



# **Base Prospectus**

**Bond programme  
with the maximum volume of unpaid bonds of CZK 1,000,000,000  
with programme duration of 10 years**

**Europa Investment Property CZ a.s.**

This document is the base prospectus (hereinafter referred to as the “**Base Prospectus**”) for bonds issued as part of a bond programme (hereinafter referred to as the “**Bond Programme**”) of Europa Investment Property CZ a.s., having its registered office at Jindřišská 901/5, Company ID (IČ): 066 00 204, registered in the Commercial Register maintained by the Municipal Court in Prague, file no. B 22998 (hereinafter referred to as the “**Issuer**”). Under the Bond Programme, the Issuer is entitled to issue individual bond issues (hereinafter referred to as the “**Bond Issue**” or “**Issue**”) in accordance with applicable laws and regulations. The total nominal value of all issued and unpaid bonds in the Bond Programme must not at any point exceed CZK 1,000,000,000 (one billion Czech koruna), (hereinafter referred to as the “**Bonds**”). The duration of the Bond Programme, during which the Issuer may issue the individual Issues, is 10 years. The Bond Programme is the Issuer's third bond programme and was established in 2020. This base prospectus was issued on 14 May 2020 and the information contained herein is valid only on this date.

This Base Prospectus was drawn up in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (hereinafter referred to as “**Regulation 2017/1129**”). **The Base Prospectus was approved by a decision of the Czech National Bank (hereinafter referred to as “CNB”) ref. no. 2020/060637/570 of 15 May 2020 which came into force on 3 June 2020. The Base Prospectus will expire on 3 June 2021. In case of new important facts, major errors or inaccuracies, the obligation to amend the Base Prospectus will not apply after the prospectus expiration date.**

**The CNB approved this Base Prospectus only based on the fact that it meets the standards of completeness, comprehensibility and cohesion imposed by Regulation 2017/1129. By approving the Base Prospectus, the CNB does not affirm the quality of the Issuer or the Bonds. Investors should perform their own assessment of the profitability of investing into the Bonds.**

For each Issue to be offered to the public or admitted to trading on a regulated market, the Issuer will prepare a special document (hereinafter referred to as the “**Final Terms**”) containing the final terms of the offer as referred to in Art. 8 of Regulation 2017/1129 and consisting of a supplement to the Bond Programme, i.e. a supplement to the joint terms of issue of the Bond Programme for the Issue (hereinafter referred to as the “**Bond Programme Supplement**”) and terms of the offer of the Bonds (hereinafter referred to as the “**Terms of the Offer**”), as well as other information about the Issuer and the Bonds which is or will be required by applicable laws and regulations or other mandatory regulations relating to the issue, and the Final Terms and the Base Prospectus will form a prospectus for the relevant Issue.

The Bond Programme Supplement will contain, in particular, the nominal value and number of the Bonds in the relevant Issue, ISIN, the date and method of the issue of the Bonds, the yield and issue price of the Bonds in the Issue, the payout date of the Bond yield and maturity date(s) for payments of their nominal value, as well as other terms of the Bonds in the relevant Issue that are not regulated in the joint issue terms of the Bond Programme, the wording of which is available in chapter *Joint Terms of Issue of the Bonds* in this Base Prospectus.

If the Issuer decides to request the admission of any Issue of the Bonds for trading on a regulated market of securities on the date of issue or that the Bonds will be placed in the form of offer to the public, the Final Terms will also contain the Terms of the Offer, and together with this Base Prospectus they will form a prospectus for the relevant Issue. In the event that the Issuer decides to offer the Bonds to the public or have the Bond Issue admitted for trading on a regulated market of securities after the date of issue, the Issuer will supplement the Bond Programme Supplement published on the date of issue with the Terms of the Offer once it has decided on such a form of placing the Bonds or such admission of the

Bond Issue for trading on a regulated market of securities. The Final Terms of the Offer will be published and communicated by the Issuer to the Czech National Bank (hereinafter referred to as “**CNB**”) without undue delay after making the offer to the public or, if possible, before the start of the offer to the public and before the admission of the Bonds in the relevant Issue for trading on the European regulated market.

The offer of the Bonds to the public may continue after the expiration of the base prospectus, on the basis of which it was initiated, if the subsequent base prospectus is approved and published by the expiration date of the previous prospectus.

Every new important fact, a major error or inaccuracy relating to the information listed in the Base Prospectus, which could affect the rating of the Bonds and which appeared or were detected in the period from the approval of the Base Prospectus until the end date of the offer or the start date of trading on a regulated market, will be listed in an amendment to the Base Prospectus in accordance with Art. 23 of Regulation 2017/1129 (hereinafter referred to as the “**Base Prospectus Amendment**”). Every such amendment will be approved by the CNB and published in a manner ensuring that the issue of the Bonds is offered based on the current Base Prospectus.

