Terms and Conditions of the Bonds — Sosna Royal Invest series 2/2024

INFORMATIVE TRANSLATION ONLY

Bond Issuer

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

Name of the Bonds

Sosna Royal Investments series 02/2024

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TERMS AND CONDITIONS OF THE BONDS

Sosna Royal Investments series 02/2024

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

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

These Terms and Conditions of the Bonds relate to the bonds defined in greater detail in Article 1 (the “Bonds”).

Unless otherwise stated in these Terms and Conditions of the Bonds, capitalized words and expressions shall have the meanings set forth in Article 1.

1. SUMMARY DESCRIPTION OF THE BONDS

Issuer: Sosna Royal Invest a.s.

IČO: 117 05 281

LEI: 315700BRNJ4QGLSSGE87

ISIN:

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 02/2024

ISIN identification code:

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 a Bond: 110.000 USD (one hundred ten thousand United States dollars)

Form of the Bonds: Order securities

Type 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: 20.12.2023

Issue Period: The issue period for subscription of the Bonds begins on

20.12.2023 and ends on 20.12.2026 with the possibility of extension

Additional Issue Period: May be applied

Expected Issue Volume: 27.500.000 USD (twenty-seven million five hundred thousand United States

dollars)

Maximum Issue Volume: 27.500.000 USD (twenty-seven million five hundred thousand United States

dollars)

Numbering of Bonds: 00001 to 00250

Yield: Fixed rate of 13,0% per annum

Commencement date of the first

interest period: As of the date of issuance of the bond, but not earlier than 20.12.2023

Interest Period: Monthly

Date of creation of entitlement 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 expiration of the six-month period pursuant to clause 9.2.3

Maturity

Final Maturity Date: 6 years from the date of issuance of the bond, but no later than

20.12.2037

Record Date for redemption of 6 years from the date of issuance of the bond, but no later than

nominal value: 20.12.2037

Issue: An issue of fungible Bonds issued pursuant to these

Terms and Conditions of the Bonds

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 time limits set forth in these Terms and Conditions of the Bonds.

Activities relating to the issuance 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 of the Bonds are the terms and conditions of the Bonds within the meaning of the Bonds Act.

Any possible offering of the Bonds that the Issuer has made or will make, including distribution of the Terms and Conditions of the Bonds 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 offering of the Bonds is intended for investors acquiring Bonds for a total consideration of at least 100.000 EUR per investor, for each individual offer. The distribution of the Terms and Conditions of the Bonds and the offering, 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 of the Bonds in any other country.

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

Each Bond has the nominal value specified in Article 1 of these Terms and Conditions of the Bonds.

The Issuer is entitled to issue the Bonds as global notes replacing individual Bonds. If the Bonds are issued as global notes, their owner shall have the right to request the Issuer to replace the global notes with individual Bonds. The owner’s request for replacement of global notes with individual Bonds must be delivered to the Issuer in writing. The Issuer is obliged to comply with the owner’s request within 30 days of its receipt. The Issuer is obliged to invite the owner in writing to take delivery of the individual Bonds. The Bonds shall be delivered to the owner only against return of the global note.

3.2 BONDHOLDERS

The owner of a bond (a “Bondholder”) is the person who is registered in the list of Bondholders maintained by the Issuer (the “List of Bondholders”). A Bondholder may be an individual 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 regard each Bondholder as the rightful owner thereof in all respects and shall make payments to such Bondholder in accordance with these Terms and Conditions of the Bonds.

Persons who are owners of a Bond and who, for any reason, are not registered in the List of Bondholders are obliged to inform the Issuer of this fact and of the title to acquisition of ownership of the Bonds without delay, by means of a notice delivered to the Designated Office.

3.3 TRANSFER OF BONDS

Ownership title to a Bond is transferred in accordance with the Civil Code by endorsement and contract at the moment of its delivery. Notice of a change of 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 interested in transferring a Bond to another person must send to the Issuer a written request for approval of the transfer of the Bonds by the statutory body; the request must bear the officially certified signature of the Bondholder. The statutory body of the Issuer is obliged 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 of the Bonds.

