Terms and Conditions of the Bonds — Sosna Royal Invest series 12/2023 (revision v3)

INFORMATIVE TRANSLATION ONLY

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Bond Issuer

Sosna Royal Invest a.s.

IČO: 117 05 281

Aviatická 1092/8, Ruzyně, 161 00 Praha 6, Česká republika

TERMS AND CONDITIONS OF THE BONDS

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TERMS AND CONDITIONS OF THE BONDS

Sosna Royal Investments series 12/2023

These terms and conditions of the bonds (the “Terms and Conditions”) govern the rights and obligations of the Issuer and the Bondholders, as well as more detailed information about the Issue and the Bonds.

These Terms and Conditions have been prepared in accordance with Act No. 190/2004 Coll., on Bonds, as amended (the “Bonds Act”).

These Terms and Conditions relate to the bonds more specifically defined in Article 1 (the “Bonds”).

Unless otherwise stated in these Terms and Conditions, words and expressions beginning with a capital letter have the meaning set forth in Article 1.

1. SUMMARY DESCRIPTION OF THE BONDS

Issuer: Sosna Royal Invest a.s.

IČO: 117 05 281

LEI: 315700BRNJ4QGLSSGE87

ISIN: CZ0003556581

with its registered office at Aviatická 1092/8, Ruzyně, 161 00 Praha 6, ČR
registered in the Commercial Register maintained by the Municipal Court
in Prague, File No. B 26539
Name of the Bonds: Sosna Royal Investments series 12/2023
ISIN identification code: CZ 0003556581
Issuer’s account number: 2755053003/5500

IBAN: CZ7555000000002755053003

SWIFT: RZBCCZPP

Maintained with: Raiffeisen Bank a.s. Praha
In currency: USD / EUR / CZK
Nominal Value of the Bond: 110.000 USD (one hundred ten thousand United States dollars)
Type of the Bonds: Order securities
Form of the Bonds: Certificated securities
Issue Price: 100 % of the Nominal Value of the Bonds as of the Issue Date
Minimum investment: 1 (one) Bond
Issue Date: 01.12.2023
Issue Period: The issue period for subscription of the Bonds commences on
01.12.2023 and ends on 01.12.2026 with the possibility of extension
Additional Issue Period: May be applied
Expected Issue Amount: 55.000.000 USD (fifty-five million United States dollars)
Maximum Issue Amount: 55.000.000 USD (fifty-five million United States dollars)
Bond numbering: 00001 to 00500
Yield: Fixed rate of 9,0 % per annum
Commencement date of the first
yield period: As of the date of issuance of the bond, but no earlier than 1.12.2023
Yield Period: Monthly
Date on which the entitlement
to payment of Yield arises: First day of the following month

Record date for payment of
Yield: First day of the month following the Yield Period.

Early Maturity Date: The day following the expiration of the six-month period pursuant to Section 9.2.3

Maturity

Final Maturity Date: 36 months from the date of issuance of the Bond, but no later than

1.12.2030

Record date for repayment of

Nominal Value: 36 months from the date of issuance of the Bond, but no later than

1.12.2030

Issue: An issue of fungible Bonds issued pursuant to these

Terms and Conditions

Bonds: Individual bonds issued within the Issue

Administrator: Issuer

Designated Office: Sosna Royal Invest a.s.

IČ: 117 05 281

Aviatická 1092/8, Ruzyně, 161 00 Praha 6, Česká republika

e-mail: info@sosnaroyal.com

tel.: + 420 242 488 299

Website: www.sosnaroyal.com

The Issuer undertakes to repay the amounts due, in particular the principal of the Bond and the Yield, in the manner and within the periods set forth in these Terms and Conditions.

Activities relating to the issuance of the Bonds, repayment of the Bonds and payment of yields on the Bonds shall be performed by the Issuer, unless it decides otherwise during the existence of the Issue.

2. IMPORTANT NOTICES

These Terms and Conditions are the terms and conditions of the Bonds within the meaning of the Bonds Act.

Any potential offer of the Bonds made or to be made by the Issuer, including distribution of the Terms and Conditions to selected investors in the Czech Republic or abroad, is made pursuant to Article I.1.4(d) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus, i.e. the offer of the Bonds is intended for investors acquiring Bonds with a total consideration of at least 100.000 EUR per investor, for each separate offer. The distribution of the Terms and Conditions and the offer, sale or purchase of the Bonds are restricted by law in certain countries. The Issuer has not applied for approval or recognition of these Terms and Conditions in any other state.

The Czech National Bank does not supervise this issue of Bonds or the Issuer.

3. DESCRIPTION OF THE BONDS

3.1 FORM, TYPE, NOMINAL VALUE AND OTHER CHARACTERISTICS OF THE BONDS

The Bonds are issued in the form and type specified in Article 1 of these Terms and Conditions.

Each Bond has the Nominal Value specified in Article 1 of these Terms and Conditions.

The Issuer is entitled to issue the Bonds as global certificates replacing individual Bonds. If the Bonds are issued as global certificates, their owner has the right to request the Issuer to replace the global certificates with individual Bonds. The owner's request to replace the global certificates with individual Bonds must be delivered to the Issuer in writing. The Issuer is obligated to comply with the owner's request within 30 days of receipt thereof. The Issuer is obligated to invite the owner in writing to take delivery of the individual Bonds. The Bonds shall be handed over to the owner only against return of the global certificate.

3.2 BONDHOLDERS

The owner of a Bond (the "Bondholder") is the person entered in the list of Bondholders maintained by the Issuer (the "List of Bondholders"). A Bondholder may be a natural person or a legal entity. The Issuer may reject a subscriber.

Unless a legal regulation or a court decision delivered to the Issuer at the address of the Designated Office provides otherwise, the Issuer shall deem each Bondholder to be the rightful owner thereof in all respects and shall make payments to such Bondholder in accordance with these Terms and Conditions.

Persons who are owners of a Bond and who, for any reason, are not entered in the List of Bondholders are obligated to promptly inform the Issuer of this fact and of the title to acquisition of ownership of the Bonds, by means of a notice delivered to the Designated Office.

3.3 TRANSFER OF THE BONDS

Ownership title to a Bond is transferred in accordance with the Civil Code by endorsement and agreement at the moment of its handover. Notice of a change of Bondholder must bear an officially verified signature.

3.4 OTHER RIGHTS ATTACHED TO THE BONDS

Separation of the right to the Yield is excluded.

No pre-emptive or exchange rights of Bondholders are attached to the Bonds.