Prospective buyers of the Bonds should make their investment decisions based on information contained not only in this Base Prospectus but also based on Amendments to the Base Prospectus and the Final Terms for the relevant Issue.

The Issuer may seek admission of the relevant Issue of bonds to trading on the Prague Stock Exchange (Burza cenných papírů Praha, a.s.) (hereinafter referred to as “**BCPP**”). The specific segment of the regulated BCPP market, on which the Bonds may be listed, will be specified in the relevant Final Terms. The Final Terms may also state that the Bonds in the relevant Issue will be traded in another regulated securities market or in a multilateral trading facility or will not be traded on any regulated securities market or a multilateral trading facility, as the case may be.

The Base Prospectus, Base Prospectus Amendments, Final Terms as well as all annual reports of the Issuer published after the date of this Base Prospectus as well as all documents listed in this Base Prospectus in the form of a link will be available electronically on the Issuer's website at [www.europaproperty.org](http://www.europaproperty.org), "Bonds" section, as well as on request free of charge in the Issuer's offices at Jindřišská 901/5, Nové Město, 110 00 Prague 1, Czech Republic, on business days from 9:00 a.m. to 4:00 p.m. The information published on the website, except for audited financial statements, is not part of the Base Prospectus and was not reviewed or approved by the CNB.

The dissemination of this Base Prospectus and the offer, sales or purchases of the Bonds are subject to certain restrictions. Subscribers to the individual Issue and all other persons, to whom this Base Prospectus will be available, are required to comply with applicable statutory restrictions.

The dissemination of this Base Prospectus and the offer, sales or purchases of the Bonds are restricted by law in some countries. Persons, who get a hold of this Base Prospectus, are liable for complying with restrictions that apply to offering, purchasing or selling Bonds or holding and disseminating any Bond related materials in the individual countries.

This Base Prospectus itself is not an offer to sell or an invitation to submit bids for purchases of the Bonds in any jurisdiction.

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## I. GENERAL DESCRIPTION OF THE OFFER PROGRAMME

The Issuer is authorised to continuously issue the individual issues of the Bonds within the Bond Programme where the total nominal value of all unpaid Bonds issued within the Bond Programme must not exceed CZK 1,000,000,000 (one billion Czech koruna) at any point. The duration of the Bond Programme, during which the Issuer may issue the individual Issues within the Bond Programme, is 10 (ten) years. The Bond Programme was approved by the Issuer's governing body on 31/12/2019.

For each Issue of the Bonds within the Bond Programme, the Issuer will draw up the Final Terms, as a special document, that will correspond to the form for the final terms attached in part V. of this Base Prospectus and define the terms of the relevant Issue in more detail. The relevant Final Terms will contain in particular the nominal value and number of Bonds in the relevant Issue, the date and method of issue of the Bonds, the yield and issue price of the Bonds in the Issue, the payout date of the Bond yield and date of repayment of the nominal value, as well as other specific terms of the Bonds in the relevant Issue.

The Bonds will accrue interest at the fixed interest rate specified in the Final Terms.

Unless the Final Terms specify that the Bonds are bonds with gradual repayment of the nominal value in instalments (amortised Bonds), the full nominal value of the Bonds will be repaid in a single payment on the Bond Final Maturity Date.

The Bonds will be issued as unsecured. Unless the Final Terms specify otherwise, the Bonds will be issued as unsubordinated.

The transferability of the title to the Bonds remains unrestricted.

The appearance and form of the Bonds will be specified in the Final Terms. The Bond may be issued as book-entry securities or certificated securities. Book-entry Bonds may be issued as bearer or registered securities. Certificated securities will be order securities.

The method and place of subscription of the Bonds in the individual Issue of the bonds issued within the Bond Programme, including information about the persons involved in issuing the Bonds, will be specified in the relevant Final Terms. Unless the Final Terms specify otherwise, the Bonds will be offered by the Issuer directly to potential investors, in particular to be used as means of remote communication. The Issuer may also use the services of financial brokers who will be looking for prospective buyers of the Bonds and will forward their contact details and purchase orders to the Issuer. List of brokers, who agree to distribute the Issue, will be available on the Issuer's website at [www.europaproperty.org](http://www.europaproperty.org) under *Bonds*.

The individual Issues of the Bonds issued within the Bond Programme may be offered for subscription in the Czech Republic, Slovakia, the UK, Poland and Croatia. Notification of the Base Prospectus and any amendments thereto will be made for the purposes of the offering in the above countries. Any offer to the public in the UK under the Base Prospectus will continue at least until the end of the current transitional period. The Issuer may also offer the Bonds to investors abroad under conditions under which such offers and placements are permissible under the applicable laws and regulations of each country in which the Bonds will be offered, i.e. under the conditions under which the Bonds can be offered in the relevant countries without having to draw up a securities prospectus and have it approved.

