AT0000A1YS04	EUR	95.51	-	-	-
2020/2021	Non-dividend-bearing units	AT0000A1YS04	EUR	112.40	-	-	-

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2018/2019	KESt-exempt non-dividend-bearing units	AT0000613625	CZK	8,637.61	-	686.6226	1.21
2019/2020	KESt-exempt non-dividend-bearing units	AT0000613625	CZK	8,195.61	-	435.1701	-5.12
2020/2021	KESt-exempt non-dividend-bearing units	AT0000613625	CZK	9,177.20	-	0.0000	11.98

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2018/2019	KESt-exempt non-dividend-bearing units	AT0000A1YS20	CZK	2,743.60	-	-	-
2019/2020	KESt-exempt non-dividend-bearing units	AT0000A1YS20	CZK	2,604.70	-	-	-
2020/2021	KESt-exempt non-dividend-bearing units	AT0000A1YS20	CZK	2,918.33	-	-	-

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/payment	Re-investment	Development in per cent
2018/2019	KESt-exempt non-dividend-bearing units	AT0000613617	EUR	337.34	-	26.8161	1.45
2019/2020	KESt-exempt non-dividend-bearing units	AT0000613617	EUR	301.95	-	16.1109	-10.49
2020/2021	KESt-exempt non-dividend-bearing units	AT0000613617	EUR	355.15	-	0.0000	17.62

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**ERSTE STOCK EUROPE PROPERTY**


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Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2018/2019	KESt-exempt non-dividend-bearing units	AT0000A1YS12	EUR	107.96	-	9.7879	2.78
2019/2020	KESt-exempt non-dividend-bearing units	AT0000A1YS12	EUR	97.89	-	6.6079	-9.33
2020/2021	KESt-exempt non-dividend-bearing units	AT0000A1YS12	EUR	116.59	-	0.4512	19.10

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2018/2019	KESt-exempt non-dividend-bearing units	AT0000A00G70	HUF	109,516.01	-	8,692.3597	4.85
2019/2020	KESt-exempt non-dividend-bearing units	AT0000A00G70	HUF	107,066.70	-	5,706.6634	-2.24
2020/2021	KESt-exempt non-dividend-bearing units	AT0000A00G70	HUF	127,968.49	-	0.0000	19.52

Accounting year	Fund type	ISIN	Currency	Calculated value per unit	Dividend disbursement/ payment	Re-investment	Development in per cent
2018/2019	KESt-exempt non-dividend-bearing units	AT0000A1YS38	HUF	34,735.51	-	-	-
2019/2020	KESt-exempt non-dividend-bearing units	AT0000A1YS38	HUF	33,974.69	-	-	-
2020/2021	KESt-exempt non-dividend-bearing units	AT0000A1YS38	HUF	40,628.52	-	-	-

## Disbursement/Payment

The following disbursement or payment will be made for the accounting year from 1 May 2020 to 30 April 2021. The coupon-paying bank is obligated to withhold capital gains tax from this disbursement if the respective investor is not exempt from the payment of this tax.

The disbursement or payment will be effected on or after 2 August 2021 at

Erste Group Bank AG, Vienna,

and the respective bank managing the Unit-holder's securities account.

Fund type	ISIN	Currency	Dividend disbursement/ payment		KES <sub>t</sub> with option declaration	KES <sub>t</sub> w/o option declaration	Reinvestment
Dividend-bearing units	AT0000708334	EUR	4.0000		0.0000	0.0000	0.0000
Dividend-bearing units	AT0000A1YRZ9	EUR	-		-	-	-
Non-dividend-bearing units	AT0000708342	EUR	0.0000		0.0000	0.0000	0.0000
Non-dividend-bearing units	AT0000A1YS04	EUR	-		-	-	-
KES <sub>t</sub> -exempt non-dividend-bearing units	AT0000613625	CZK	-	*	-	-	0.0000
KES <sub>t</sub> -exempt non-dividend-bearing units	AT0000A1YS20	CZK	-	*	-	-	-
KES <sub>t</sub> -exempt non-dividend-bearing units	AT0000613617	EUR	-	*	-	-	0.0000
KES <sub>t</sub> -exempt non-dividend-bearing units	AT0000A1YS12	EUR	-	*	-	-	0.4512
KES <sub>t</sub> -exempt non-dividend-bearing units	AT0000A00G70	HUF	-	*	-	-	0.0000
KES <sub>t</sub> -exempt non-dividend-bearing units	AT0000A1YS38	HUF	-	*	-	-	-

\* Pursuant to the penultimate sentence of § 58 (2) of the Austrian Investment Fund Act, no capital gains tax will be paid.

# Income Statement and Changes in Fund Assets

## 1. Value Development over the Accounting Year (Fund Performance)

Calculation according to the OeKB method per unit in the unit currency not accounting for a front-end surcharge

The performance of unit categories with no outstanding units at the end of the reporting period or no outstanding units during the reporting period is generally based on the dividend-adjusted performance of the overall fund. In these cases, the "performance", the "net earnings per unit", and the "total value including (notional) units gained through disbursement/payment" are not reported in the following.

When a unit category is issued during the reporting period, the performance is calculated from the point in time that the unit category is launched. Because of this and possible other fees and currency classes, the performance of this unit category differs from that of comparable unit categories.

<b>AT0000708334 dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (39,287.105 units)	164.11
Disbursement/payment on 30.07.2020 (corresponds to roughly 0.0243 units at a calculated value of 164.68)	4.0000
Unit value at the end of the reporting period (34,950.090 units)	188.35
Total value including (notional) units gained through dividend disbursement/payment	192.92
Net earnings per unit	28.81
<b>Value development of one unit in the period</b>	<b>17.56%</b>

<b>AT0000A1YRZ9 dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (0.000 units)	95.51
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	112.40
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
<b>Value development of one unit in the period</b>	<b>-</b>

<b>AT0000708342 non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (81,381.020 units)	275.55
Disbursement/payment on 30.07.2020 (corresponds to roughly 0.0093 units at a calculated value of 280.70)	2.6175
Unit value at the end of the reporting period (81,606.051 units)	321.04
Total value including (notional) units gained through dividend disbursement/payment	324.03
Net earnings per unit	48.48
<b>Value development of one unit in the period</b>	<b>17.59%</b>

<b>AT0000A1YS04 non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (0.000 units)	95.51
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	112.40
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
<b>Value development of one unit in the period</b>	<b>-</b>

<b>AT0000613625 KES-st-exempt non-dividend-bearing units CZK</b>	
Unit value at the beginning of the reporting period (13,311.088 units)	8,195.61
Disbursement/payment	0.0000
Unit value at the end of the reporting period (9,797.861 units)	9,177.20
Total value including (notional) units gained through dividend disbursement/payment	9,177.20
Net earnings per unit	981.59
<b>Value development of one unit in the period</b>	<b>11.98%</b>

