# Terms and Conditions of the Bonds — Sosna Royal Invest series 12/2023

## INFORMATIVE TRANSLATION ONLY

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Issuer of the Bonds

Sosna Royal Invest a.s.

### IČO: 117 05 281

Aviatická 1092/8, Ruzyně, 161 00 Praha 6, Czech Republic

## 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 on 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 Art. 1 (the “Bonds”).

Unless otherwise stated in these Terms and Conditions, capitalized words and expressions shall have the meaning

specified in Art. 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, Czech Republic
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 the currency: USD / EUR / CZK
Nominal Value of the Bond: 110,000 USD (one hundred ten thousand United States dollars)
Type of Bonds: Order securities
Form of 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 Volume: 55,000,000 USD (fifty-five million United States dollars)
Maximum Issue Volume: 55,000,000 USD (fifty-five million United States dollars)
Numbering of Bonds: 00001 to 00500
Yield: Fixed rate of 9.0% per annum
Commencement Date of the first
Interest Period: As of the date of issue of the bond, but no earlier than 1.12.2023
Interest Period: Monthly
Date of accrual of the right to
payment of Yield: The first day of the following month



Record Date for payment of
Yield: The first day of the month following the Interest Period.
Early Maturity Date: The day following the expiry of the six-month period pursuant to clause 9.2.3
Maturity
Final Maturity Date: 36 months from the date of issue of the bond, but no later than

1.12.2030

Record Date for redemption of

the Nominal Value: 36 months from the date of issue of the bond, but no later than

1.12.2030

Issue: The 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, Czech Republic

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 issue of the Bonds, redemption 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 addressed to investors acquiring Bonds for 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 the

approval or recognition of these Terms and Conditions in any other state.

The Czech National Bank does not supervise this Bond issue 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 Art. 1 of these Terms and Conditions.

Each Bond has the nominal value specified in Art. 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 holder has the right to request that the Issuer replace the global certificates with individual Bonds. The holder’s request for replacement of global certificates with individual Bonds must be delivered to the Issuer in writing. The Issuer shall comply with the holder’s request within 30 days of receipt thereof. The Issuer shall invite the holder in writing to collect the individual Bonds. The Bonds shall be delivered to the holder 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 otherwise provided by a legal regulation or a court decision delivered to the Issuer at the address of the Designated Office, the Issuer shall deem each Bondholder to be the lawful 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, shall promptly inform the Issuer of this fact and of the title to the acquisition of ownership of the Bonds, by means of a notice delivered to the Designated Office.

## 3.3 TRANSFER OF BONDS

Ownership title to a Bond shall be transferred in accordance with the Civil Code by endorsement and contract at the moment of its delivery. Notice of a change in the Bondholder must bear an officially certified signature.

## 3.4 OTHER RIGHTS ATTACHED TO THE BONDS

Separation of the right to 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 wishing to transfer 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 certified signature of the Bondholder. The statutory body of the Issuer

shall respond to the Bondholder’s request, i.e., approve or disapprove the transfer of the Bonds, within 30

days. Ownership title to the Bond, if consent to the transfer is granted by the statutory body, shall be

transferred in accordance with Art. 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 Issuer’s financial capacity (rating) has been carried out. No separate financial

assessment of the Issue has been carried out, 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 e-mail without certification of signature. Notice of a change in the Bondholder and a change

in the bank account number of the Bondholder designated for payment of the Yield and the nominal value

of the Bond must bear an officially certified signature. Notice of a change in the Bondholder must always

contain the precise identification of the acquirer of the bonds and the data necessary for the Issuer to be able

to contact the acquirer of the bonds.

## 4. BASIC CHARACTERISTICS OF THE BOND ISSUE

### 4.1 INFORMATION ON 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 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 level of returns. The Issuer also invests in the area of purchasing investment apartments in Dubai, United Arab Emirates, for the purpose of their subsequent sale to the end user, involving the so-called pre-sale of investment apartments before completion of construction and their subsequent sale to the end user with a return exceeding up to 38% profit.