The transferability of the Bonds is restricted. The valid transfer of ownership title to a Bond always requires the written consent of the statutory body of the Issuer. A Bondholder interested in transferring a Bond to another person must send the Issuer a written request for approval of the transfer of the Bonds by the statutory body; the request must bear an officially verified signature of the Bondholder. The statutory body of the Issuer is obligated to respond to the Bondholder's request, i.e. to approve or disapprove the transfer of the Bonds, within 30 days. Ownership title to a Bond, if consent to the transfer is granted by the statutory body, is transferred in accordance with Article 3.3 of the Terms and Conditions.

3.5 UNDERTAKING OF EQUAL TREATMENT

The Issuer undertakes to treat all Bondholders equally under the same conditions.

3.6 ASSESSMENT OF FINANCIAL CAPACITY

No assessment of the financial capacity (rating) of the Issuer has been performed. No separate financial assessment of the Issue has been performed and the Issue therefore has no separate rating.

3.7 NOTICE OF CHANGES

Changes on the part of a Bondholder must be notified to the Issuer within 10 business days of their occurrence. The change must be notified in writing. Changes of contact details may be notified to the Issuer in writing or by electronic mail without verification of signature. Notice of a change of Bondholder and of a change in the number of the Bondholder’s bank account designated for payment of the Yield and the Nominal Value of the Bond must bear an officially verified signature. Notice of a change of Bondholder must always contain the precise identification of the acquirer of the Bonds and the data necessary for the acquirer of the Bonds to be contacted by the Issuer.

4. BASIC CHARACTERISTICS OF THE BOND ISSUE

4.1 INFORMATION ABOUT THE ISSUER AND OWNERSHIP STRUCTURE

The Issuer was established on 1 August 2021.

The Issuer, Sosna Royal Invest a.s., was established on 1 August 2021. The Issuer operates in the area of purchasing investment apartments with a focus on the area of Dubai, United Arab Emirates, for the purpose of their subsequent lease to the end user, both for long-term lease and for short-term lease with a higher rate of yields. The Issuer also invests in the area of purchasing investment apartments in the area of Dubai, United Arab Emirates, for the purpose of their subsequent sale to the end user, where this involves the so-called pre-sale of investment apartments before completion of implementation and their subsequent sale to the end user with a yield exceeding up to 38% profit.

The Issuer, as a joint-stock company, issued 1.000 ordinary shares, each with a nominal value of 10.000,- Kč (in words: ten thousand Czech crowns), and issued 2.000 ordinary shares, each with a nominal value of 1.000,- Kč (in words: one thousand Czech crowns), with all shares being registered securities. The beneficial owner of Sosna Royal Invest a.s. is Lenka Macurová, date of birth 4 April 1975, permanently residing at ul. Příčná 1892/4, Nové Město, 110 00 Praha 1, Česká republika, with a 95 % shareholding. The remaining 4% shareholding is owned by minority shareholder PhDr. Juraj Šedovič, date of birth 19 June 1962, permanently residing at Janovice č.p. 54, 739 11 Janovice, Česká republika, and a 1% shareholding is owned by minority shareholder Bc. Blanka Szotková, date of birth 21 May 1977, permanently residing at Paříkova 362/3, Vysočany, 190 00 Praha 9, Česká republika.

4.2 ISSUE DATE

The Issue Date is specified in Article 1 of these Terms and Conditions.

4.3 ISSUE PERIOD

The Issue Period is specified in Article 1 of these Terms and Conditions.

4.4 TOTAL NOMINAL VALUE OF THE ISSUE, ADDITIONAL ISSUE PERIOD

The Issuer intends to issue the Bonds in the Expected Issue Amount specified in Article 1 of these Terms and Conditions.

If the Issuer does not issue all Bonds as of the Issue Date, it may issue the remaining Bonds at any time during the Issue Period and, as applicable, after the expiration of the Issue Period during the Additional Issue Period, which the Issuer may determine and make information thereon available in accordance with applicable legal regulations.

The Issuer may issue the Bonds in an Issue Amount lower than the Expected Issue Amount if the Expected Issue Amount is not subscribed by the end of the Issue Period.

The Issuer may, as of the Issue Date or during the Issue Period, or the Additional Issue Period, issue Bonds in an amount greater than the Expected Issue Amount, up to the Maximum Issue Amount specified in Article 1 of these Terms and Conditions.

The Bonds may be issued all at once as of the Issue Date and/or in tranches after the Issue Date during the Issue Period and/or the Additional Issue Period.

The Issuer may determine the Additional Issue Period repeatedly.

Without undue delay after the expiration of the Issue Period and/or the Additional Issue Period, the Issuer shall notify the Bondholders of the total Nominal Value of all issued Bonds, but only if the total Nominal Value of all issued Bonds is lower or higher than the Expected Issue Amount. The Issuer shall make this fact available in the same manner as these Terms and Conditions.

4.5 ISSUE PRICE

The Issue Price of the Bonds is specified in Article 1 of these Terms and Conditions.

4.6 SUBSCRIPTION PRICE

The Subscription Price of a Bond as of the Issue Date is equal to the Issue Price.

The Subscription Price of Bonds subscribed after the Issue Date shall be equal to the sum of the Issue Price and the corresponding unpaid accrued interest yield (hereinafter the “AIY”). If so agreed in the Subscription Agreement, upon subscription of the Bond the investor shall pay only the Nominal Value of the Bond, and the unpaid amount corresponding to the AIY on the date of payment for the Bond shall be set off by the Issuer against its obligation to pay the first following interest yield on the Bond.

4.7 MINIMUM SUBSCRIPTION

One subscriber must subscribe for at least as many Bonds as the Minimum investment specified in Article 1 of these Terms and Conditions. Proposals to subscribe for a smaller number of Bonds are ineffective and the Issuer shall not comply with them.

4.8 METHOD AND PLACE OF SUBSCRIPTION OF THE BONDS

The Bonds may be subscribed for at the Designated Office.

The Issuer shall enter into an agreement on subscription and purchase of the Bonds with subscribers of the Bonds, the subject matter of which shall be the Issuer's obligation to issue and the potential acquirers' obligation to purchase the Bonds under the conditions set forth in the agreement on subscription and purchase of the Bonds (the "Subscription Agreement").

The Bonds shall be issued by the Issuer to the subscriber pursuant to the Subscription Agreement within 10 business days after the subscription or purchase price is credited to the Issuer's bank account. A condition for issuance of the Bonds is also delivery of the signed Subscription Agreement to the address of the Designated Office.

The subscription or purchase price of the Bonds shall be paid by the subscriber by non-cash transfer to the bank account and under the conditions set forth in the Subscription Agreement.