<b>AT0000A1YS20 KES-st-exempt non-dividend-bearing units CZK</b>	
Unit value at the beginning of the reporting period (0.000 units)	2,604.70
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	2,918.33
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
<b>Value development of one unit in the period</b>	<b>-</b>

<b>AT0000613617 KES-st-exempt non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (30,620.353 units)	301.95
Disbursement/payment	0.0000
Unit value at the end of the reporting period (37,739.730 units)	355.15
Total value including (notional) units gained through dividend disbursement/payment	355.15
Net earnings per unit	53.20
<b>Value development of one unit in the period</b>	<b>17.62%</b>

<b>AT0000A1YS12 KES-st-exempt non-dividend-bearing units EUR</b>	
Unit value at the beginning of the reporting period (19,305.000 units)	97.89
Disbursement/payment	0.0000
Unit value at the end of the reporting period (36,905.000 units)	116.59
Total value including (notional) units gained through dividend disbursement/payment	116.59
Net earnings per unit	18.70
<b>Value development of one unit in the period</b>	<b>19.10%</b>

<b>AT0000A00G70 KES-st-exempt non-dividend-bearing units HUF</b>	
Unit value at the beginning of the reporting period (1,413.776 units)	107,066.70
Disbursement/payment	0.0000
Unit value at the end of the reporting period (1,362.582 units)	127,968.49
Total value including (notional) units gained through dividend disbursement/payment	127,968.49
Net earnings per unit	20,901.79
<b>Value development of one unit in the period</b>	<b>19.52%</b>

<b>AT0000A1YS38 KES-st-exempt non-dividend-bearing units HUF</b>	
Unit value at the beginning of the reporting period (0.000 units)	33,974.69
Disbursement/payment	0.0000
Unit value at the end of the reporting period (0.000 units)	40,628.52
Total value including (notional) units gained through dividend disbursement/payment	-
Net earnings per unit	-
<b>Value development of one unit in the period</b>	<b>-</b>

## **2. Fund Result**

### **a. Realised fund result**

#### **Ordinary fund result**

##### **Income (without profit or loss from price changes)**

Interest income (excluding income adjustment)	0.00	
Dividend income	720,493.11	
Other income 8)	- 0.57	
Total income (without profit or loss from price changes)		720,492.54

##### **Interest paid**

- 4,296.99

##### **Expenses**

Fees paid to Investment Firm	- 823,678.72	
Costs for the financial auditor and tax consultation	- 5,153.00	
Publication costs	- 55,883.33	
Securities account fees	- 11,843.57	
Depositary bank fees	- 42,629.05	
Costs for the external consultant	0.00	
Total expenses		- 939,187.67
Compensation for management costs from sub-funds 1)		0.00

##### **Ordinary fund result (excluding income adjustment)**

**- 222,992.12**

##### **Realised profit or loss from price changes 2) 3)**

Realised gains 4)	1,294,220.08	
Realised losses 5)	- 1,477,247.40	

##### **Realised profit or loss from price changes (excluding income adjustment)**

**- 183,027.32**

##### **Realised fund result (excluding income adjustment)**

**- 406,019.44**

### **b. Unrealised profit or loss from price changes 2) 3)**

Changes in the unrealised profit or loss from price changes 7)	8,250,840.04

##### **Result for the reporting period 6)**

**7,844,820.60**

### **c. Income adjustment**

Income adjustment for income in the period	- 1,822.01
Income adjustment for profit carried forward from dividend-bearing units	- 77,287.08

#### **Overall fund result**

**7,765,711.51**

### **3. Changes in Fund Assets**

<b>Fund assets at the beginning of the reporting period</b>	<b>44,450,279.96</b>
<b>Disbursement/payment in the accounting year</b>	<b>- 368,970.07</b>
<b>Issue and redemption of units</b>	<b>2,601,975.28</b>
<b>Overall fund result</b>	
(The fund result is shown in detail under item 2.)	<b>7,765,711.51</b>
<b>Fund assets at the end of the reporting period</b>	<b>54,448,996.68</b>

- 1) Reimbursements (in the sense of commissions) paid by third parties are forwarded to the fund after deduction of appropriate costs. Erste Bank der oesterreichischen Sparkassen AG receives 25% of the calculated commissions to cover administrative costs.
- 2) Realised profits and losses are not calculated precisely for the specific periods, which means that they, as is the case for the changes in the unrealised profit or loss, are not necessarily congruent with the changes in the value of the fund in the reporting year.
- 3) Total profit or loss from price changes without income adjustment (realised profit or loss from price changes, without income adjustment, plus changes in the unrealised profit or loss): EUR 8,067,812.72.
- 4) Thereof profits from transactions with derivative financial instruments: EUR 0.00.
- 5) Thereof losses from transactions with derivative financial instruments: EUR 0.00.
- 6) The result for the accounting year includes explicitly reported transaction costs in the amount of EUR 12,737.30.
- 7) Thereof changes in unrealised gains EUR 4,710,641.80 and unrealised losses EUR 3,540,198.24.
- 8) The earnings reported under this item can be attributed to lending fees from securities lending transactions conducted with Erste Group Bank AG in the amount of EUR 0.00, to earnings from real estate funds in the amount of EUR 0.00, and to other earnings in the amount of EUR -0.57.

# Statement of Assets and Liabilities as of 30 April 2021

(including changes in securities assets from 1 May 2020 to 30 April 2021)

Security designation	ISIN number	Purch./ additions	Sales/ disposals	Holding Units/nominal (nom. in 1,000, rounded)	Price	Value in EUR	% share of fund assets	
<b>Publicly traded securities</b>								
<b>Equities denominated in GBP</b>								
<b>Issue country Great Britain</b>								
SEGRO PLC	LS-.10	GB00B5ZN1N88	0	0	280,887	10.055	3,248,397.02	5.97
						Total issue country Great Britain	3,248,397.02	5.97
						Total equities denominated in GBP translated at a rate of 0.86945	3,248,397.02	5.97
<b>Equities denominated in EUR</b>								
<b>Issue country Belgium</b>								
COFINIMMO		BE0003593044	0	0	4,000	127.500	510,000.00	0.94
WAREHOUSES DE PAUW N.V.		BE0974349814	4,400	0	31,000	29.320	908,920.00	1.67
						Total issue country Belgium	1,418,920.00	2.61
<b>Issue country Germany</b>								
ALSTRIA OFFICE REIT-AG		DE000AOLD2U1	0	0	55,000	14.890	818,950.00	1.50
DEUTSCHE EUROSHOP NA N.P.		DE0007480204	15,000	0	15,000	19.200	288,000.00	0.53
DEUTSCHE WOHNEN SE BEARER		DE000A0HN5C6	37,000	5,000	105,000	45.000	4,725,000.00	8.68
DIC ASSET AG NA N.P.		DE000A1X3XX4	0	0	2,145	14.820	31,788.90	0.06
LEG IMMOBILIEN SE NA N.P.		DE000LEG1110	610	5,610	20,000	115.700	2,314,000.00	4.25
TAG IMMOBILIEN AG		DE0008303504	9,000	0	49,000	25.710	1,259,790.00	2.31
TLG IMMOBILIEN AG		DE000A12B8Z4	0	0	25,000	26.050	651,250.00	1.20
VONOVIA SE NA N.P.		DE000A1ML7J1	12,000	18,000	84,000	54.640	4,589,760.00	8.43
						Total issue country Germany	14,678,538.90	26.96
<b>Issue country Finland</b>								
KOJAMO OYJ		FI4000312251	43,000	0	43,000	18.030	775,290.00	1.42
						Total issue country Finland	775,290.00	1.42
<b>Issue country France</b>								
GECINA S.A. BEARER EO 7.50		FR0010040865	2,000	0	14,000	121.650	1,703,100.00	3.13
KLEPIERRE S.A.BEARER.EO 1.40		FR0000121964	7,000	0	53,857	22.060	1,188,085.42	2.18
						Total issue country France	2,891,185.42	5.31
<b>Issue country Luxembourg</b>								
AROUNDTOWN EO-01		LU1673108939	70,000	0	240,000	6.404	1,536,960.00	2.82
GRAND CITY PROPERT.EO-.10		LU0775917882	20,000	10,000	40,000	22.360	894,400.00	1.64
						Total issue country Luxembourg	2,431,360.00	4.47



Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Issue country Austria</b>							
CA IMMOB.ANL.	AT0000641352	0	5,000	15,000	36.450	546,750.00	1.00
S IMMO AG	AT0000652250	0	35,000	25,000	21.600	540,000.00	0.99
Total issue country Austria						<u>1,086,750.00</u>	<u>2.00</u>
<b>Issue country Spain</b>							
INMOBIL.COL.SOC.EO 2.50	ES0139140174	0	0	70,000	8.435	590,450.00	1.08
Total issue country Spain						<u>590,450.00</u>	<u>1.08</u>
Total equities denominated in EUR						<u>23,872,494.32</u>	<u>43.84</u>
<b>Equities denominated in SEK</b>							
<b>Issue country Sweden</b>							
CASTELLUM AB	SE0000379190	0	5,000	50,000	206.100	1,012,378.43	1.86
FABEGE AB SK 15.41	SE0011166974	0	0	50,000	126.250	620,149.33	1.14
FASTIG.AB BALDER B SK 1	SE0000455057	0	0	20,000	487.700	958,247.37	1.76
SAMHALLSBYGGNADSBOL.I.N.B	SE0009554454	80,000	0	80,000	32.280	253,698.79	0.47
WIHLBORGS FASTIGHE.SK1.25	SE0011205194	0	0	30,000	173.000	509,873.27	0.94
Total issue country Sweden						<u>3,354,347.19</u>	<u>6.16</u>
Total equities denominated in SEK translated at a rate of 10.17900						<u>3,354,347.19</u>	<u>6.16</u>
Total publicly traded securities						<u>30,475,238.53</u>	<u>55.97</u>
<b>Investment certificates</b>							
<b>Investment certificates denominated in GBP</b>							
<b>Issue country Great Britain</b>							
GRAINGER PLC LS-.05	GB00B04V1276	0	0	187,374	2.856	615,492.71	1.13
Total issue country Great Britain						<u>615,492.71</u>	<u>1.13</u>
<b>Issue country Ireland</b>							
ISHSII-UK PROP. LSDIS	IE00B1TXLS18	0	0	480,000	5.896	3,255,023.29	5.98
Total issue country Ireland						<u>3,255,023.29</u>	<u>5.98</u>
Total investment certificates denominated in GBP translated at a rate of 0.86945						<u>3,870,516.00</u>	<u>7.11</u>
<b>Investment certificates denominated in CHF</b>							
<b>Issue country Switzerland</b>							
SWISS PRIME SITE SF15.3	CH0008038389	0	0	16,500	88.750	1,333,735.60	2.45
Total issue country Switzerland						<u>1,333,735.60</u>	<u>2.45</u>
Total investment certificates denominated in CHF translated at a rate of 1.09795						<u>1,333,735.60</u>	<u>2.45</u>
Total investment certificates						<u>5,204,251.60</u>	<u>9.56</u>

## ERSTE STOCK EUROPE PROPERTY

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Securities admitted to organised markets</b>							
<b>Equities denominated in GBP</b>							
<b>Issue country Great Britain</b>							
ASSURA PLC LS-.10	GB00BVBGWW93	0	0	400,000	0.745	342,515.38	0.63
BIG YELLOW GROUP LS 0.10	GB0002869419	10,000	0	40,000	11.960	550,232.91	1.01
BRIT. LD CO. PLC LS-.25	GB0001367019	30,000	0	200,333	5.184	1,194,463.48	2.19
DERWENT LONDON LS-.05	GB0002652740	0	9,000	21,000	33.290	804,060.04	1.48
GREAT P.EST.LS-.152631578	GB00BF5H9P87	0	0	57,327	6.930	456,928.07	0.84
LAND SECURITIES GROUP PLC	GB00BYW0PQ60	0	0	140,625	7.208	1,165,823.22	2.14
PRIMARY HEALTH LS-.0125	GB00BYRJ5J14	0	0	250,000	1.512	434,757.61	0.80
SAFESTORE HLDGS LS-.01	GB00B1N7Z094	20,000	0	80,000	8.515	783,483.81	1.44
TRITAX BIG BOX REIT LS-01	GB00BG49KP99	0	0	350,000	1.903	766,059.00	1.41
UNITE GROUP PLC LS-.25	GB0006928617	30,000	20,000	60,000	11.650	803,956.52	1.48
Total issue country Great Britain						<u>7,302,280.04</u>	<u>13.41</u>
Total equities denominated in GBP translated at a rate of 0.86945						<u>7,302,280.04</u>	<u>13.41</u>
<b>Equities denominated in EUR</b>							
<b>Issue country Belgium</b>							
AEDIFICA S.A.	BE0003851681	0	0	6,000	101.600	609,600.00	1.12
MONTEA SCA	BE0003853703	0	0	3,000	91.200	273,600.00	0.50
Total issue country Belgium						<u>883,200.00</u>	<u>1.62</u>
<b>Issue country Finland</b>							
CITYCON OYJ	FI4000369947	0	0	11,764	7.300	85,877.20	0.16
Total issue country Finland						<u>85,877.20</u>	<u>0.16</u>
<b>Issue country France</b>							
COVIVIO BEARER EO 3	FR0000064578	0	0	8,000	74.200	593,600.00	1.09
ICADE S.A.	FR0000035081	0	0	11,575	64.700	748,902.50	1.38
Total issue country France						<u>1,342,502.50</u>	<u>2.47</u>
<b>Issue country Ireland</b>							
HIBERNIA REIT PLC EO-10	IE00BGHQ1986	0	0	150,000	1.138	170,700.00	0.31
Total issue country Ireland						<u>170,700.00</u>	<u>0.31</u>
<b>Issue country Luxembourg</b>							
SHURGARD SELF STORAGE	LU1883301340	5,000	0	5,000	38.700	193,500.00	0.36
Total issue country Luxembourg						<u>193,500.00</u>	<u>0.36</u>