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The Issuer, as a joint-stock company, issued 1,000 ordinary shares, each with a nominal value of CZK 10,000 (in words: ten thousand Czech crowns), and issued 2,000 ordinary shares, each with a nominal value of CZK 1,000 (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, permanent residence ul. Příčná 1892/4, Nové Město, 110 00 Praha 1, Czech Republic, with a 95% shareholding. The remaining 4% shareholding is owned by the minority shareholder PhDr. Juraj Šedovič, date of birth 19 June 1962, permanent residence Janovice č.p. 54, 739 11 Janovice, Czech Republic, and 1% shareholding is owned by the minority shareholder Bc. Blanka Szotková, date of birth 21 May 1977, permanent residence Paříkova 362/3, Vysočany, 190 00 Praha 9, Czech Republic.

### 4.2 ISSUE DATE

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

### 4.3 ISSUE PERIOD

The Issue Period is specified in Art. 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 Volume specified in Art. 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, also after the expiry of the Issue Period during an Additional Issue Period that the Issuer may determine and make information thereon available in accordance with applicable legal regulations.

The Issuer may issue the Bonds in an Issue volume lower than the Expected Issue Volume if the Expected Issue Volume has not been 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 a volume greater than the Expected Issue Volume, up to the Maximum Issue Volume specified in Art. 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 an Additional Issue Period repeatedly.

Without undue delay after the expiry 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 Volume. 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 Art. 1 of these Terms and Conditions.

## 4.6 SUBSCRIPTION PRICE

The Subscription Price of a Bond as of the Issue Date shall be 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 “AIY”). If so agreed in the Subscription

Agreement, upon subscription of a 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 Art. 1 of these Terms and Conditions. Proposals to subscribe for a smaller number of Bonds shall be ineffective and shall not be accepted by the Issuer.

## 4.8 METHOD AND PLACE OF SUBSCRIPTION OF THE BONDS

The Bonds may be subscribed at the Designated Office.

The Issuer shall enter into an agreement on the subscription and purchase of Bonds with the 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 the subscription and purchase of Bonds (the “Subscription Agreement”).

The Bonds shall be issued by the Issuer to the subscriber pursuant to the Subscription Agreement within 10 business days of the crediting of the subscription or purchase price to the Issuer’s bank account. A condition for the issue 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 cashless 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, such that the Bond shall state the name, surname, date of birth (for natural persons) or business name and IČ (for legal entities) and the address of residence or registered office of the first owner of the Bond. These data shall be entered in the List of Bondholders and the Bonds shall be delivered to the first

Bondholder. Delivery of the Bond to the first Bondholder is always possible only after payment of the subscription or purchase price, on business days and by prior agreement with the Issuer. The place of delivery is the Designated Office. Upon a written request of the first Bondholder contained in the Subscription Agreement, or sent in accordance with these Terms and Conditions and bearing a certified signature of the Bondholder, the Bonds may be sent by mail for delivery into the addressee’s own hands to the address designated by the Bondholder in the Subscription Agreement or written request. The Bonds are sent by the Issuer by mail for delivery into the addressee’s own hands at the risk of the Bondholder. At the request of the subscriber (Bondholder), the Bonds may be sent in electronic form to the e-mail address of the owner of the Bonds specified in the Agreement.

## 4.9 PURPOSE OF THE ISSUE

The financial proceeds obtained from the issue of the Bonds shall be used by the Issuer to purchase 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 level of returns. 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, involving the so-called pre-sale of investment apartments before completion of construction and their subsequent sale to the end user with a return 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 are and will be equal (pari passu) in terms of priority of satisfaction both among themselves and at least equal to all other present and future unsubordinated and unsecured obligations of the Issuer, except for those obligations of the Issuer with respect to 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, INTEREST PERIODS AND PAYMENT OF YIELD

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

The Yield shall accrue from the Commencement Date of the first day of the Interest Period (including that

day) until the date of accrual of the right to payment of yield following, at the earliest, the date of the Interest

Period (the “Interest Period”). For the purposes of the commencement of any Interest Period, the Date of



accrual of the right to payment of yield shall not be adjusted in accordance with the Business Day convention

set forth in Art. 8.2 of these Terms and Conditions.