The Issuer shall issue the Bonds to the subscriber after payment of the subscription or purchase price of the Bonds by indicating on the Bond the first name, surname, date of birth (for natural persons), or business name and IČ (for legal entities), and the residential or registered office address of the first owner of the Bond. Such data shall be entered in the List of Bondholders and the Bonds shall be handed over to the first Bondholder. Handover of the Bond to the first Bondholder is possible only after payment of the subscription or purchase price, on business days and upon prior agreement with the Issuer. The place of handover is the Designated Office. At the written request of the first Bondholder contained in the Subscription Agreement, or sent in accordance with these Terms and Conditions and bearing the verified signature of the Bondholder, the Bonds may be sent by mail for personal delivery to the address designated by the Bondholder in the Subscription Agreement or written request. The Bonds are sent by the Issuer by mail for personal delivery at the risk of the Bondholder. At the request of the subscriber (Bondholder), the Bonds may be sent in electronic form to the Bondholder's e-mail address stated in the Agreement.

4.9 PURPOSE OF THE ISSUE

The funds obtained through the issue of the Bonds shall be used by the Issuer for the purchase of investment apartments in projects in Dubai, United Arab Emirates, for the purpose of their subsequent lease to the end user, both for long-term lease and for short-term lease with a higher rate of yields. The Issuer also invests in the purchase of investment apartments in projects in Dubai, United Arab Emirates, for the purpose of their subsequent sale to the end user, where this involves the so-called pre-sale of investment apartments before completion of implementation and their subsequent sale to the end user with a yield exceeding up to 38% profit from the nominal value of the given project. …………………

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5. STATUS

The Bonds constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer, which rank and shall rank pari passu among themselves and at least pari passu with all other present and future unsubordinated and unsecured obligations of the Issuer, except for those obligations of the Issuer in respect of which mandatory provisions of legal regulations or an agreement between the Issuer and the Bondholders provide otherwise.

6. YIELD

6.1 YIELD, METHOD OF INTEREST ACCRUAL, YIELD PERIODS AND PAYMENT OF YIELD

The Yield is specified in Article 1 of these Terms and Conditions.

The Yield shall accrue from the Commencement Date of the first day of the Yield Period (including that day) until the date on which the entitlement to payment of Yield arises no earlier than the date following the Yield Period (the “Yield Period”).

For the purposes of the commencement of any Yield Period, the Date on which the entitlement to payment of Yield arises shall not be adjusted in accordance with the Business Day convention set forth in Article 8.2 of these Terms and Conditions.

The Yield shall be paid for each Yield Period in arrears, always within 10 business days from the Date on which the entitlement to payment of Yield arises.

6.2 CESSATION OF INTEREST ACCRUAL

The Bonds shall cease to bear interest on the Final Maturity Date or the Early Maturity Date of the Bonds, as defined in Articles 9.1 and 12.4.3 of these Terms and Conditions, unless, after fulfillment of all conditions and requirements, repayment of the amount due by the Issuer has been unlawfully withheld or refused. In such case, the Yield shall continue to accrue pursuant to Article 6.1 of these Terms and Conditions until the day on which all amounts due as of that day are paid by the Issuer to the Bondholders in accordance with the Terms and Conditions.

6.3 CONVENTION FOR CALCULATION OF YIELD

For the purposes of calculating the Yield for a period shorter than one year, one year shall be deemed to contain 360 (three hundred sixty) days divided into 12 (twelve) months of 30 (thirty) days each, provided that in the case of an incomplete month the number of days actually elapsed shall be used (30E/360 standard).

6.4 DETERMINATION OF YIELD

The amount of Yield pertaining to one Bond for any period shorter than 1 (one) Yield Period shall be determined as the product of the Nominal Value of such Bond, the Yield rate (expressed as a decimal number) and the relevant day-count fraction calculated according to the convention for calculating the Yield pursuant to Article 6.3 of these Terms and Conditions.

The total amount of Yield on all Bonds of one Bondholder shall be rounded down to whole United States dollars.

7. REPAYMENT AND REPURCHASE

7.1 MATURITY OF THE BONDS

Unless the Bonds are repurchased by the Issuer and terminated as provided in Articles 7 and 9 of these Terms and Conditions, the Nominal Value of the Bonds shall be repaid in a lump sum on the Final Maturity Date..

7.2 REPURCHASE OF THE BONDS

The Issuer may repurchase the Bonds at any time for an agreed price or in accordance with Article 9.2 of the Terms and Conditions.

7.3 TERMINATION OF THE BONDS

Bonds repurchased by the Issuer shall not terminate, and it shall be at the discretion of the Issuer whether it holds them in its assets and, as applicable, resells them, or whether it decides on their termination.

If the Issuer decides on the termination of Bonds repurchased by it, the rights and obligations under such Bonds shall automatically terminate by reason of merger of the right and obligation (debt) in one person.

7.4 PRESUMPTION OF REPAYMENT

Each relevant monetary obligation of the Issuer under the Bonds shall, for the purposes of this Article 7, be deemed fully repaid on the date on which the relevant amounts of the Nominal Value of the Bonds and/or accrued Yield payable pursuant to these Terms and Conditions are remitted to the Bondholders and debited from the Issuer’s bank account.

8. PAYMENT TERMS

8.1 CURRENCY OF PAYMENTS

The Issuer undertakes to pay the Yield and repay the Nominal Value of the Bonds exclusively in United States dollars.

The Yield shall be paid and the Nominal Value of the Bonds shall be repaid to the Entitled Persons (as defined below) under the conditions set forth in these Terms and Conditions and in compliance with the tax, foreign exchange and other relevant legal regulations of the Czech Republic effective at the time of the relevant payment.

If (a) the United States dollar, or any other lawful currency that would replace USD, ceases to exist, and (b) unless contrary to a mandatory provision of a legal regulation, (i) the denomination of the Bonds shall be changed to EURO, in accordance with applicable legal regulations, and (ii) all monetary obligations under the Bonds shall automatically and without further notice to the Bondholders become payable in EURO currency, with the official exchange rate (i.e. fixed conversion coefficient) of the relevant currency to EURO being used in accordance with applicable legal regulations. Such replacement of the relevant currency (i) shall not in any respect affect the existence of the Issuer’s obligations arising from the Bonds or their enforceability, and (ii) for the avoidance of doubt, shall not be deemed an amendment to the Terms and Conditions.

8.2 PAYMENT DATES

Payments of the Yield and repayment of the Nominal Value of the Bonds shall be made within the periods specified in these Terms and Conditions (each such day also a “Payment Date”).

If a Payment Date falls on a day other than a Business Day, the Issuer’s obligation to pay the relevant amounts shall arise on the immediately following Business Day, without being obligated to pay interest or any other additional amounts for such time deferral. For the avoidance of doubt, if payment is postponed to the immediately following Business Day pursuant to the preceding sentence, the relevant Record Date shall not be postponed.

For the purposes of these Terms and Conditions, a “Business Day” means any day (other than Saturday and Sunday) on which banks in the Czech Republic are open and interbank payments in United States dollars are settled.