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals	Holding	Price	Value in EUR	% share of fund assets
<b>Issue country Netherlands</b>							
URW (STAPLED SHS) EO-05	FR0013326246	10,000	10,000	27,000	68.590	1,851,930.00	3.40
VASTNED RETAIL N.V. EO 5	NL0000288918	5,000	0	5,000	24.950	124,750.00	0.23
Total issue country Netherlands						<u>1,976,680.00</u>	<u>3.63</u>
<b>Issue country Spain</b>							
MERLIN PPTYS SOCIMI EO 1	ES0105025003	25,000	15,000	100,000	9.194	919,400.00	1.69
Total issue country Spain						<u>919,400.00</u>	<u>1.69</u>
Total equities denominated in EUR						<u>5,571,859.70</u>	<u>10.23</u>
<b>Equities denominated in NOK</b>							
<b>Issue country Norway</b>							
ENTRA ASA NK 1	NO0010716418	0	0	40,000	188.000	751,894.73	1.38
Total issue country Norway						<u>751,894.73</u>	<u>1.38</u>
Total equities denominated in NOK translated at a rate of 10.00140						<u>751,894.73</u>	<u>1.38</u>
<b>Equities denominated in SEK</b>							
<b>Issue country Sweden</b>							
HUFVUDSTADEN A SK 5	SE0000170375	0	0	30,000	134.900	397,583.26	0.73
KUNGSLEDEN AB	SE0000549412	0	0	50,000	98.450	483,593.67	0.89
NYFOSA AB	SE0011426428	0	15,000	50,000	101.900	500,540.33	0.92
WALLENSTAM B FRI.O.333333	SE0007074844	0	0	50,000	130.800	642,499.26	1.18
Total issue country Sweden						<u>2,024,216.52</u>	<u>3.72</u>
Total equities denominated in SEK translated at a rate of 10.17900						<u>2,024,216.52</u>	<u>3.72</u>
<b>Equities denominated in CHF</b>							
<b>Issue country Switzerland</b>							
ALLREAL HLDGS NAM SF 1	CH0008837566	0	0	2,500	184.800	420,784.19	0.77
MOBIMO HOLDING NA SF13.4	CH0011108872	0	0	1,500	290.000	396,192.90	0.73
PSP SWISS PROP. SF 0.1	CH0018294154	0	0	10,000	112.600	1,025,547.61	1.88
Total issue country Switzerland						<u>1,842,524.70</u>	<u>3.38</u>
Total equities denominated in CHF translated at a rate of 1.09795						<u>1,842,524.70</u>	<u>3.38</u>
<b>Equities denominated in USD</b>							
<b>Issue country USA</b>							
KENNEDY-WILSON DL-0001	US4893981070	0	0	4	20.550	68.28	0.00
Total issue country USA						<u>68.28</u>	<u>0.00</u>
Total equities denominated in USD translated at a rate of 1.20380						<u>68.28</u>	<u>0.00</u>
Total securities admitted to organised markets						<u>17,492,843.97</u>	<u>32.13</u>

## ERSTE STOCK EUROPE PROPERTY

### Breakdown of fund assets

Transferable securities	53,172,334.10	97.66
Bank balances	1,129,714.11	2.07
Dividend entitlements	155,921.61	0.29
Other deferred items	-8,973.14	-0.02
<b>Fund assets</b>	<b>54,448,996.68</b>	<b>100.00</b>

### Investor note:

**The values of assets in illiquid markets may deviate from their actual selling prices.**

Dividend-bearing units outstanding	AT0000708334	units	34,950.090
Value of dividend-bearing unit	AT0000708334	EUR	188.35
Dividend-bearing units outstanding	AT0000A1YRZ9	units	0.000
Value of dividend-bearing unit	AT0000A1YRZ9	EUR	112.40
Non-dividend-bearing units outstanding	AT0000708342	units	81,606.051
Value of non-dividend-bearing unit	AT0000708342	EUR	321.04
Non-dividend-bearing units outstanding	AT0000A1YS04	units	0.000
Value of non-dividend-bearing unit	AT0000A1YS04	EUR	112.40
KEST-exempt non-dividend-bearing units outstanding	AT0000613625	units	9,797.861
Value of KEST-exempt non-dividend-bearing unit	AT0000613625	CZK	9,177.20
KEST-exempt non-dividend-bearing units outstanding	AT0000613617	units	37,739.730
Value of KEST-exempt non-dividend-bearing unit	AT0000613617	EUR	355.15
KEST-exempt non-dividend-bearing units outstanding	AT0000A00G70	units	1,362.582
Value of KEST-exempt non-dividend-bearing unit	AT0000A00G70	HUF	127,968.49
KEST-exempt non-dividend-bearing units outstanding	AT0000A1YS12	units	36,905.000
Value of KEST-exempt non-dividend-bearing unit	AT0000A1YS12	EUR	116.59
KEST-exempt non-dividend-bearing units outstanding	AT0000A1YS20	units	0.000
Value of KEST-exempt non-dividend-bearing unit	AT0000A1YS20	CZK	2,918.33
KEST-exempt non-dividend-bearing units outstanding	AT0000A1YS38	units	0.000
Value of KEST-exempt non-dividend-bearing unit	AT0000A1YS38	HUF	40,628.52

The fund is not permitted to engage in repurchase agreements pursuant to Regulation (EU) No. 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse). For this reason, repurchase agreements were not employed.

No total return swaps pursuant to Regulation (EU) 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse) were concluded for the fund during the reporting period.

The fund is permitted to engage in securities lending agreements pursuant to Regulation (EU) No. 2015/2365 (Regulation on Transparency of Securities Financing Transactions and of Reuse) according to the fund rules. No securities lending transactions took place during the reporting period.

**Explanation on disclosure pursuant to Delegated Regulation (EU) No. 2016/2251 supplementing Regulation (EU) No. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties, and trade repositories with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty:**

All OTC derivatives are traded through Erste Group Bank AG.

In the event of negative derivatives exposure, collateral in the form of cash or bonds is pledged to Erste Group Bank AG in accordance with the contractually agreed threshold.

In the event of positive derivatives exposure, EUR-denominated government bonds from the Republic of Austria and/or the Federal Republic of Germany are pledged by Erste Group Bank AG to the fund in accordance with the contractually agreed threshold. A one-time discount of 4% is agreed with the counterparty for this collateral. Collateral that would require a higher discount pursuant to Annex II to Delegated Regulation (EU) No. 2016/2251 is not accepted.