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 performed. No separate financial assessment of the Issue has been performed and the Issue therefore does not have a separate rating.

3.7 NOTIFICATION 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 in 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 a change in the number of the Bondholder’s bank account designated for payment of the Yield and nominal value of the Bond must bear an officially certified signature. Notice of a change of Bondholder must always contain 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 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 the area of Dubai, United Arab Emirates, for the purpose of subsequently leasing them to the end user, both for long-term lease and for short-term lease with a higher level 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, involving the so-called pre-sale of investment apartments before completion of construction 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, Czech Republic, 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, Czech Republic, 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, Czech Republic.

4.2 ISSUE DATE

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

4.3 ISSUE PERIOD

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

4.4 AGGREGATE NOMINAL VALUE OF THE ISSUE, ADDITIONAL ISSUE PERIOD

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

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 the case may be, also after 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 Bonds in a smaller Issue Volume than the Expected Issue Volume if it has not been possible to subscribe the Expected Issue Volume 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 larger volume than the Expected Issue Volume, up to the Maximum Issue Volume specified in Article 1 of these Terms and Conditions of the Bonds.

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 expiration of the Issue Period and/or the Additional Issue Period, the Issuer shall notify the Bondholders of the aggregate nominal value of all issued Bonds, but only if the aggregate 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 of the Bonds.

4.5 ISSUE PRICE

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

4.6 SUBSCRIPTION PRICE

The Subscription Price of a Bond as of the Issue Date equals the Issue Price.

The Subscription Price of Bonds subscribed after the Issue Date shall equal the sum of the Issue Price and the corresponding unpaid accrued pro rata interest yield (hereinafter “AÚV”). 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 AÚV 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 at least as many Bonds as corresponds to the Minimum Investment specified in Article 1 of these Terms and Conditions of the Bonds. Proposals for subscription of a smaller quantity of Bonds are ineffective and the Issuer shall not accept them.

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 undertaking to issue, and the potential acquirers’ undertaking 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 after the subscription or purchase price is credited to the Issuer’s bank account. Delivery of the signed Subscription Agreement to the address of the Designated Office is also a condition for the issuance of the Bonds.

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 marking on the Bond the first name, surname, date of birth (for individuals), 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 a 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 of the Bonds and bearing the certified signature of the Bondholder, the Bonds may be sent by mail for personal delivery to the address specified 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 specified in the Agreement.

4.9 PURPOSE OF THE ISSUE

The funds obtained through the issue of the Bonds shall be used by the Issuer to purchase investment apartments of projects in Dubai, United Arab Emirates, for the purpose of subsequently leasing them to the end user, both for long-term lease and for short-term lease with a higher level of yields. The Issuer also invests in the purchase of investment apartments of 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 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 are and will rank pari passu as to the order of their satisfaction, both 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 for which mandatory provisions of legal regulations or an agreement between the Issuer and the Bondholders provide otherwise.

6. YIELD

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

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

The Yield shall accrue from the Commencement Date of the first Interest Period (inclusive) until the date of creation of entitlement to payment of yield immediately following the date of the interest period (the “Interest Period”). For purposes of the commencement of any Interest Period, the Date of creation of entitlement to payment of yield shall not be adjusted in accordance with the Business Day convention set forth in Article 8.2 of these Terms and Conditions of the Bonds.

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

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 of the Bonds, unless, after fulfillment of all conditions and requirements, payment of the amount due by the Issuer has been wrongfully withheld or refused. In such case, the Yield shall continue to accrue pursuant to Article 6.1 of these Terms and Conditions of the Bonds 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 of the Bonds.

6.3 CONVENTION FOR CALCULATION OF YIELD

For purposes of calculating the Yield for a period shorter than one year, one year shall be deemed to consist of 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) 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 relevant fraction of days calculated according to the convention for calculation of Yield pursuant to Article 6.3 of these Terms and Conditions of the Bonds.