8.3 PERSONS ENTITLED TO RECEIVE PAYMENTS UNDER THE BONDS

8.3.1 Interest yields

Unless otherwise provided in these Terms and Conditions, the entitled persons to whom the Issuer shall pay interest yields on the Bonds are the persons who will be recorded as Bondholders in the List of Bondholders as of the end of the Record Date for payment of Yield (each such person also an “Entitled Person”).

8.3.2 Nominal Value

Unless otherwise provided in the Terms and Conditions, the entitled persons to whom the Issuer shall repay the Nominal Value of the Bonds are the persons who will be recorded as Bondholders in the List of Bondholders as of the end of the Record Date for repayment of the Nominal Value or the Early Maturity Date (each such person also an “Entitled Person”).

8.4 MAKING PAYMENTS

The Issuer shall make payments to Entitled Persons by non-cash transfer to their bank account specified in the Subscription Agreement. The specification of the bank account is a mandatory requirement of the Subscription Agreement. For foreign bank accounts, the account number must be provided in IBAN format.

Any change of the bank account of an Entitled Person for making payments in accordance with these Terms and Conditions must take the form of an instruction delivered by the relevant Entitled Person to the Issuer at the address of the Designated Office no later than on the Record Date for payment of Yield or the Record Date for repayment of the Nominal Value. The instruction must be in the form of a signed written form of the Issuer, which shall contain sufficient information regarding the above-mentioned account enabling the Issuer to make the payment and, in the case of legal entities, shall be supplemented by a copy of a valid extract from the Commercial Register of the payment recipient and other relevant attachments (also the “Instruction”). The Instruction must bear an officially verified signature of the Entitled Person. The Instruction must, in content and form, satisfy the reasonable requirements of the Issuer, and the Issuer may require sufficiently satisfactory evidence that the person who signed the Instruction is authorized to sign such Instruction on behalf of the Entitled Person. Such evidence must also be delivered to the Issuer no later than on the Record Date. In this respect, the Issuer may in particular require (i) submission of a power of attorney if a representative acts on behalf of the Entitled Person, and/or (ii) additional confirmation of the Instruction by the Entitled Person.

If an Entitled Person claims a tax benefit in accordance with an international treaty for the avoidance of double taxation to which the Czech Republic is a party, such person is obligated to deliver to the Issuer, together with the Instruction as an integral part thereof, a certificate of its tax domicile and other documents that the Issuer and the relevant tax authorities may request. Notwithstanding this authorization, the Issuer shall not verify the correctness and completeness of such Instructions and shall bear no liability for damage caused by the Entitled Person’s delay in delivering the Instruction or by any incorrectness or other defect in such Instruction. In the case of originals of foreign official documents or official verification abroad, the Issuer may request the provision of the relevant higher or additional authentication or apostille under the Hague Apostille

Convention, as applicable.

The Issuer may further request that all documents prepared in a foreign language be accompanied by an official translation into the Czech language or English language.

8.5 TIMELINESS OF NON-CASH PAYMENTS

The Issuer’s obligation to pay any amount due in connection with the Bonds shall be deemed duly and timely fulfilled (a) if the relevant amount is remitted to the Entitled Person to the bank account specified in the Subscription Agreement pursuant to Article 8.4 of the Terms and Conditions, or in the Instruction and in accordance with the payment terms specified in such notice, and (b) if such amount is debited from the Issuer’s bank account no later than within 5 business days from the occurrence of the entitlement.

If any Entitled Person has provided the Issuer with payment details that do not enable the payment to be duly made, or has not provided it with any such details, the Issuer’s obligation to pay any amount due shall be deemed duly and timely fulfilled toward such Entitled Person if the relevant amount is debited from the Issuer’s bank account within 15 (fifteen) Business Days from the day on which the Issuer received from the Entitled Person such payment details that enable the payment to be duly made; in such case, such Entitled Person shall not be entitled to any interest or other yield or additional payment for such time deferral.

The Issuer shall not be liable for any delay in payment of any amount caused by the fact that (a) the Entitled Person failed to timely provide the documents or information required from it pursuant to Article 8.4 of these Terms and Conditions, (b) such information, documents or information were incomplete or incorrect, or (c) such delay was caused by circumstances beyond the Issuer’s control. In such case, the Entitled Person shall not be entitled to any additional payment or interest for the time deferral of payment.

8.6 CHANGE IN THE METHOD OF MAKING PAYMENTS

The Issuer may decide to change the method of making payments. Such change must not cause harm to the Bondholders. Such decision shall be made available to the Bondholders in the same manner in which these Terms and Conditions were made available.

9. EARLY MATURITY OF THE BONDS BY DECISION OF THE ISSUER AND REQUEST OF A BONDHOLDER

FOR REPURCHASE OF THE BONDS BY THE ISSUER

9.1 EARLY MATURITY OF THE BONDS BY DECISION OF THE ISSUER

9.1.1 Decision on early maturity by the Issuer

The Issuer has the right to decide on early maturity of the Bonds and to repay the issued Bonds before the Final Maturity Date.

9.1.2 Maturity

The Issuer has the right to repay the Bonds early as of a date determined by it (such date, in addition to other dates so designated in these Terms and Conditions, also an “Early Maturity Date”), subject to fulfillment of the condition that it notifies the decision on early repayment of the Bonds by e-mail message or registered letter to the address stated in the List of Bondholders at least 30 days before the Early Maturity Date.

Notice of early repayment of the Bonds by decision of the Issuer is irrevocable and obligates the Issuer to accept for early repayment all Bonds in respect of which early maturity has been requested. The Bondholder is obligated to provide the Issuer with all cooperation that the Issuer may require in connection with such early repayment.

All outstanding Bonds shall be repaid by the Issuer at Nominal Value together with accrued and not yet paid pro rata Yield against their presentation by the Bondholders to the Issuer at the Designated Office. From the Early Maturity Date, Bonds called by decision of the Issuer shall not bear interest.

9.2 REQUEST OF A BONDHOLDER FOR REPURCHASE OF THE BONDS BY THE ISSUER

9.2.1 Bondholder’s request

A Bondholder has the right to request the Issuer to repurchase the Bonds owned by such Bondholder. The Bondholder’s request for repurchase (the “Repurchase Request”) must be in writing and must clearly state the request for repurchase of the Bonds and the number of Bonds to be repurchased by the Issuer. The Repurchase Request must be signed by the Entitled Person and, if not signed before the Issuer, the signature of the Entitled Person must be officially verified.