The Yield shall be paid for each Interest Period in arrears, always within 10 business days from the Date of

accrual of the right to payment of yield.

### 6.2 END 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 Art. 9.1 and 12.4.3 of these Terms and Conditions, unless, after all conditions and requirements

have been satisfied, payment of the amount due by the Issuer has been unlawfully withheld or refused. In

such case, the Yield shall continue to accrue pursuant to Art. 6.1 of these Terms and Conditions until the

date on which all amounts due as of such date are paid by the Issuer to the Bondholders in accordance with

the Terms and Conditions.

### 6.3 DAY-COUNT 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

comprise 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 attributable to one Bond for any period shorter than 1 (one) Interest Period shall be

determined as the product of the nominal value of such Bond, the Yield rate (expressed as a decimal number)

and the applicable fraction of days calculated in accordance with the day-count convention for calculation

of Yield pursuant to Art. 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. REDEMPTION AND REPURCHASE

### 7.1 MATURITY OF THE BONDS

Unless the Bonds are repurchased by the Issuer and cancelled as provided in Art. 7 and 9 of these Terms

and Conditions, the nominal value of the Bonds shall be redeemed in a single payment on the Final Maturity

Date.

### 7.2 REPURCHASE OF BONDS

The Issuer may repurchase the Bonds at any time at an agreed price or in accordance with Art. 9.2 of the

Terms and Conditions.

### 7.3 CANCELLATION OF BONDS

Bonds repurchased by the Issuer shall not be cancelled, and it shall be at the discretion of the Issuer whether

it holds them among its assets and possibly resells them, or whether it decides on their cancellation.

If the Issuer decides to cancel Bonds repurchased by it, the rights and obligations under such Bonds shall

cease automatically by virtue of the merger of the right and obligation (debt) in one person.

### 7.4 DEEMED REDEMPTION

Each relevant monetary obligation of the Issuer under the Bonds shall, for the purposes of this Art. 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 PAYMENT CURRENCY

The Issuer undertakes to pay the Yield and redeem the nominal value of the Bonds exclusively in United

States dollars.

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The Yield shall be paid and the nominal value of the Bonds shall be redeemed to the Eligible Persons (as

defined below) under the conditions set forth in these Terms and Conditions and tax, foreign exchange and

other applicable legal regulations of the Czech Republic effective at the time of making the relevant payment

and in accordance therewith.

If (a) the United States dollar, or any other lawful currency that may 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 the EURO

currency, with the official exchange rate (i.e., the fixed conversion coefficient) of the relevant currency into

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 to constitute an amendment to the

Terms and Conditions.

### 8.2 PAYMENT DATES

Payments of the Yield and redemption 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 nearest following Business Day, without the Issuer being obliged to pay interest or any other additional amounts for such time deferral. For the avoidance of doubt, if the payment is postponed to the nearest following Business Day pursuant to the preceding sentence, the relevant Record Date shall not be postponed.

“Business Day” for the purposes of these Terms and Conditions 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 eligible 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 at the end of the Record Date for payment of yield (each such person also only an “Eligible Person”).

8.3.2 Nominal Value

Unless otherwise provided in the Terms and Conditions, the eligible persons to whom the Issuer shall redeem the nominal value of the Bonds are the persons who will be recorded as Bondholders in the List of Bondholders at the end of the Record Date for redemption of the nominal value or the Early Maturity Date (each such person also only an “Eligible Person”).