The aggregate 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 Articles 7 and 9 of these Terms and Conditions of the Bonds, 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 for an agreed price or by the procedure pursuant to Article 9.2 of the Terms and Conditions of the Bonds.

7.3 CANCELLATION OF BONDS

Bonds repurchased by the Issuer shall not be cancelled and it shall be at the Issuer's discretion whether it will hold them in its assets and possibly resell them, or whether it will decide to cancel them.

If the Issuer decides to cancel the Bonds repurchased by it, the rights and obligations under such Bonds shall be extinguished without further action by reason of the merger of the right and obligation (liability) in one person.

7.4 PRESUMPTION OF REDEMPTION

Each relevant monetary obligation of the Issuer under the Bonds shall, for purposes of this Article 7, be deemed fully paid as of the day on which the relevant amounts of the nominal value of the Bonds and/or accrued Yield due pursuant to these Terms and Conditions of the Bonds 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 redeem 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 redeemed to the Entitled Persons (as defined below) under the conditions set forth in these Terms and Conditions of the Bonds and in compliance with tax, foreign exchange and other applicable legal regulations of the Czech Republic effective at the time the relevant payment is made.

In the event that (a) the United States dollar, or any other legal currency that would replace USD, ceases to exist, and (b) provided this is not contrary to a mandatory provision of law, (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 any further notice to the Bondholders be payable in EURO currency, with the official exchange rate (i.e., the fixed conversion coefficient) in accordance with applicable legal regulations being used as the exchange rate of the relevant currency to EURO. 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 of the Bonds.

8.2 PAYMENT DATES

Payments of Yield and redemption of the nominal value of the Bonds shall be made within the time limits specified in these Terms and Conditions of the Bonds (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 next following Business Day, without being obliged to pay interest or any other additional amounts for such time deferral. For the avoidance of doubt, if payment is postponed to the next following Business Day pursuant to the preceding sentence, the relevant Record Date shall not be postponed.

For purposes of these Terms and Conditions of the Bonds, "Business Day" means any day (except Saturday and Sunday) on which banks in the Czech Republic are open and settlements of interbank payments in United States dollars are carried out.

8.3 PERSONS ENTITLED TO RECEIVE PAYMENTS UNDER THE BONDS

8.3.1 Interest yields

Unless otherwise provided in these Terms and Conditions of the Bonds, 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 of the Bonds, the entitled 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 as of the end of the Record Date for redemption of nominal value or the Early Maturity Date (each such person also an "Entitled Person").

8.4 MAKING OF PAYMENTS

The Issuer shall make payments to Entitled Persons by non-cash transfer to their bank account specified in the Subscription Agreement. Specification of 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 of the bank account of an Entitled Person for making payments in accordance with these Terms and Conditions of the Bonds 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 redemption of nominal value. The instruction must be in the form of the Issuer's signed written form, 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 excerpt from the Commercial Register of the payment recipient and other relevant attachments (also only an "Instruction"). The Instruction must bear the officially certified signature of the Entitled 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 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, in accordance with an international treaty for the avoidance of double taxation to which the Czech Republic is a party, entitlement to tax relief, it is obliged to deliver to the Issuer, together with the Instruction as an integral part thereof, proof of its tax domicile and other documents that the Issuer and the relevant tax authorities may request. Notwithstanding this right, the Issuer shall not verify the correctness and completeness of such Instructions and shall not bear any liability for damage caused by the Entitled Person's delay in delivering the Instruction or by the incorrectness 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 certification, or apostille pursuant to the Hague Apostille Convention, as relevant.

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 of the Bonds, or in the Instruction and in accordance with the payment terms specified in such communication, and (b) if such amount is debited from the Issuer's bank account no later than within 5 business days from the creation of the entitlement.

If any Entitled Person has communicated to the Issuer payment details that do not allow the payment to be duly made, or has not communicated any such details, the Issuer's obligation to pay any amount due shall be deemed duly and timely fulfilled with respect to 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 as 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 did not timely provide documents or information required from it pursuant to Article 8.4 of these Terms and Conditions of the Bonds, (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 of the Bonds were made available.