**Purchases and sales of transferable securities in the reporting period not listed in the statement of assets and liabilities**

Security designation	ISIN number	Purch./ additions Units/nominal (nom. in 1,000, rounded)	Sales/ disposals
<b>Publicly traded securities</b>			
<b>Equities denominated in EUR</b>			
<b>Issue country Austria</b>			
IMMOFINANZ AG BEARER	AT0000A21KS2	0	20,000
<b>Securities admitted to organised markets</b>			
<b>Equities denominated in GBP</b>			
<b>Issue country Great Britain</b>			
WORKSPACE GROUP LS 1	GB00B67G5X01	0	25,000

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**ERSTE STOCK EUROPE PROPERTY**

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<b>Security designation</b>	<b>ISIN number</b>	<b>Purch./ additions</b>	<b>Sales/ disposals</b>
<b>Units/nominal (nom. in 1,000, rounded)</b>			
<b>Unlisted securities</b>			
<b>Equities denominated in EUR</b>			
<b>Issue country Belgium</b>			
AEDIFICA S.A. -RIGHTS-	BE0970176799	6,000	6,000
<b>Issue country Germany</b>			
DIC ASSET AG DIV.CASH	DE000A254WR1	2,145	2,145

Vienna, 30 June 2021

Erste Asset Management GmbH  
Electronically signed

Inspection information: The electronic signatures of this document can be inspected at the website of Rundfunk und Regulierungs-GmbH (<https://www.signatur.rtr.at/de/vd/Pruefung.html>).

Note: This document was signed with two qualified electronic signatures. A qualified electronic signature has the same legal effect as a hand-written signature (Art 25 of Regulation [EU] No 910/2014 [eIDAS Regulation]).

## Remuneration Policy

### Remuneration paid to employees of Erste Asset Management GmbH in EUR (2019 financial year of Erste Asset Management GmbH)

No investment success bonuses are paid, and no other amounts are paid directly from the investment funds.

Number of employees as of 31.12.19	247
Number of risk bearers in 2019	128
Fixed remuneration	17,977,688
Variable remuneration (bonuses)	5,281,483
<b>Total employee remuneration</b>	<b>23,259,171</b>
Thereof remuneration for managing directors	1,024,116
Thereof remuneration for managerial risk bearers	3,986,249
Thereof remuneration for risk bearers with control functions*	1,410,947
Thereof remuneration for other risk bearers	7,776,396
Thereof remuneration for employees in the same income bracket as managers and risk bearers due to the amount of their total remuneration	0
<b>Total remuneration for risk bearers</b>	<b>14,197,708</b>

\* Includes the Head of Compliance

### Principles governing performance-based remuneration components

The Management Company has adopted remuneration principles to prevent possible conflicts of interest and to ensure compliance with the standard rules of conduct when awarding remuneration to relevant persons.

Fixed salary components make up a large enough share of the total remuneration of all employees of the Management Company that a variable remuneration policy can be applied on an individualised basis.

The total remuneration (fixed and variable components) is governed by the principle of balance and is linked to sustainability so that the acceptance of excessive risks is not rewarded. Therefore, the variable remuneration forms no more than a balanced portion of the total remuneration awarded to an employee.

The performance-based remuneration components serve the short-term and long-term interests of the Management Company and contribute to preventing risky behaviour. The performance-based remuneration components take into account individual performance as well as the profitability of the Management Company.

The size of the bonus pool is calculated based on the bonus potential that can be applied to the different employee categories. Bonus potential is a percentage of the fixed annual gross remuneration. The bonus potential can be no more than 100% of the fixed annual gross remuneration. The bonus pool is adjusted depending on the success of the Management Company. The personal bonus is linked to individual performance. The total of personal bonuses is limited by the size of the bonus pool after deduction of penalties.

The performance-based payments are capped at 100% of the annual gross remuneration for all employees, including the material risk bearers (according to the definition in the remuneration policy) and managing directors of the Management Company.

The remuneration system is made up of three components:

- 1) Fixed remuneration
- 2) Variable remuneration
- 3) Fringe benefits

The bonus potential is based on the fixed annual gross remuneration. The target agreements concluded with the employees contain qualitative and/or quantitative objectives. The payment of performance-based remuneration components is subject to a minimum profitability level for the Management Company and to performance targets.

Sixty per cent of the performance-based remuneration components are paid immediately; for employees who are involved directly in fund and portfolio management, 50% of this is paid immediately in cash and 50% is paid one year later in the form of non-cash instruments. The remaining 40% of the performance-based remuneration components are retained and paid out over a period of three years, with 50% of this also being paid in cash and 50% in the form of non-cash instruments for employees who are involved directly in fund and portfolio management. The non-cash instruments can consist of units in an investment fund that is administered by the Management Company, equivalent holdings or instruments linked to units, or equivalent non-cash instruments. Based on the principle of proportionality, the Management Company has set a materiality threshold below which there is no incentive to enter into inappropriate risks, for which reason there is no need to make delayed payment or payment in the form of a non-cash instrument. Other non-cash benefits are fringe benefits that are not associated with performance but with a specific position (e.g. company car) or that apply for all employees (e.g. holiday).

The Supervisory Board of the Management Company has set up a Remuneration Committee to ensure that the remuneration policy and its application are independently assessed. This committee consists of the following persons: Rudolf Sagmeister, Harald Gasser (remuneration expert), and Heinrich Hubert Reiner.

The complete remuneration policy of the Management Company can be viewed at [http://www.erste-am.at/de/private\\_anleger/wer-sind-wir/investmentprozess](http://www.erste-am.at/de/private_anleger/wer-sind-wir/investmentprozess).

The last audit of compliance with the requirements of the remuneration policy by the Supervisory Board on 27 March 2020 revealed no deviations. There were also no material findings during the last audit by the Internal Auditing department.

No material changes were made to the remuneration policy during the past accounting year.



# Audit Report\*

## Statement on the annual report

### Audit opinion

We have audited the annual report prepared by Erste Asset Management GmbH, Vienna, for the fund under its management

ERSTE STOCK EUROPE PROPERTY  
Jointly owned fund pursuant to the InvFG

consisting of the statement of assets and liabilities as of 30 April 2021, the income statement for the accounting year ending on this date, and the other information specified in Annex I Schedule B of the Austrian Investment Fund Act 2011 (InvFG 2011).

Based on the findings of our audit, we believe that the annual report satisfies the legal requirements and provides a true and fair view of the assets and financial position as of 30 April 2021 and of the earnings position of the fund for the accounting year ending on this date in accordance with Austrian commercial law and the provisions of the InvFG 2011.

### Basis for the audit opinion

We conducted our audit in accordance with § 49 (5) InvFG 2011 and in accordance with the Austrian principles of good auditing. These principles require the application of the International Standards on Auditing (ISA). Our responsibilities under these regulations and standards are described in the section “Responsibilities of the auditor in auditing the annual report” of our audit report. We are independent from the company as specified by the Austrian commercial and industry regulations and fulfilled our other professional obligations in accordance with these requirements. We feel that the audit evidence that we obtained up to the date of the audit certificate is sufficient and suitable to serve as a basis for our audit opinion as of that date.