## 8.4 MAKING PAYMENTS

The Issuer shall make payments to Eligible Persons by cashless transfer to their bank account specified in the Subscription Agreement. Stating a 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 in the bank account of an Eligible Person for making payments in accordance with these Terms and Conditions must be in the form of an instruction that the relevant Eligible Person delivers 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 redemption of the nominal value. The instruction must be in the form of a signed written form of the Issuer, which shall contain sufficient information on 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 only the "Instruction"). The Instruction must bear an officially certified signature of the Eligible Person. The Instruction must be in content and form satisfactory to 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 Eligible Person. Such evidence must also be delivered to the Issuer no later than on the Record Date. In this regard, the Issuer may in particular require (i) submission of a



power of attorney if a representative acts on behalf of the Eligible Person, and/or (ii) additional confirmation of the Instruction from the Eligible Person.

If, in accordance with an international treaty for the avoidance of double taxation to which the Czech Republic is a party, an Eligible Person claims entitlement to tax benefits, it shall deliver to the Issuer, together with the Instruction as an integral part thereof, evidence of its tax domicile and other documents that the Issuer and the competent tax authorities may request. Notwithstanding this entitlement, the Issuer shall not verify the accuracy and completeness of such Instructions and shall bear no liability for damage caused by the Eligible Person's delay in delivering the Instruction or by the inaccuracy or other defect of such Instruction. In the case of originals of foreign official documents or official certification abroad, the Issuer may request the provision of the relevant higher or further authentication or apostille under the Hague Apostille Convention, as relevant.

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

## 8.5 TIMELINESS OF CASHLESS 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 Eligible Person to the bank account specified in the Subscription Agreement pursuant to Art. 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 accrual of the entitlement.

If any Eligible Person has notified the Issuer of payment details that do not enable the payment to be made properly or has not notified it of any such details, the Issuer’s obligation to pay any amount due shall be deemed duly and timely fulfilled towards such Eligible Person if the relevant amount is debited from the Issuer’s bank account within 15 (fifteen) Business Days of the day on which the Issuer receives from the Eligible Person such payment details as enable the payment to be made properly; in such case, such Eligible 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 (a) the Eligible Person’s failure to provide in a timely manner the documents or information required from it pursuant to Art. 8.4 of these Terms and Conditions, (b) such information, documents or data being incomplete or incorrect, or (c) such delay being caused by circumstances beyond the Issuer’s control. In such case, the Eligible Person shall not become 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 as these Terms and Conditions were made available.

## 9. EARLY MATURITY OF THE BONDS BY DECISION OF THE ISSUER AND BONDHOLDER’S

## REQUEST FOR REPURCHASE OF 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 the early maturity of the Bonds and to redeem the issued Bonds prior to the Final Maturity Date.

9.1.2 Maturity

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

A notice of early redemption of the Bonds by decision of the Issuer is irrevocable and obliges the Issuer to accept for early redemption all Bonds whose early maturity it has requested. The Bondholder



shall provide the Issuer with all cooperation that the Issuer may require in connection with such early redemption.

All outstanding Bonds shall be redeemed by the Issuer at their Nominal Value together with accrued and as yet unpaid 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 BONDHOLDER’S REQUEST FOR REPURCHASE OF 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 Eligible Person and, if not signed before the Issuer, the signature of the Eligible Person must be officially certified.

### 9.2.2. Fee for the request for repurchase of bonds

In order to submit a request for repurchase of bonds, the Bondholder shall pay to the specified account

of the Issuer a request processing fee 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 prematurely terminated month

of the total investment term. Further, 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 shall commence

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 request processing fees is not paid no

later than within 30 days of delivery of the issued payment document, the request shall automatically

terminate and the Issuer shall not be obliged to further accept such request 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 the repurchase of the Bonds by the Issuer after the expiry of a six-month period,

which begins to run on the first day of the month following the date of delivery of the request for

repurchase of bonds to the Issuer in written form with certified signature of the Bondholder by

registered mail or in person to 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 a Repurchase Request

shall be determined in the amount of the nominal value of the Bonds purchased by the Issuer. The

Bondholder shall be entitled to payment of the accrued and as yet unpaid 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 delivery 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 expiry of 3 (three) years from the date 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 Art. 1 of these Terms and Conditions.