9.2.2. Fee for the request for repurchase of bonds

In order to submit a request for repurchase of bonds, the Bondholder is obligated to pay to the stated account of the Issuer a fee for processing the request in the amount of 2,0 % of the total value of the bonds that are the subject of the Bondholder’s request for payment and 0,2 % for each month terminated early out of the total length of the investment. Furthermore, the Bondholder the Bondholder shall pay the full amount of the fee to the Issuer’s account within 10 days of delivery of the request for repurchase of bonds to the Issuer, on the basis of a document issued by the Issuer. The period for repurchase of the bonds begins to run on the first day of the month following the day of delivery of the request to the Issuer and payment of the fees to the Issuer’s account. If the full amount of the fees for processing the request is not paid no later than 30 days from delivery of the issued payment document, the request shall automatically expire and the Issuer shall not be obligated to accept such request further and shall return the request to the Bondholder with a written statement sent to the Bondholder electronically.

9.2.3. Maturity

If the Issuer accepts the Repurchase Request by written or electronic notice, the Bondholder shall become entitled to repurchase of the Bonds by the Issuer after the expiration of a six-month period, which begins to run on the first day of the month following the day of delivery of the request for repurchase of bonds to the Issuer in written form with verification of the Bondholder’s signature by registered mail, or in person at the address of the Issuer’s office.

9.2.4. Purchase price

The purchase price of the Bonds repurchased by the Issuer on the basis of the Repurchase Request shall be determined in the amount of the Nominal Value of the Bonds purchased by the Issuer. The Bondholder is entitled to payment of accrued and not yet paid Yield relating to the repurchased Bonds.

The purchase price shall be paid by the Issuer within 10 Business Days from the Date of entitlement to repurchase and simultaneously upon handover of the Bonds by the Bondholder to the Issuer at the Designated Office.

10. LIMITATION PERIOD

Rights attached to the Bonds shall become time-barred upon the expiration of 3 (three) years from the day on which they could have been exercised for the first time.

11. ADMINISTRATOR

11.1 ADMINISTRATOR AND DESIGNATED OFFICE

The administrator of the issue is the Issuer.

The Designated Office is at the address specified in Article 1 of these Terms and Conditions.

11.2 ADDITIONAL AND DIFFERENT ADMINISTRATOR AND OTHER DESIGNATED OFFICE

The Issuer reserves the right at any time to appoint an Administrator and to designate another or additional Designated Office, or to appoint additional payment agents.

Notice of appointment of an Administrator or Designated Office or of appointment of additional payment agents shall be made available by the Issuer to the Bondholders in the same manner in which these Terms and Conditions were made available.

11.3 RELATIONSHIP OF THE ADMINISTRATOR TO THE BONDHOLDERS

In performing activities under any administrator agreement that may be entered into, the Administrator acts as the representative of the Issuer. The Administrator does not guarantee the obligations of the Issuer arising from the Bonds nor does it otherwise secure them. In performing activities under the administrator agreement, the Administrator is not in any legal relationship with the Bondholders or Entitled Persons, unless otherwise stated in the agreement with the Administrator or in law. This is without prejudice to the legal relationships of the Administrator with the Bondholders or Entitled Persons under agreements other than the administrator agreement.

12. MEETING OF BONDHOLDERS, AMENDMENTS TO THE TERMS AND CONDITIONS OF THE BONDS

12.1 POWERS AND CONVENING OF THE MEETING OF BONDHOLDERS

12.1.1 Right to convene a Meeting of Bondholders

The Issuer or a Bondholder may convene a meeting of Bondholders (the “Meeting”) if necessary to decide on the common interests of the Bondholders, in accordance with the Terms and Conditions.

The costs of organizing and convening the Meeting shall be borne by the convener, unless legal regulations provide otherwise. If the convener is a Bondholder, the convener is obligated, sufficiently in advance, but no later than 30 (thirty) calendar days before the intended holding of the Meeting, to deliver to the Issuer by registered mail to the address of the Designated Office a notice of the holding of the Meeting so that it may be published without undue delay (see Article 12.1.3 taking into account the method of publication pursuant to Article 13); for the avoidance of doubt, it is stated that in such case the Issuer shall not be obligated to examine in any way the requirements of such notice and shall not be in any way liable for the content of such notice, and simultaneously to deliver to the Issuer, by notice addressed to the address of the Designated Office, a request to procure evidence of the number of all Bonds entitling participation in the Meeting convened by it or them, i.e. a complete copy of the List of Bondholders. Simultaneously with the notice of convening the Meeting, the Bondholder is obligated to send the agenda of the meeting, including proposed changes and requests. The Issuer is obligated to provide reasonable cooperation to the convener, the Bondholder, for the proper convening of the Meeting, at least to the extent of publishing information on the convening of the Meeting on its website specified in Article 1 of these Terms and Conditions and providing a copy of the List of Bondholders.

12.1.2 Meeting convened by the Issuer

The Issuer is obligated to promptly convene a Meeting in the cases set forth below in this Article 12.1.2 and in other cases stipulated by applicable legal regulations (“Fundamental Changes”),

(a) a proposal for an amendment or amendments to the Terms and Conditions, if its consent to the amendment of the Terms and Conditions is required under legal regulations;

(b) a proposal for the transformation of the Issuer;

(c) a proposal for conclusion of a control agreement or profit transfer agreement, regardless of which contracting party the Issuer is;

(d) a proposal for conclusion of an agreement on the basis of which an enterprise or part thereof is disposed of, regardless of which contracting party the Issuer is, provided that due and timely repayment of the Bonds or payment of the yield on the Bonds may be jeopardized;

(e) if the Issuer is in default in satisfying rights attached to the Bonds for more than 30 (thirty) calendar days from the day on which the right could have been exercised.

12.1.3 Notice of convening the Meeting

The convener is obligated to announce the notice of convening the Meeting in the manner specified in Article 13 of these Terms and Conditions, no later than 30 (thirty) calendar days before the date of the Meeting.

If the convener is a Bondholder, the convener is obligated to deliver the notice of convening the Meeting pursuant to Article 12.1.1 of these Terms and Conditions to the Issuer within the same period.

If the convener is the Issuer, it is obligated to announce the convening of the Meeting on the website specified in Article 1 of these Terms and Conditions, no later than 15 (fifteen) calendar days before the date of the Meeting. The notice of convening the Meeting must contain at least (a) the business name, IČ and registered office of the Issuer, (b) identification of the Bonds at least to the extent of the name of the Bond and the Issue Date, (c) the place, date and time of the Meeting, provided that the place, date and time of the Meeting must be determined so as to restrict as little as possible the ability of Bondholders to attend the Meeting / the place of the

Meeting may only be the City of Prague, the date of the Meeting must fall on a day that is a Business Day, the time of the Meeting must fall within the period from 9 a.m. to 5 p.m., (d) the agenda of the Meeting and, if a change within the meaning of Article 12.1.2 of these Terms and Conditions is proposed, also the proposal for such change and the reasons therefor, and (e) the day that is the Record Date for participation in the Meeting.