9. EARLY MATURITY OF THE BONDS BY DECISION OF THE ISSUER AND REQUEST BY A BONDHOLDER 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 before the Final Maturity Date.

9.1.2 Maturity

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

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 for which early maturity has been requested. The Bondholder is obliged to 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 REQUEST BY A BONDHOLDER FOR REPURCHASE OF BONDS BY THE ISSUER

9.2.1 Request of a Bondholder

A Bondholder has the right to request the Issuer to repurchase the Bonds owned by it. The Bondholder’s request for repurchase (the “Repurchase Request”) must be in writing and must clearly show 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 certified.

9.2.2. Fee for the request for repurchase of bonds

In order to submit a request for repurchase of bonds, the Bondholder is obliged to pay to the stated account of the Issuer a processing fee for the request in the amount of 2,0% of the total amount of the value of the bonds that are the subject of the Bondholder’s request for payment and 0,2% for each prematurely terminated month from the total length of the investment. Further, the Bondholder the Bondholder shall pay the full amount of the fee to the Issuer’s account within

10 days from 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 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 within 30 days from delivery of the issued payment document, the request shall automatically cease to exist 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 repurchase of the Bonds by the Issuer after 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 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 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 the accrued and as yet unpaid Yield relating to the Bonds being repurchased.

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

10. STATUTE OF LIMITATIONS

The rights attached to the Bonds shall become time-barred upon 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 of the Bonds.

11.2 ADDITIONAL AND OTHER 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 the appointment of an Administrator or Designated Office or of the 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 of the Bonds were made available.

11.3 RELATIONSHIP OF THE ADMINISTRATOR TO BONDHOLDERS

In performing activities under any agreement entered into with the administrator, the Administrator acts as a 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 agreement with the administrator, 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 Bondholders or Entitled Persons under agreements other than the agreement with the administrator.

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

12.1 SCOPE OF AUTHORITY AND CONVENING OF A MEETING OF BONDHOLDERS

12.1.1 Right to convene a meeting of Bondholders

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

The costs of organizing and convening a Meeting shall be borne by the convener, unless legal regulations provide otherwise.

If the convener is a Bondholder, it is obliged, 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, in such case the Issuer shall not be obliged in any way to examine the requirements of such notice and shall not be in any way liable for the content of such notice, and at the same time to 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 it or them, i.e., a complete copy of the List of Bondholders. At the same time as the notice convening the Meeting, the Bondholder is obliged to send the agenda of the meeting, including proposed changes and requests. The Issuer is obliged 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 of the Bonds and providing a copy of the List of Bondholders.

12.1.2 Meeting convened by the Issuer

The Issuer is obliged to convene a Meeting without delay in the cases set forth below in this Article 12.1.2 and in other cases provided by applicable legal regulations (“Changes of a Fundamental

Nature”),

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

(b) a proposal for transformation of the Issuer;

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

(d) a proposal for the conclusion of an agreement on the basis of which disposition of an enterprise or part thereof occurs, 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 day on which the right could have been exercised.

12.1.3 Notice convening the Meeting

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

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

If the convener is the Issuer, it is obliged to announce the convening of the meeting on the website specified in Article 1 of these Terms and Conditions of the Bonds, no later than 15 (fifteen) calendar days before the day 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 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, and the time of the Meeting must fall within the range 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 of the Bonds 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 draft resolutions specified in the notice convening it. Decision-making on draft resolutions that were not specified 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 before the date of its holding.

12.2 PERSONS ENTITLED TO ATTEND AND VOTE AT A 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 a 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 day of the relevant Meeting by 7 (seven) calendar days (the “Record Date for participation in the Meeting”), or

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

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

12.2.2 Voting right

Each Bondholder has as many votes as correspond to the ratio between the nominal value of the Bonds owned by it and the aggregate 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 Article 7.3 of these Terms and Conditions of the Bonds shall be disregarded for 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 of the Bonds, the Joint Representative may not exercise voting rights with respect to the Bonds it owns, and its votes shall not be counted in the total number of votes for purposes of the quorum of the Meeting.