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### 11.2 ADDITIONAL AND DIFFERENT ADMINISTRATOR AND OTHER DESIGNATED OFFICE

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

The Issuer shall make a notice of the appointment of an Administrator or Designated Office or the
appointment of additional payment arrangers available to the Bondholders in the same manner as 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 a representative of the Issuer. The Administrator does not guarantee or otherwise secure the obligations
of the Issuer arising from the Bonds. In performing activities under the administrator agreement, the
Administrator is not in any legal relationship with the Bondholders or Eligible Persons, unless otherwise
provided in the agreement with the Administrator or by law. This is without prejudice to legal relationships
of the Administrator with Bondholders or Eligible Persons under agreements other than the administrator
agreement.

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

## BONDS

## 12.1 SCOPE OF AUTHORITY 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 shall, sufficiently in advance, but no later than 30 (thirty) calendar days prior to the intended holding of the Meeting, 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 Art. 12.1.3, taking into account the method of publication pursuant to Art. 13); for the avoidance of doubt, in such case the Issuer shall not be obliged to examine in any manner the particulars of such notice and shall not be in any way liable for the content of such notice, and simultaneously deliver to the Issuer, by notice addressed to the address of the Designated Office, a request to procure a document on the number of all Bonds entitling participation in the Meeting convened by such Bondholder(s), i.e., a complete copy of the List of Bondholders. The Bondholder shall, simultaneously with the notice convening the Meeting, send the agenda of the Meeting, including proposed changes and requests. The Issuer shall 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 Art. 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 shall promptly convene a Meeting in the cases specified below in this Art. 12.1.2 and in other cases stipulated by applicable legal regulations (“Changes of a Fundamental Nature”),

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

(b) a proposal for transformation of the Issuer;

(c) a proposal to enter into a control agreement or profit transfer agreement, regardless of which contractual party the Issuer is;

(d) a proposal to enter into an agreement on the basis of which there is a disposition of the enterprise or a part thereof, regardless of which contractual party the Issuer is, provided that the due and

timely redemption 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 date on which the right could have been exercised.



12.1.3 Notice convening the Meeting

The convener shall announce the notice convening the Meeting in the manner specified in Art. 13 of these Terms and Conditions, no later than 30 (thirty) calendar days prior to the date of the Meeting. If the convener is a Bondholder, the convener shall deliver the notice convening the Meeting pursuant to Art. 12.1.1 of these Terms and Conditions to the Issuer within the same period. If the convener is the Issuer, it shall announce the convening of the Meeting on the website specified in Art. 1 of these Terms and Conditions, no later than 15 (fifteen) calendar days prior to the date of the Meeting. The notice 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 hour of the Meeting, where the place, date and hour 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, and 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 Art. 12.1.2 of these Terms and Conditions is proposed, also the proposal of such change and its reasoning, and (e) the date that is the Record Date for participation in the Meeting.

The Meeting is entitled to decide only on draft resolutions stated in the notice convening it. Decision-making on draft resolutions that were not included on the agenda of the Meeting in the notice convening it is permissible only if all Bondholders 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 prior to 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 at 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 pursuant to letter (a) for the purposes of such Meeting.

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

12.2.2 Voting right

Each Bondholder shall have as many 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 been

cancelled by decision of the Issuer within the meaning of Art. 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 Art. 12.3.3 of these Terms and Conditions, the Joint Representative may not exercise voting rights attached

to the Bonds it owns, 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 shall 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 shall further be attended by persons ensuring the course of such Meeting (e.g., chairperson of the meeting, minute-

taker, notary, etc.).



12.2.4 Participation in the Meeting using remote communication means

In the notice convening the Meeting, the Issuer may determine the organizational and technical conditions under which the Bondholders may participate in 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 the proposed resolutions of the Meeting by 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 specified 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 Art. 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 redeemed or cancelled Bonds. Before the commencement 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 Chairperson of the Meeting

A Meeting convened by the Issuer shall be chaired by a chairperson appointed by the Issuer. A Meeting convened by a Bondholder shall be chaired by a chairperson elected by a simple majority of the Bondholders present with whom the right to vote at the relevant Meeting is attached; until the election of the chairperson, the Meeting shall be chaired by the 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 authorize such person to perform activities pursuant to the Bonds Act (the "Joint Representative"). The Joint Representative may be removed by the Meeting in the same manner in which he/she/it was elected, or another Joint Representative may be elected, whereby the election of a new Joint Representative shall have the effect of removing the existing Joint Representative (unless removed by a separate resolution of the Meeting).