### Other information

The legal representatives are responsible for the other information. The other information includes all information in the annual report except for the statement of assets and liabilities, the income statement, the other information specified in Annex I Schedule B of the InvFG 2011, and the audit report.

Our audit opinion does not cover this other information, and we provide no assurance whatsoever for this other information.

In the context of our review of the annual report, we are responsible for reading this other information and assessing whether the other information contains material inconsistencies with the annual report or with the information gathered by us during our audit, or appears to contain other manners of material misstatements.

Should we come to the conclusion on the basis of the work completed with the other information received before the date of the audit report that this other information contains a material misstatement, we are required to report about this fact. We have nothing to report in this regard.

### **Management and supervisory board responsibilities relating to the annual report**

The legal representatives are responsible for preparing the annual report and for ensuring that this report provides a true and fair view of the assets and financial and earnings position of the fund in accordance with Austrian commercial law and the provisions of the InvFG 2011. The legal representatives are also responsible for implementing the internal controls that they deem necessary to facilitate the preparation of an annual report that is free from material misstatements due to error or fraud.

The supervisory board is responsible for monitoring the accounting process of the company as it applies to the fund under its management.

### **Responsibilities of the auditor in auditing the annual report**

Our goals are to ascertain with sufficient certainty whether the annual report contains material misstatements due to error or fraud and to issue an audit certificate that includes our audit opinion. Sufficient certainty is a high degree of certainty but no guarantee that an audit conducted in accordance with the Austrian standards on good auditing, which require the application of the ISA, will always discover material misstatements that may be present. Misstatements can result from fraud or errors and are considered to be material when it can be reasonably expected that individual misstatements or a combination of misstatements can influence economic decisions made by readers on the basis of this annual report.

As part of an audit conducted in accordance with the Austrian standards on good auditing, which require the application of the ISA, we exercise professional judgement and maintain professional scepticism during the entire audit process.

In addition:

- We identify and assess the risks of material misstatements in the annual report due to error or fraud, plan audit steps in response to these risks, perform the planned audit steps, and collect audit evidence that is sufficient and suitable to form a basis for our audit opinion. The risk that a material misstatement resulting from fraud will remain undiscovered is greater than for misstatements resulting from error because fraudulent activity can include collusion, the falsification of documents, intentional incomplete or misleading representations, and the circumvention of internal controls.
- We familiarise ourselves with the internal control systems that are relevant for the audit to plan audit steps that are appropriate under the specific circumstances, but not so as to state an opinion on the effectiveness of the company's internal control system.

- We assess the appropriateness of the accounting methods applied by the legal representatives and the reasonableness of the estimates made by the legal representatives in the accounts and of the associated information.
- We assess the overall presentation, the structure, and the content of the annual report including the figures as well as whether the annual report depicts the underlying transactions and events in a manner that provides a true and fair view.
- We discuss the planned scope and scheduling of the audit and any material audit findings, including material defects that we discover in the internal control system during our audit, with the supervisory board, among other issues.

Vienna, 15 July 2021

**Ernst & Young**

Wirtschaftsprüfungsgesellschaft m.b.H.

**Mag. Andrea Stippl**  
(Certified Public  
Accountant)

**ppa MMag. Roland Unterweger**  
(Certified Public Accountant)

- \* In the case of the publication or dissemination of the annual report in a form that deviates from the confirmed (unabridged German) version (e.g. an abridged version or translation), reference may not be made to the audit report or our audit without our approval.

## Fund Rules

The Fund Rules for ERSTE STOCK EUROPE PROPERTY, jointly owned fund pursuant to the Austrian Investment Fund Act (Investmentfondsgesetz; InvFG) 2011 as amended, were approved by the Austrian Financial Market Authority (FMA).

The Fund is an undertaking for collective investment in transferable securities (UCITS) and is managed by Erste Asset Management GmbH (the "Management Company" in the following), which has its registered office in Vienna.

### **Article 1 Fund Units**

The joint ownership of the fund assets is evidenced by certificates having the characteristics of a bearer unit.

The unit certificates are depicted in separate global certificates for each unit category. For this reason, individual unit certificates cannot be issued.

### **Article 2 Depositary Bank (Depositary)**

The depositary bank (depositary) appointed for the Fund is Erste Group Bank AG, Vienna.

The payment offices for unit certificates are the depositary bank (depositary) and any other payment offices named in the prospectus.

### **Article 3 Investment Instruments and Principles**

The following assets may be selected for the Fund in accordance with the InvFG.

ERSTE STOCK EUROPE PROPERTY is an equity fund. The Fund invests predominantly, in other words at least 51% of its assets, in stocks from real estate companies in the form of directly purchased individual instruments, in other words not indirectly or directly through investment funds or through derivatives. There are no restrictions with regard to the location of the issuer's registered office. The Fund may purchase shares in companies with small market capitalisations or mid-sized market capitalisations as well as shares in large, strong, and important companies that are internationally known (blue chips).

The fund assets are invested in the following instruments in accordance with the investment focus described above.

a) Transferable securities

Transferable securities (including securities with embedded derivative financial instruments) comprise at least 51% of the fund assets.

b) Money market instruments

Money market instruments may comprise up to 49% of the fund assets.

c) Transferable securities and money market instruments

The Fund may purchase transferable securities and money market instruments that are not fully paid up as well as subscription rights for these types of instruments and other financial instruments that are not fully paid up amounting to a maximum of 10% of the fund assets.

Transferable securities and money market instruments may be purchased for the Fund when they meet the criteria regarding listing or trading on a regulated market or a securities exchange pursuant to the InvFG.

Transferable securities and money market instruments that do not meet the criteria described in the previous paragraph may comprise up to 10% of the fund assets in total.

d) Units in investment funds

Units in investment funds (UCITS, UCI) may comprise up to 10% of the fund assets per individual issue and may comprise up to 10% in aggregate total, provided that the target funds themselves (UCITS or UCI) do not invest more than 10% of their fund assets in units of other investment funds.

e) Derivative financial instruments

Derivative financial instruments can be used as part of the investment strategy and for hedging purposes, and may comprise up to 49% of the fund assets.

f) Risk measurement method(s) of the Fund

The Fund applies the following risk measurement methods: commitment approach

The commitment value is determined according to § 3 of the 4th FMA Regulation on Risk Calculation and Reporting of Derivative Instruments (4. Derivate-Risikoberechnungs- und MeldeV) as amended.

g) Demand deposits or deposits with the right to be withdrawn

Demand deposits and deposits with the right to be withdrawn with a maximum term of 12 months may comprise up to 49% of the fund assets.

There are no minimum bank balance requirements.