12.2.3 Attendance of other persons at the Meeting

The Issuer is obliged 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 further entitled to attend the Meeting. Persons ensuring the conduct of this Meeting (e.g., the chairperson of the meeting, minute taker, notary, etc.) shall also attend the Meeting.

12.2.4 Participation in the Meeting using means of remote communication

In the notice convening the Meeting, the Issuer may determine organizational and technical conditions under which Bondholders may attend the Meeting using electronic means enabling direct remote transmission of the Meeting by audio and video and/or direct two-way communication between the Meeting and the Bondholder, or direct written expression of the Bondholder regarding the proposed resolutions of the Meeting through 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 entry 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 CONDUCT OF THE MEETING, DECISION-MAKING OF THE MEETING

12.3.1 Quorum

The Meeting has a quorum if attended by Bondholders (entitled to vote in accordance with Article 12.2 of these Terms and Conditions of the Bonds) whose nominal value represents more than 30% of the aggregate nominal value of the issued and as yet unredeemed or uncancelled Bonds. Before 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 present Bondholders with whom the right to vote at the relevant Meeting is attached, provided that until election of the chairperson, the Meeting shall be chaired by a person designated by the convener.

12.3.3 Joint Representative

The Meeting may, by resolution, elect an individual or legal entity as a joint representative and entrust it with activities under the Bonds Act (the "Joint Representative").

The Joint Representative may be removed by the Meeting in the same manner in which it was elected, or another Joint Representative may be elected, with the election of a new Joint Representative having the effect of removal of the existing Joint Representative (unless 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 of 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 of the Bonds is approved, or (b) the Joint Representative is appointed or removed, requires the consent of at least ¾ (three quarters) of the votes of present Bondholders with whom voting rights are attached in accordance with Article 12.2 of these Terms and Conditions of the Bonds.

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

12.3.5 Adjournment of the Meeting and substitute Meeting

If within one hour from the scheduled commencement of the Meeting the 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 Bondholders to convene a new Meeting in accordance with these Terms and Conditions of the Bonds.

If the Meeting was convened for the purpose of deciding on an amendment to the Terms and Conditions of the Bonds and if within one hour from the scheduled commencement of the Meeting the Meeting does not have a quorum, such Meeting shall be dissolved without further action. If it remains 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 notified to the Bondholders no later than 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 of the Bonds.

12.4 CERTAIN OTHER RIGHTS OF BONDHOLDERS

12.4.1 Amendments to the terms and conditions of the bonds

For the avoidance of doubt, consent of the Meeting of Bondholders is not required (a) for an amendment to the Terms and Conditions of the Bonds directly caused by a change in legal regulation, (b) for an amendment to the Terms and Conditions of the Bonds that does not concern the position or interests of 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 of the Bonds, the Issuer shall make available to investors, in the manner in which the Terms and Conditions of the Bonds were made available, such amendment to the Terms and Conditions of the Bonds and the full text of the Terms and Conditions of the Bonds after the amendment made.

An investor who, before the amendment to the Terms and Conditions of the Bonds requiring prior consent of the Meeting of Bondholders is made available, 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 of the Bonds is made available.

12.4.2 Consequence of voting against certain resolutions of the Meeting

If the Meeting consented to Changes of a Fundamental Nature, then a person who was, as a Bondholder, entitled to participate and vote at the Meeting pursuant to Article 12.2 of these Terms and Conditions of the Bonds 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 of which it was the owner as of the Record Date for participation in the Meeting and which it has not disposed of since such time, as well as the pro rata interest yield on such Bonds accrued in accordance with these Terms and Conditions of the Bonds and not yet paid.

This right must be exercised by the Applicant 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 day, in addition to other days so designated in these Terms and Conditions of the Bonds, also the “Early Maturity Date of the Bonds”).

The provisions of Article 8 of these Terms and Conditions of the Bonds shall otherwise apply mutatis mutandis to early redemption 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 specified in Articles 12.1.2(b) to (e) of these Terms and Conditions of the Bonds 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 pro rata portion 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 day, in addition to other days so designated in these Terms and Conditions of the Bonds, also the “Early Maturity Date of the Bonds”).