The resolution of the Meeting shall determine 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 shall decide on the submitted matters by resolution.

Adoption of a resolution by which (a) a proposal pursuant to Art. 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 Bondholders present with whom voting rights are attached in accordance with Art. 12.2 of these Terms and Conditions.

Other resolutions are adopted if they obtain a simple majority of the votes of the Bondholders present with whom voting rights are attached in accordance with Art. 12.2 of these Terms and Conditions.

12.3.5 Adjournment of the Meeting and substitute Meeting

If within one hour from the scheduled commencement of the Meeting such Meeting does not have a quorum, 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 from the scheduled commencement of the Meeting such Meeting does not have a quorum, such Meeting shall be dissolved without further action. If still necessary,

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the convener shall convene a substitute Meeting so that it is held within 6 (six) weeks from the date 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 date for which the original Meeting was convened.

The substitute Meeting shall be capable of adopting resolutions regardless of the conditions specified in Art. 12.3 of these Terms and Conditions.

## 12.4 CERTAIN OTHER RIGHTS OF BONDHOLDERS

12.4.1 Amendments to the Terms and Conditions

For the avoidance of doubt, the 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 such amendment to the Terms and Conditions and the full text of the Terms and Conditions after the amendment available to investors in the manner in which the Terms and Conditions were made available.

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, shall be 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 Changes of a Fundamental Nature, then a person who was, as a Bondholder, entitled to attend and vote at the Meeting pursuant to Art. 12.2 of these Terms and Conditions and, according to the minutes of such Meeting, voted at the Meeting against the draft 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 owned by such person as of the Record Date for participation in the Meeting and not disposed of since such time, as well as the pro rata interest yield accrued on such Bonds 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 payable 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").

For early redemption of the Bonds pursuant to Art. 12.4.2, the provisions of Art. 8 of these Terms and Conditions shall otherwise apply mutatis mutandis.

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

If any of the matters specified in Art. 12.1.2 (b) to (e) of these Terms and Conditions is on the agenda of the Meeting and the Meeting does not consent to such changes of a fundamental nature, then the Meeting may, even beyond the agenda, decide that if the Issuer proceeds contrary to the resolution of the Meeting, it is obliged to redeem early the nominal value and the pro rata part of the Yield to those Bondholders who so request (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 payable 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”).

For early redemption of the Bonds pursuant to Art. 12.4.3, the provisions of Art. 8 of these Terms
and Conditions shall otherwise apply mutatis mutandis.



12.4.4 Requirements of the Request

The Request must state the number of Bonds whose redemption the Applicant requests 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 certified.

Within the same period, the Applicant must also deliver to the Designated Office all documents
required for making the payment pursuant to Art. 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, within 30 (thirty) days from
the date of the Meeting, minutes 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 observed.

The Issuer shall keep the minutes of the Meeting until the rights under the Bonds become time-
barred. The minutes of the Meeting shall be available for inspection by Bondholders during ordinary
business hours at the Designated Office.

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

If the Meeting discussed a resolution on a Change of a Fundamental Nature, a notarial deed must be drawn up on the 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 adopting such resolution, and the numbers of Bonds that such persons owned as of the Record Date for participation in the Meeting.

## 13. NOTICES

Information concerning the exercise of 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 the English language and posted on the website specified in Art. 1 of these Terms and Conditions. If a mandatory provision of relevant legal regulations or these Terms and Conditions provides another method for making available or publishing any notice pursuant to these Terms and Conditions, such notice shall be deemed validly made available or published by being made available or published as 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 have been made available free of charge to acquirers of the Bonds on the website specified in Art. 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 INVESTMENT IN THE BONDS

### 14.1 RISKS ASSOCIATED WITH THE BONDS

The Bonds do not represent insured claims

In the event of the Issuer’s inability to meet its obligations under the issued Bonds, the claims of Bondholders are not covered by any statutory or other insurance. This distinguishes claims under the Bonds, for example, from claims arising from deposits with banks or from claims arising from the inability of an investment firm to meet its obligations consisting in the delivery of assets to customers.