However, in the course of the restructuring of the fund portfolio and/or in the case of the justified expectation of impending losses experienced by transferable securities, the Fund can hold a proportion of transferable securities below the specified limit and a higher proportion of demand deposits or deposits with the right to be withdrawn with a maximum term of 12 months.

h) Acceptance of short-term loans

The Management Company may accept short-term loans for the account of the Fund up to an amount of 10% of the total fund assets.

i) Repurchase agreements

Does not apply.

j) Securities lending

Securities lending transactions may comprise up to 30% of the fund assets.

Investment instruments may only be purchased for the entire Fund and not for individual unit categories or groups of unit categories.

This does not apply to currency hedging transactions, however. Such transactions can also be concluded solely for a single unit category. Expenses and income resulting from currency hedging transactions shall be allocated solely to the respective unit category.

#### **Article 4 Issue and Redemption Procedure**

The unit value shall be calculated in the currency of the respective unit category.

The unit value is calculated at the same time as the issue and redemption price.

#### **Issue of units and front-end surcharge**

The issue price will be calculated and units issued on each Austrian exchange trading day with the exception of bank holidays.

The issue price shall be made up of the unit value plus a surcharge per unit amounting to up to 5.0% to cover the costs incurred by the Management Company in issuing the unit, rounded up to the next equivalent sub-unit of the currency unit specified for the respective unit category in the prospectus.

The Management Company shall be entitled to apply a sliding front-end surcharge scale at its own discretion.

There is no limit on the issue of units in principle. However, the Management Company reserves the right to temporarily or permanently suspend the issue of unit certificates.

#### **Redemption of units and back-end commission**

The redemption price will be calculated and units redeemed on each Austrian exchange trading day with the exception of bank holidays.

The redemption price is the unit value rounded down to the next equivalent sub-unit of the currency unit specified for the respective unit category in the prospectus. No back-end commission will be charged.

Upon request by the Unit-holder, his units shall be redeemed at the current redemption price in return for the unit certificate.

#### **Article 5 Accounting Year**

The accounting year of the Fund is from 1 May to 30 April.

**Article 6**  
**Unit Categories and Use of Earnings**

The Fund features three different unit categories and the corresponding certificates: dividend-bearing units, non-dividend-bearing units with capital gains tax payment, and non-dividend-bearing units without capital gains tax payment, with certificates being issued for one unit each and also for fractional units.

Various unit categories may be issued for this Fund. The creation of unit categories and the issue of units of a specific category shall be decided at the discretion of the Management Company.

**Use of earnings for dividend-bearing units**

The earnings generated during the accounting year (interest and dividends) less all costs can be distributed as deemed appropriate by the Management Company. Dividend disbursement may be omitted in the interests of the Unit-holders. Dividends may also be disbursed at the discretion of the Management Company from earnings generated by the sale of fund assets, including subscription rights. Disbursements of fund assets and interim dividends may be paid.

The fund assets may in no case fall below the legally stipulated minimum volume for termination as a result of dividend disbursements.

The amounts shall be paid to the holders of dividend-bearing units on or after 1 August of the following accounting year. The remaining amount shall be carried forward.

An amount calculated in accordance with the InvFG must also be paid out on or after 1 August to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the fund units unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal income tax or corporation tax or who meet the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

**Use of earnings for non-dividend-bearing units with capital gains tax payment (non-dividend-bearing units)**

The earnings generated by the Fund during the accounting year less all costs will not be paid out. In the case of non-dividend-bearing units, an amount calculated in accordance with the InvFG must be paid out on or after 1 August to cover the capital gains tax assessed by the tax authorities on the dividend-equivalent earnings from the fund units unless the Management Company provides suitable proof from the banks managing the corresponding securities accounts that the unit certificates can only be held by Unit-holders who are not subject to Austrian personal income tax or corporation tax or who meet the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

**Use of earnings for non-dividend-bearing units without capital gains tax payment (KESt-exempt non-dividend-bearing units)**

The earnings generated by the Fund during the accounting year less all costs will not be paid out. No payment pursuant to the InvFG will be made. The reference date for the exemption from KESt payment for the profit for the year for the purposes of the InvFG shall be 1 August of the following accounting year.

The Management Company shall provide suitable proof from the banks managing the corresponding securities accounts that the unit certificates could only be held by Unit-holders who are not subject to Austrian personal income tax or corporation tax or who met the conditions for exemption from capital gains tax according to § 94 of the Austrian Income Tax Act (Einkommensteuergesetz) at the time of payment.

If these requirements are not met at the time of payment, the amount calculated pursuant to the InvFG must be paid out by the credit institution managing the respective securities account.

**Article 7**  
**Management Fee, Compensation for Expenses, Liquidation Fee**

Valid until 31 December 2019:

The Management Company shall receive an annual fee for its administrative activities of up to 1.8% of the fund assets, which shall be accrued on a daily basis and calculated using the month-end values adjusted for the accrued fees.

Valid from 1 January 2020:

The Management Company shall receive an annual fee for its administrative activities amounting to up to 1.80% of the fund assets as calculated and accrued on the basis of the daily fund volume. The fee will be charged to the fund assets once per month.

The Management Company shall be entitled to compensation for all expenses incurred in the administration of the Fund.

The Management Company shall be entitled to apply a sliding management fee scale at its own discretion.

The costs for the introduction of new unit categories for existing investment funds shall be assessed against the unit price of the new unit categories.

Upon liquidation of the Fund, the party processing the liquidation shall receive a fee in the amount of 0.5% of the fund assets.

Further information and details about this Fund can be found in the prospectus.

## **Annex to the Fund Rules**

### **List of exchanges with official trading and organised markets (As of September 2018)**

#### **1. Exchanges with official trading and organised markets in the Member States of the EEA as well as exchanges in European countries outside of the EEA considered to be equivalent to regulated markets**

Every Member State must maintain a current list of the authorised markets within its territory. This list must be submitted to the other Member States and the Commission.

According to this provision, the Commission is required to publish a list of the regulated markets registered with it by the Member States once per year.

Because of lower entry barriers and specialisation in different trading segments, the list of “regulated markets” is subject to significant changes. For this reason, the Commission will publish an up-to-date version of the list on its official website in addition to the annual publication of a list in the Official Journal of the European Union.

#### **1.1. The currently valid list of regulated markets can be found at**

[https://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_upreg](https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_upreg) \*

#### **1.2. The following exchanges are included in the list of regulated markets:**

- |        |              |                                      |
|--------|--------------|--------------------------------------|
| 1.2.1  | Luxembourg:  | Euro MTF Luxembourg                  |
| 1.2.2. | Switzerland: | SIX Swiss Exchange AG, BX Swiss AG** |

#### **1.3. Recognised markets in the EEA according to § 67 (2) 2 InvFG:**

Markets in the EEA that have been classified as recognised markets by the competent supervisory authorities.