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

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.

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

12.4.5 Minutes of the Meeting

The convener, itself or through a person authorized by it, shall prepare minutes of the Meeting within 30 (thirty) days from the day of the Meeting, in which it shall state 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 day 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 time limit set by legal regulations and these Terms and Conditions of the Bonds for their publication can be observed.

The Issuer is obliged 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 Bondholders during normal business hours at the Designated Office.

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

If the Meeting discussed a resolution on a Change of a Fundamental Nature, 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 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 English language and posted on the website specified in Article 1 of these Terms and

Conditions of the Bonds. If mandatory provisions of relevant legal regulations or these Terms and Conditions of the Bonds provide another method for making available or publishing any notice under these Terms and Conditions of the Bonds, such notice shall be deemed validly made available or published by its 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.

These Terms and Conditions of the Bonds were made available free of charge to the acquirers of the Bonds pursuant to the Bonds Act on the website specified in Article 1 of these Terms and Conditions of the Bonds and at the registered office of the Issuer on an information carrier that allows investors to reproduce the Terms and Conditions of the Bonds in unchanged form and to retain the Terms and Conditions of the Bonds 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 claims

In the event of the Issuer's inability to meet its obligations under the issued Bonds, the claims of Bondholders are not subject to any statutory or other insurance. In this respect, claims under the Bonds differ, for example, from claims arising from deposits with banks or claims arising from the inability of a securities dealer to meet its obligations consisting in the delivery 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 changes in market interest rates. Bond prices and the level of market interest rates move inversely. A 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 were to 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 further 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 it.

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 expected yield due to early redemption.

14.2 RISKS ASSOCIATED WITH THE ISSUER

Credit risk of the Issuer

As a result of an unfavorable market environment, an incorrect 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 these persons; nevertheless, it is not able to guarantee this fact. The possible loss of these persons could negatively affect the Issuer’s business, results of operations 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 the development of the economy as a result of the monetary policy of the central bank, the fiscal policy of the government or external influences. The second cause of increased risk in a region (country) is international political risk. The international policy of leading representatives (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 Issuer’s control, e.g., wars, rebellions, natural disasters, nationalization of the Issuer’s assets, 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 assets, etc., which will have a negative impact on the Issuer’s results of operations.

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. In conditions of strong competition, it may occur that it will not be able to respond adequately to the competitive environment, which could lead to a deterioration in the Issuer’s economic situation.

When purchasing the Bonds, an investor should consider all 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 affect income derived from 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 seek to be a comprehensive summary of all tax-relevant aspects that may be significant from the perspective 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 residents, as well as in 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 tax or fees of any kind, unless such withholding of taxes or fees 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 fees is required by the relevant legal regulations of the Czech Republic effective as of the date of such payment, the Issuer shall not be obliged to pay Bondholders any additional amounts as compensation for such withholding of taxes or fees.

Interest

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

Interest paid to an individual who is a Czech tax resident or conducts business in the Czech Republic through a permanent establishment and who acquired the bond in the course 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 of 23% shall apply 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 an individual,

• 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 whose income from the sale of bonds is received 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 individual who acquired the bond in the course of business exceeds 48 times the average wage, a tax of 23% shall apply 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 individuals (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 that 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 non-entrepreneur individual cannot 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 whose income from the sale of bonds is received 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 individuals who do not have the bond included in business assets may, under certain conditions, be exempt from income tax if at least 3 years elapse between the acquisition and sale of the bonds. Income from the sale of bonds for individuals 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 shares attributable to an investment certificate upon cancellation of an investment fund do not exceed, in aggregate for the taxpayer, 100 000 Czech crowns 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 for 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 fulfilled by the withholding pursuant to 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 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 laws of the Czech Republic.

The Terms and Conditions of the Bonds 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 19.12.2023

Lenka Macurová, Chairperson of the Board of Directors

Sosna Royal Invest a.s.