The Meeting is entitled to decide only on proposed resolutions specified in the notice of its convening. Decision-making on proposed resolutions that were not included on the agenda of the Meeting in the notice of its convening is permissible only if all Bondholders who are entitled to vote at such Meeting are present at the Meeting.

If the reason for convening the Meeting ceases to exist, the Meeting shall be cancelled in the same manner in which it was convened, no later than 7 (seven) calendar days before the date of its holding.

12.2 PERSONS ENTITLED TO ATTEND AND VOTE AT THE MEETING, ATTENDANCE OF OTHER PERSONS

12.2.1 Persons entitled to attend and vote at the Meeting, Record Date for participation in the Meeting

Only the following are entitled to attend and vote at the Meeting:

(a) a Bondholder who is recorded as a Bondholder in the List of Bondholders as of the end of the day that precedes the date of the relevant Meeting by 7 (seven) calendar days (the “Record Date for participation in the Meeting”), or

(b) a person who proves to be the proxy of a Bondholder under paragraph (a) for the purposes of such Meeting.

Transfers of Bonds made after the Record Date for participation in the Meeting shall be disregarded.

12.2.2 Voting right

Each Bondholder shall have such number of votes as corresponds to the ratio between the Nominal Value of the Bonds owned by such Bondholder and the total Nominal Value of all issued and outstanding or uncancelled Bonds as of the Record Date for participation in the Meeting.

Bonds owned by the Issuer as of the Record Date for participation in the Meeting that have not terminated by decision of the Issuer within the meaning of Article 7.3 of these Terms and Conditions shall be disregarded for the purposes of the Meeting.

If the Meeting decides on removal of the Joint Representative (as defined below) pursuant to Article 12.3.3 of these Terms and Conditions, the Joint Representative may not exercise voting rights attached to Bonds owned by it, and its votes shall not be counted in the total number of votes for the purposes of the quorum of the Meeting.

12.2.3 Attendance of other persons at the Meeting

The Issuer is obligated to attend the Meeting, and representatives of the Administrator, if appointed, the Joint Representative (as defined below), unless otherwise a person entitled to attend the Meeting, and guests invited by the Issuer are also entitled to attend the Meeting. The Meeting is further attended by persons ensuring the course of such Meeting (e.g. the chairman of the meeting, minute-taker, notary, etc.).

12.2.4 Attendance at the Meeting using means of remote communication

In the notice of convening the Meeting, the Issuer may determine the organizational and technical conditions under which Bondholders may attend the Meeting using electronic means enabling direct remote transmission of the Meeting by image and sound and/or direct two-way communication between the Meeting and the Bondholder or direct written statement of the Bondholder on proposed resolutions of the Meeting via e-mail communication to the Issuer's e-mail address specified in the Bond Subscription Agreement, in advance of the date of the Meeting. In the case of e-mail communication, the Bondholder is verified through the use of the e-mail address stated in the Subscription Agreement or notified to the Issuer for registration in the List of Bondholders. A Bondholder who exercises the right under the conditions so determined shall be deemed present at the Meeting, with all rights arising therefrom……………………………………

12.3 COURSE OF THE MEETING, DECISION-MAKING BY THE MEETING

12.3.1 Quorum

The Meeting shall have a quorum if attended by Bondholders (entitled to vote in accordance with Article 12.2 of these Terms and Conditions) whose Nominal Value represents more than 30 % of the total Nominal Value of the issued and not yet repaid or uncancelled Bonds. Before the opening of the Meeting, the convener shall provide information on the number of all Bonds whose owners are entitled to attend and vote at the Meeting.

12.3.2 Chairman of the Meeting

A Meeting convened by the Issuer shall be chaired by a chairman appointed by the Issuer. A Meeting convened by a Bondholder shall be chaired by a chairman elected by a simple majority of the attending Bondholders to whom the right to vote at the relevant Meeting is attached, and until the chairman is elected, the Meeting shall be chaired by a person designated by the convener.

12.3.3 Joint Representative

The Meeting may, by resolution, elect a natural person or legal entity as a joint representative and entrust such person with activities pursuant to the Bonds Act (the "Joint Representative").

The Joint Representative may be removed by the Meeting in the same manner in which such person was elected, or another Joint Representative may be elected, with the election of a new Joint Representative having the effects of removal of the existing Joint Representative with respect to such existing Joint Representative (unless such existing Joint Representative was removed by a separate resolution of the Meeting).

The resolution of the Meeting shall specify the extent to which the Joint Representative is authorized to perform acts on behalf of the Bondholders.

12.3.4 Decision-making by the Meeting

The Meeting decides on submitted matters in the form of resolutions.

Adoption of a resolution by which (a) a proposal under Article 12.1.2 of these Terms and Conditions is approved or (b) the Joint Representative is appointed or removed requires the consent of at least ¾ (three quarters) of the votes of the attending Bondholders to which voting rights are attached in accordance with Article 12.2 of these Terms and Conditions.

Other resolutions are adopted if they receive a simple majority of the votes of the attending Bondholders to which voting rights are attached in accordance with Article 12.2 of these Terms and Conditions.

12.3.5 Adjournment of the Meeting and substitute Meeting

If, within one hour of the scheduled commencement of the Meeting, such Meeting does not have a quorum, then such Meeting shall be dissolved without further action. This is without prejudice to the right of the Issuer or the Bondholders to convene a new Meeting in accordance with these Terms and Conditions.

If the Meeting was convened for the purpose of deciding on an amendment to the Terms and Conditions and if, within one hour of the scheduled commencement of the Meeting, such Meeting does not have a quorum, then such Meeting shall be dissolved without further action. If still necessary, the convener shall convene a substitute Meeting so that it is held within 6 (six) weeks from the day for which the original Meeting was convened. The holding of the substitute Meeting with an unchanged agenda shall be announced to the Bondholders no later than within 15 (fifteen) days from the day for which the original Meeting was convened.

The substitute Meeting is capable of adopting resolutions regardless of the conditions set forth in Article 12.3 of these Terms and Conditions.

12.4 CERTAIN ADDITIONAL RIGHTS OF THE BONDHOLDERS

12.4.1 Amendments to the Terms and Conditions

For the avoidance of doubt, consent of the Meeting of Bondholders is not required (a) for an amendment to the Terms and Conditions directly caused by a change in legislation, (b) for an amendment to the Terms and Conditions that does not concern the position or interests of the Bondholders, or (c) if none of the issued Bonds is owned by a person other than the Issuer.

Without undue delay after any Amendment to the Terms and Conditions, the Issuer shall make available to investors, in the manner in which the Terms and Conditions were made available, such amendment to the Terms and Conditions and the full wording of the Terms and Conditions after the amendment made.

