

SIGNIFICANT GROWTH IN RENT BRINGS FUND INCREASED CASH-FLOW AND RETURN



SHARE PRICE DEVELOPMENT
FROM 1. 7. 2021
UNTIL 30. 6. 2022

19.71%
SHARE CLASS CZK

22.15%
SHARE CLASS EUR

19.12%
SHARE CLASS CZK2

21.55%
SHARE CLASS EUR2

VALUE OF SHARES IN INDIVIDUAL CLASSES AS AT 30. 6. 2022:

CZK 278.8659
(+4.23%)

CZK2 271.5411
(+4.10%)

EUR 299.8724
(+3.66%)

EUR2 292.4097
(+3.54%)



1.22 bil. EUR
Total value of
the Fund



1,292,303 m²
Total leased



69.1 mil. EUR
Headline rent



2,848
Qualified
investors



6.70
WAULT



49.44%
LTV

THE NEXT SUBSCRIPTION DEADLINE IS 26. 9. 2022.

- The second quarter saw the fund appreciate by 3.66% in euros and 4.23% in Czech crowns, rent growth enabled by inflation clauses also improved the fund's performance.
- The Accolade fund therefore continues to be on course for an expected yearly return of between 7 and 10%.
- Inflation clauses are another contributing factor to the fund's performance, reducing the pressures of inflation by at least 80%.
- Except for a mere 200 m², the total leasable area of over 1.2 million m² is fully occupied.
- As it stands, over 2,800 qualified investors are investing in the fund.

COMMENT BY MILAN KRATINA



Dear investors,

We are slowly approaching the height of summer. The heatwave which has swept across Europe has meant that we've been thinking a little less about heating and the upcoming colder season. Energy dependency on Russia remains high and the number of negative economic inputs is countless. Will there be any gas in the pipeline? For what price? Will industry have its gas supply cut off? That is all mere speculation. In business, the key is primarily caution and the modelling of risk scenarios.

For us, the litmus test of industry conditions is quite simply our tenants and their ability to meet their obligations. During the second quarter of this year, we can say with absolute certainty that all our rents have been paid and we have our fingers crossed for everyone ahead of this difficult period, hoping that it at least carries on as it was previously.

Over the past three years, the industrial and logistics property segment has been spared any negative repercussions, almost the opposite in fact.

As part of the Accolade Industrial Fund, we are currently monitoring two trends which are in contradiction with each other. One states that interest rates may rise, not just in the Czech Republic, but across Europe. As a result, there may be pressure on yield growth, i.e. the return on our projects. However, that also means a faster return on investment resulting in a possible **drop in property prices.**

Conversely, the second trend is that of a significant increase in rents, which could also lead to a rise in property prices. The market is becoming more expensive and there is still a shortage of warehouse spaces – so there remains some scope for rents to increase. At the same time, **from the beginning of next year we expect an increase in rents due to inflation clauses**, which we believe to be an effective investment protection. Such clauses guard against at least 80% of the impact of inflation.

Another factor, which has remained unchanged for some time, is the **shortage of warehouse and manufacturing spaces.** New clients from a range of logistics, manufacturing, as well as e-commerce companies, are constantly approaching us. Although analytics shows a marginal year-on-year downturn in this area, we are not seeing this in terms of interest in new premises. As it stands, we currently only have 200 m² of free space out of more than 1.2 million m².

Another current feature of the economy that is helping our segment is the emphasis on playing it safe, along with the previously much-discussed topic of nearshoring, which in itself brings about a need for a more **self-sufficient Europe, the need to produce and store on the Old Continent.**

That said, **nearshoring** is only one side of the motivation. The other is the fundamental mission to reduce our **carbon footprint.** The necessity to react to the conflict in Ukraine with principled military efficiency will probably delay the closing of several coal power plants and reopen the discussion around nuclear. Nevertheless, it is undeniable that there is a notably stronger emphasis on sustainability across society as a whole. It has become a pragmatic reaction to the war, a reaction across a European continent that does not want to be dependent on Russian oil and gas.

To conclude, I would like to thank you for your trust. It is thanks to you that together we continue to expand and succeed in completing unrivalled, inspirational projects!

Milan Kratina
CEO Accolade

A handwritten signature in black ink, appearing to read 'Milan Kratina', written over a light-colored background.

PROJECT SUMMARY



During the second quarter of this year, the fund's portfolio has been able to benefit from four new additions - two on the Czech market and two on the Polish market.

One such addition is a modern industrial unit in **Zdice** (located in the centre of the Czech Republic) exclusively for **Doosan Bobcat**, an agricultural and construction equipment retailer. The building covers more than 13,000 m² and is equipped with administrative, social, and technical facilities. One advantage for the park's surroundings is that it is located sufficiently far away from any residential properties, thus eliminating any disruption from passing freight traffic. The park also benefits from the excellent transport links from Prague to the west of the Czech Republic and to Germany, and also holds a BREEAM certification of 'Excellent'.

In Poland, more than 13,000 m² in the **Koszalin park** in the north of the country were added to the portfolio. This particular location is characterised by a host of positive aspects, from the number of residents, which is over 100,000, to its location in the special economic zone of Słupsk, ideal for companies looking to expand into the Pomerania region. Another plus is its proximity to the Baltic Sea, which offers access to Scandinavia as well as key road links to Berlin, for example. As part of this project, the tenant **AutoStore**, which offers a wide range of automated and static warehouse solutions, was added to the fund.

Besides new locations, the Accolade fund has also long focused on projects which revitalise existing sites in need of renewal. Putting the environmental aspects to one side for a moment, brownfield sites are particularly promising locations for future tenants due to their industrial history, offering excellent technological, energy, and transport infrastructure. In the most recent quarter, we welcomed two such projects.

As an example, the Polish **park Legnica** was recently added to the fund. Nearly 27,000 m² in size, it was developed on a former military airport and is located in one of the most industrialised and urbanised regions of Central and Eastern Europe, with a total population of 2.9 million inhabitants. It is home to companies such as **Viesman**, **Mitek**, **Raben**, and **Spreadshirt**. In the Czech Republic, premises which are part of the new industrial zone on the site of the former glassworks in **Hostomice** near Teplice were also added to the fund. It is there that sanitary products retailer **Sanitino** is based. On this site the gradual development of a complex of buildings with a total area in excess of 31,000 m² is planned.

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