#### **2. Exchanges in European countries outside of the EEA**

- |      |                         |   |
|------|-------------------------|---|
| 2.1. | Bosnia and Herzegovina: | Sarajevo, Banja Luka  |
| 2.2. | Montenegro:             | Podgorica   |
| 2.3. | Russia:                 | Moscow (RTS Stock Exchange)<br>Moscow Interbank Currency Exchange (MICEX) |
| 2.4. | Serbia:                 | Belgrade  |
| 2.5. | Turkey:                 | Istanbul (only “National Market” on the stock market)                     |

#### **3. Exchanges in non-European countries**

- |       |                       |  |
|-------|-----------------------|--|
| 3.1.  | Australia:            | Sydney, Hobart, Melbourne, Perth   |
| 3.2.  | Argentina:            | Buenos Aires   |
| 3.3.  | Brazil:               | Rio de Janeiro, Sao Paulo  |
| 3.4.  | Chile:                | Santiago   |
| 3.5.  | China:                | Shanghai Stock Exchange, Shenzhen Stock Exchange   |
| 3.6.  | Hong Kong:            | Hong Kong Stock Exchange   |
| 3.7.  | India:                | Mumbai   |
| 3.8.  | Indonesia:            | Jakarta  |
| 3.9.  | Israel:               | Tel Aviv   |
| 3.10. | Japan:                | Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima                                  |
| 3.11. | Canada:               | Toronto, Vancouver, Montreal   |
| 3.12. | Colombia:             | Bolsa de Valores de Colombia   |
| 3.13. | Korea:                | Korea Exchange (Seoul, Busan)  |
| 3.14. | Malaysia:             | Kuala Lumpur, Bursa Malaysia Berhad  |
| 3.15. | Mexico:               | Mexico City  |
| 3.16. | New Zealand:          | Wellington, Christchurch/Invercargill, Auckland  |
| 3.17. | Peru:                 | Bolsa de Valores de Lima   |
| 3.18. | Philippines:          | Manila   |
| 3.19. | Singapore:            | Singapore Stock Exchange   |
| 3.20. | South Africa:         | Johannesburg   |
| 3.21. | Taiwan:               | Taipei   |
| 3.22. | Thailand:             | Bangkok  |
| 3.23. | USA:                  | New York, NYCE American, New York Stock Exchange (NYSE), Philadelphia, Chicago, Boston, Cincinnati |
| 3.24. | Venezuela:            | Caracas  |
| 3.25. | United Arab Emirates: | Abu Dhabi Securities Exchange (ADX)  |

**4. Organised markets in countries outside of the European Community**

- |      |              |   |
|------|--------------|---|
| 4.1. | Japan:       | over the counter market   |
| 4.2. | Canada:      | over the counter market   |
| 4.3. | Korea:       | over the counter market   |
| 4.4. | Switzerland: | over the counter market of the members of the International Capital Market Association (ICMA), Zurich |
| 4.5. | USA:         | over the counter market (under the supervision of an authority such as the SEC, FINRA, etc.)          |

**5. Exchanges with futures and options markets**

- |       |               |   |
|-------|---------------|---|
| 5.1.  | Argentina:    | Bolsa de Comercio de Buenos Aires   |
| 5.2.  | Australia:    | Australian Options Market, Australian Securities Exchange (ASX)   |
| 5.3.  | Brazil:       | Bolsa Brasileira de Futuros, Bolsa de Mercadorias & Futuros, Rio de Janeiro Stock Exchange, Sao Paulo Stock Exchange  |
| 5.4.  | Hong Kong:    | Hong Kong Futures Exchange Ltd.   |
| 5.5.  | Japan:        | Osaka Securities Exchange, Tokyo International Financial Futures Exchange, Tokyo Stock Exchange   |
| 5.6.  | Canada:       | Montreal Exchange, Toronto Futures Exchange   |
| 5.7.  | Korea:        | Korea Exchange (KRX)  |
| 5.8.  | Mexico:       | Mercado Mexicano de Derivados   |
| 5.9.  | New Zealand:  | New Zealand Futures & Options Exchange  |
| 5.10. | Philippines:  | Manila International Futures Exchange   |
| 5.11. | Singapore:    | The Singapore Exchange Limited (SGX)  |
| 5.12. | Slovakia:     | RM System Slovakia  |
| 5.13. | South Africa: | Johannesburg Stock Exchange (JSE), South African Futures Exchange (SAFEX)   |
| 5.14. | Switzerland:  | EUREX   |
| 5.15. | Turkey:       | TurkDEX   |
| 5.16. | USA:          | NYSE American, Chicago Board Options Exchange, Chicago Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, ICE Futures US, Inc., New York, Nasdaq PHLX, New York Stock Exchange, Boston Options Exchange (BOX) |

\*) To open the list, select “Regulated market” under “Entity type” in the column on the left side of the page and then click “Search” (or “Show table columns” and “Update”). The link can be changed by the ESMA.

When the expected withdrawal of the United Kingdom of Great Britain and Northern Ireland (GB) from the EU takes effect, GB will lose its status as an EEA member state and, in turn, the exchanges/regulated markets located there will also lose their status as EEA exchanges/regulated markets. In this event, we hereby inform you that the following exchanges and regulated markets located in GB shall be considered exchanges or recognised regulated markets in a third country as defined by the InvFG 2011 and the UCITS Directive that are expressly designated in the Fund Rules: Cboe Europe Equities Regulated Market – Integrated Book Segment, London Metal Exchange, Cboe Europe Equities Regulated Market – Reference Price Book Segment, Cboe Europe Equities Regulated Market – Off-Book Segment, London Stock Exchange Regulated Market (derivatives), NEX Exchange Main Board (non-equity), London Stock Exchange Regulated Market, NEX Exchange Main Board (equity), Euronext London Regulated Market, ICE FUTURES EUROPE, ICE FUTURES EUROPE – AGRICULTURAL PRODUCTS DIVISION, ICE FUTURES EUROPE – FINANCIAL PRODUCTS DIVISION, ICE FUTURES EUROPE – EQUITY PRODUCTS DIVISION, and Gibraltar Stock Exchange.

\*\*\*) In the event that Switzerland’s stock market equivalence expires, SIX Swiss Exchange AG and BX Swiss AG are to be subsumed under item 2 “Exchanges in European countries outside of the EEA” until further notice.



**Note regarding the data used**

The sections Income Statement and Changes in Fund Assets, Statement of Assets and Liabilities and Details and Explanation of Tax Treatment in this annual report were prepared on the basis of data from the depositary bank for the Fund.

**The data and information provided by the depositary bank were collected with the greatest possible care and were checked solely for plausibility.**

**Note for retail funds:**

Unless indicated otherwise, source: Erste Asset Management GmbH. Our languages of communication are German and English. The full prospectus and the key investor information (and any applicable changes to these documents) were published in Amtsblatt zur Wiener Zeitung in accordance with the provisions of the InvFG 2011 in the currently amended version and are available free of charge at the registered office of the Investment Firm and at the head office of the depositary bank. The exact date of most recent publication, the languages in which the key investor information is available, and any additional locations where the documents can be obtained can be viewed on the website [www.erste-am.at](http://www.erste-am.at).

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