An investor who, prior to the making available of an amendment to the Terms and Conditions for which prior consent of the Meeting of Bondholders is required, agreed to purchase or subscribe for a Bond and has not yet acquired ownership title to such Bond, is entitled to withdraw from the purchase or subscription within 5 (five) business days after the amendment to the Terms and Conditions is made available.

12.4.2 Consequence of voting against certain resolutions of the Meeting

If the Meeting has consented to Fundamental Changes, then a person who, as a Bondholder, was entitled to attend and vote at the Meeting pursuant to Article 12.2 of these Terms and Conditions and, according to the minutes of such Meeting, voted at the Meeting against the proposed resolution of the Meeting or did not attend the relevant Meeting (the “Applicant”), may, within 30 (thirty) days of publication of the resolution of the relevant Meeting, request payment of the Nominal Value of the Bonds of which the Applicant was the owner as of the Record Date for participation in the Meeting and which the Applicant has not disposed of since such moment, as well as the pro rata interest yield on such Bonds accrued in accordance with these Terms and Conditions and not yet paid.

The Applicant must exercise this right by written notice (the “Request”) addressed to the Issuer at the address of the Designated Office.

The above amounts become due 30 (thirty) days after the day on which the Request was delivered to the Issuer (such date, in addition to other dates so designated in these Terms and Conditions, also the “Early Maturity Date of the Bonds”).

The provisions of Article 8 of these Terms and Conditions shall otherwise apply mutatis mutandis to early repayment of the Bonds pursuant to Article 12.4.2.

12.4.3 Resolution on early maturity of the Bonds at the request of Bondholders

If any of the matters set forth in Articles 12.1.2 (b) to (e) of these Terms and Conditions is on the agenda of the Meeting and the Meeting does not agree with such fundamental changes, then the Meeting may, even beyond the agenda, decide that if the Issuer proceeds contrary to the resolution of the Meeting, it is obligated to repay early the Nominal Value and the pro rata part of the Yield to those Bondholders who request it (the “Applicant”). The Applicant shall exercise this right by written notice (the “Request”) addressed to the Issuer and delivered to the address of the Designated Office.

The above amounts become due 30 (thirty) days after the day on which the Request was delivered to the Issuer (such date, in addition to other dates so designated in these Terms and Conditions, also the “Early Maturity Date of the Bonds”).

The provisions of Article 8 of these Terms and Conditions shall otherwise apply mutatis mutandis to early repayment of the Bonds pursuant to Article 12.4.3.

12.4.4 Requirements of the Request

The Request must state the number of Bonds in respect of which the Applicant requests repayment in accordance with this Article. The Request must be in writing, signed by persons authorized to act on behalf of the Applicant, and their signatures must be officially verified.

The Applicant must also deliver to the Designated Office within the same period all documents required for making the payment pursuant to Article 8 of these Terms and Conditions.

12.4.5 Minutes of the Meeting

The convener shall prepare, itself or through a person authorized by it, minutes of the Meeting within 30 (thirty) days from the date of the Meeting, stating the conclusions of the Meeting, in particular the resolutions adopted by such Meeting.

If the convener of the Meeting is a Bondholder, the minutes of the Meeting must also be delivered to the Issuer at the address of the Designated Office no later than within 30 (thirty) days from the date of the Meeting.

All decisions of the Meeting that must be published must be delivered sufficiently in advance as determined by the Issuer so that the period stipulated by legal regulations and these Terms and Conditions for their publication can be complied with.

The Issuer is obligated to retain the minutes of the Meeting until the rights under the Bonds become time-barred. The minutes of the Meeting are available for inspection by the Bondholders during normal business hours at the Designated Office.

The Issuer is obligated, within 30 (thirty) days from the date of the Meeting, to publish all decisions of the Meeting in the manner set forth in Article 13 of these Terms and Conditions.

If the Meeting discussed a resolution on a Fundamental Change, a notarial deed must be drawn up on attendance at the Meeting and on the decision of the Meeting. If the Meeting adopted such resolution, the notarial deed must state the names of those persons entitled to attend the Meeting who validly voted in favor of adoption of such resolution, and the number of Bonds owned by such persons as of the record date for participation in the Meeting.

13. NOTICES

Information concerning the exercise of the rights of Bondholders, notice of the holding of a Meeting and any other notice to Bondholders shall be valid and effective if prepared in the Czech language and English language and posted on the website specified in Article 1 of these Terms and Conditions. If a mandatory provision of relevant legal regulations or these Terms and Conditions stipulates a different method for making available or publishing any notice under these Terms and Conditions, such notice shall be deemed validly made available or published by its making available or publication prescribed by the relevant legal regulation. If any notice is made available or published in more than one manner, the date of such notice shall be deemed to be the date of its first making available or publication.

Pursuant to the Bonds Act, these Terms and Conditions were made available free of charge to the acquirers of the Bonds on the website specified in Article 1 of these Terms and Conditions and at the registered office of the Issuer on a data carrier that enables investors to reproduce the Terms and Conditions in unchanged form and to retain the Terms and Conditions so that they may be used at least until the maturity date of the Bonds.

14. RISKS ASSOCIATED WITH AN INVESTMENT IN THE BONDS

14.1 RISKS ASSOCIATED WITH THE BONDS

The Bonds do not constitute insured receivables

No statutory or other insurance applies to the receivables of Bondholders in the event the Issuer is unable to meet its obligations under the issued Bonds. In this respect, receivables under the Bonds differ, for example, from receivables arising from deposits with banks or from receivables arising from the inability of a securities dealer to meet its obligations consisting in the release of assets to customers.

Interest rate risk

A Bondholder is exposed to the risk of a decrease in the price of a Bond as a result of a change in market interest rates. Bond prices and the level of market interest rates move inversely. The holder of a bond with a fixed interest rate may therefore be affected by the risk of a decrease in the price of such bond if market interest rates increase.

Liquidity risk of the Bonds

The liquidity risk of the issued Bonds is low. The Bonds may be sold on the secondary market if the Bondholder finds a person interested in purchasing the Bonds. The Bondholder also has the option, under the conditions set forth in Article 9.2.1, to request the Issuer to repurchase all or part of the Bonds owned by the Bondholder.

Early repayment risk

The Issuer is entitled to repay the Bond issue early on the basis of its own decision. A Bondholder of such issue is exposed to the risk of a lower than expected yield due to early repayment.

14.2 RISKS ASSOCIATED WITH THE ISSUER

Credit risk of the Issuer

As a result of an adverse market environment, an erroneous decision by its management or other external or internal factors, the Issuer may become unable to meet its due obligations, including obligations under the issued Bonds. The Issuer applies management and control mechanisms aimed at reducing this risk.