Interest rate risk

A Bondholder is exposed to the risk of a decline in the price of a Bond as a result of changes in market interest rates. Bond prices and the level of market interest rates move in opposite directions. The holder of a bond with



a fixed interest rate may therefore be affected by the risk of a decline 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 out in Article 9.2.1, to request the Issuer to repurchase all or part of the Bonds owned by the Bondholder.

Early redemption risk

The Issuer is entitled to redeem 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 anticipated return due to early redemption.

## 14.2 RISKS ASSOCIATED WITH THE ISSUER

Credit risk of the Issuer

As a result of an unfavorable market environment, erroneous decisions 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 these persons; nevertheless, it is unable to guarantee this fact. Any loss of these persons could adversely affect the Issuer’s business, operating results and financial condition.

Regional risk, political risk

Regional (state) risk consists in an additional negative impact on investments, interest rates or exchange rates

compared to the rest of the world. It is usually associated with a change in the development of the economy 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 (state) is international political risk. International policy of leading

representatives (the government) may cause negative development of real estate prices, interest rates and exchange

rates.

Force majeure risk

A force majeure event may occur that is beyond the Issuer's control, e.g., wars, riots, natural disasters,

nationalization of the Issuer's assets, unlawful intervention 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 assets, etc., which will have a negative impact on the Issuer's

operating 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 behavior of competitors. Under conditions of strong

competition, it may become unable to respond appropriately to the competitive environment, which could lead to

a deterioration in the Issuer's economic situation.

An investor should consider all of the above risks when purchasing the Bonds.

## 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 aspects relating to the acquisition, ownership and disposition

of the Bonds and does not purport to be a comprehensive summary of all tax-relevant aspects that may be relevant in terms of a decision 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 advisers regarding the tax consequences of the purchase, sale and holding of the Bonds and receipt of interest payments on the Bonds under the 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 income from holding and selling the Bonds may be taxed.

Principal

Redemption of the nominal value of the Bonds shall be made without withholding of any taxes or fees of any kind, unless such withholding of taxes or fees is required by the applicable legal regulations of the Czech Republic effective on the date of such payment. If any such withholding of taxes or fees is required by the applicable legal regulations of the Czech Republic effective on the date of such payment, the Issuer shall not be obliged to pay the Bondholders any additional amounts as compensation for such withholding of taxes or fees.

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 as part 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, a tax rate of 23% shall apply to the portion 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

a natural person conducting business who acquired the bond as part of business exceeds 48 times the average

wage, a tax rate of 23% shall apply to the portion of the tax base exceeding 48 times the average wage.

Losses from the sale of bonds are generally not tax-deductible for non-business natural persons (a person does

not have the bond included in business assets), unless taxable gains from the sale of other securities are also

reported in the same taxable period; in such case, losses from the sale of bonds may be deemed tax-deductible

up to the amount of gains from the sale of other securities (i.e., a non-business natural person may not report an

overall loss from the sale of securities in the 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 by 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 by 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 the income from units

attributable to a unit certificate upon cancellation of a mutual fund in the aggregate do not exceed CZK 100,000

for the taxpayer in the taxable period.

In the event 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 obliged, when paying the purchase price of the bonds, to withhold income

tax security in the amount of 1% of such income. The tax administrator may, but need not, consider the tax



liability of the taxpayer (the selling tax non-resident) to be satisfied by the withholding pursuant to the preceding

sentence; however, the obligation to file a tax return pursuant to the following sentence does not cease. In this

case, the seller is generally obliged 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

liability of the tax non-resident. The amount of tax security is rounded up to whole CZK.

## 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 conflict between

the 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.