Risk of loss of key persons

The activities of the Issuer's key persons are decisive for the overall management of the Issuer and its ability to introduce and implement its business strategy. The Issuer believes that it is able to retain and motivate such persons; nevertheless, it is unable to guarantee this fact. Any loss of such persons could adversely affect the Issuer's business, financial results and financial situation.

Regional risk, political risk

Regional (country) risk consists in an additional negative impact on investments, interest rates or exchange rates compared with the rest of the world. It is usually associated with a change in economic development as a result of the central bank's monetary policy, the government's fiscal policy or external influences. The second cause of increased risk in the region (country) is international political risk. The international policy of leaders (the government) may cause negative developments in real estate prices, interest rates and exchange rates.

Force majeure risk

A force majeure event may occur that is beyond the control of the Issuer, e.g. wars, rebellions, natural disasters, nationalization of the Issuer's property, unlawful interference by state authorities (e.g. by ordering action, refraining from action, prohibition of activity), unlawful imposition of fines and sanctions by state authorities, unlawful freezing of accounts, unlawful seizure of property, etc., which will have a negative impact on the Issuer's financial results.

Competition risk

The Issuer is a participant in economic competition in a competitive industry. For this reason, it must respond flexibly to the changing market situation and the conduct of competitors. In conditions of strong competition, it may happen that it will be unable to respond appropriately to the competitive environment, which could lead to a deterioration of the Issuer's economic situation.

When purchasing the Bonds, the investor should consider all of the above risks.

15. TAXATION OF THE BONDS IN THE CZECH REPUBLIC APPLICABLE AS OF THE ISSUE DATE

The tax laws of the Bondholder's member state and the tax laws of the country of the Issuer's registered office may have an impact on income derived from the securities.

The following text is only a summary of certain tax considerations relating to the acquisition, ownership and disposition of the Bonds and does not seek to be a comprehensive summary of all tax-relevant considerations that may be significant in deciding whether to purchase the Bonds. This summary is based on legal regulations effective as of the Issue Date and may be subject to subsequent change (including possible retroactive effects). The Issuer recommends that prospective acquirers of the Bonds consult their legal and tax advisors regarding the tax consequences of the purchase, sale and holding of the Bonds and receipt of interest payments on the Bonds under tax and foreign exchange regulations applicable in the Czech Republic and in the countries in which they are resident, as well as in the countries in which yields from holding and selling the Bonds may be taxed.

Principal

Repayment of the Nominal Value of the Bonds shall be made without withholding of tax or charges of any kind, unless such withholding of taxes or charges is required by the relevant legal regulations of the Czech Republic effective as of the date of such payment. If any such withholding of taxes or charges is required by the relevant legal regulations of the Czech Republic effective as of the date of such payment, the Issuer shall not be obligated to pay the Bondholders any additional amounts as compensation for such withholding of taxes or charges.

Interest

Interest paid to a natural person who is a Czech tax resident is subject to tax at the rate of 15 %.

Interest paid to a natural person who is a Czech tax resident or conducts business in the Czech Republic through a permanent establishment and who acquired the bond within the scope of business in the Czech Republic is subject to personal income tax at the rate of 15 %. If the tax base exceeds 48 times the average wage, tax at the rate of 23 % applies to the part of the tax base exceeding 48 times the average wage.

Interest paid to a legal entity that is a Czech tax resident, or is not a Czech tax resident and at the same time conducts business in the Czech Republic through a permanent establishment, forms part of the general tax base and is subject to corporate income tax at the rate of 19 %.

Gains/losses from sale

Gains from the sale of bonds realized by a natural person,

• who is a Czech tax resident, or who

• is not a Czech tax resident but conducts business in the Czech Republic through a permanent establishment, or who

• is not a Czech tax resident and receives income from the sale of bonds from a buyer who is a Czech tax resident or from the Czech permanent establishment of a buyer who is not a Czech tax resident,

are included in the general personal income tax base and are subject to tax at the rate of 15 %. If the tax base of an entrepreneurial natural person who acquired the bond within the scope of business exceeds 48 times the average wage, tax at the rate of 23 % applies to the part of the tax base exceeding 48 times the average wage.

Losses from the sale of bonds are generally not tax-deductible for non-entrepreneurial natural persons (a person who does not have the bond included in business assets), unless taxable gains from the sale of other securities are also reported in the same tax period; in such case, losses from the sale of bonds may be considered tax-deductible up to the amount of gains from the sale of other securities (i.e. a natural person who is a non-entrepreneur cannot report an overall loss from the sale of securities in a given year).

Gains from the sale of bonds realized by a legal entity,

• that is a Czech tax resident, or that

• is not a Czech tax resident and at the same time conducts business in the Czech Republic through a permanent establishment, or that

• is not a Czech tax resident and receives income from the sale of bonds from a buyer who is a Czech tax resident or from the Czech permanent establishment of a buyer who is not a Czech tax resident,

are included in the general corporate income tax base and are subject to tax at the rate of 19 %. Losses from the sale of bonds are generally tax-deductible for this category of persons.

Income from the sale of bonds for natural persons who do not have the bond included in business assets may, under certain conditions, be exempt from income tax if a period of at least 3 years elapses between the acquisition and sale of the bonds. Income from the sale of bonds for natural persons who do not have the bond included in business assets may also be exempt from tax if the income from the sale of securities and income from units attributable to a unit certificate upon termination of a mutual fund does not exceed, in aggregate, 100 000 Czech crowns for the taxpayer in the tax period.

In the case of the sale of bonds by an owner who is not a Czech tax resident and at the same time is not a tax resident of a member state of the European Union or the European Economic Area to a buyer who is a Czech tax resident, or to a person who is not a Czech tax resident and at the same time conducts business in the Czech Republic through a permanent establishment and purchases the bonds into the assets of such permanent establishment, the buyer is generally obligated, upon payment of the purchase price of the bonds, to withhold income tax security in the amount of 1 % of such income. The tax administrator may, but is not required to, consider the tax obligation of the taxpayer (the selling tax non-resident) fulfilled by the withholding under the preceding sentence; however, the obligation to file a tax return pursuant to the following sentence does not cease to exist. In this case, the seller is generally obligated to file a tax return in the Czech Republic, or the tax administrator may assess the tax by the end of the period for tax assessment. The withheld tax security is credited against the total tax obligation of the tax non-resident. The amount of tax security is rounded up to whole Kč.

16. GOVERNING LAW AND LANGUAGE

The rights and obligations arising from the Bonds shall be governed by and construed in accordance with the legal regulations of the Czech Republic.

The Terms and Conditions may be translated into other languages. In such case, if there is any discrepancy between different language versions, the Czech version shall prevail.

In Prague, on 27.11.2023

Lenka Macurová, Chairwoman of the Board of Directors

Sosna Royal Invest a.s.