The Bonds may be acquired by legal entities based in and natural persons residing in the Czech Republic and abroad. The category of potential investors, to whom the securities will be offered, may include qualified and other than qualified, in particular retail investors.

Unless the Final Terms specify otherwise, no minimum amount, for which the individual investors will be authorised to subscribe the Bonds, will be set. The maximum amount, for which the individual buyers are authorised to subscribe the Bonds, will be limited to the total expected nominal value of the relevant Bond Issue.

The Bonds issued as book-entry securities will be issued upon their registration of the subscriber(s)' asset account in the Central Depository (as defined below) against the payment of the Issue Price. The transaction will be settled through the Central Depository's settlement centre (as defined below).

Unless the Final Terms specify otherwise, certificated Bonds will be sent to the subscribers within 30 days of the date of payment of the Issue Price. Upon prior agreement, it will be possible to hand over certificated Bonds on weekdays at the Designated Location of the Issuer or the Administrator, if appointed for the relevant Issue.

In the event that on a certain day, Bonds will be subscribed, the total nominal value of which together with the total nominal value of all other Bonds issued or effectively subscribed before that date exceeds the expected total nominal value of the Issue, the Issuer reserves the right to reduce the number of Bonds subscribed by each of the subscribers, who subscribed any of the Bonds on the relevant date to ensure that (i) the total subscribed volume of the Issue does not exceed to expected total nominal value of the Bond Issue; and (ii) the ratio of the final number of subscribed Bonds (i.e. the number of Bonds subscribed after the reduction) to the initial number of subscribed Bonds is the same for all subscribers, rounding the final number of the Bonds subscribed by each subscriber down to the nearest whole number. Any overpayment of the subscription amount, which the Issuer has received from the subscriber, shall be refunded without undue delay to the account specified in the subscription agreement unless the Issuer and the relevant issuer agree otherwise.

In the Czech Republic, the Bonds shall be offered and sold in the form of a public or non-public offer. The Bonds issued within the Bond Programme may be offered to the public in the Czech Republic only if this Base Prospectus (including any amendments thereto) has been approved by the CNB and published by the start of the public offering and if the CNB has been notified of the relevant Final Terms of the Issue which were then published. The public offering of bonds in other countries may be restricted by the laws of such countries and may require the approval, recognition or translation of the prospectus or part thereof or other documents by a competent entity.

In accordance with Art. 12 of Regulation 2017/1129, the Base Prospectus is valid for 12 months from the date of its approval for the purposes of the public offering and admission of the security to trading on a regulated market. If the Issuer offers the Bonds to the public after that date, the Issuer shall publish a new base prospectus approved by the CNB so that the public offering always follows a valid base prospectus. Such base prospectuses (and any amendments thereto) will be available to all prospective buyers electronically on the Issuer's website.

Detailed terms of the offer, terms of the subscription, the repayment method and period and registration of the Bonds shall be set out in the relevant Final Terms.

A specific method of using the yield of the Issue will be specified for each individual Issue and it must be one or more of the following options listed in the order of the Issuer's priorities:

- to obtain funds in order to finance the Issuer's projects, i.e. to finance purchases of real estate or shares in real estate;
- to obtain funds to finance the acquisition of shares and investment expenses associated with the Issuer's investment in real estate companies;
- to obtain funds for the Issuer's business activities without specifying a project;

- to grant credit or a loan to the parent company or a company from the parent company's group without specifying a project;
- to repay earlier bond issues.

The Issuer declares that the funds raised from the Bond Issue shall not be collected for the purposes of their mass investment if the return on the investment or the Investor's profit were to be even only partially dependent on the value of or return on the assets, in which the funds were invested, under conditions other than those set forth in or permitted by Act No. 240/2013 Sb., on Investment Companies and Investment Funds.



## II. RISK FACTORS

Prospective buyers of the Bonds should become familiar with this Base Prospectus as a whole. Information provided by the Issuer in this chapter to potential buyers of the Bonds for consideration as well as all other information contained in this Base Prospectus should be diligently assessed by every prospective buyer prior to making the decision to invest in the Bonds. The purchase and holding of the Bonds are associated with a number of risks. The description of the risk factors below does not replace an expert analysis or assessment of these risks taking into account the buyer's specific situation. The risks described below are listed in each category according to their significance from the most significant to the least significant and rated by their risk level as "high", "medium" and "low".

### 1. Description of major Issuer-specific risks

#### 1.1 Real estate market risks

*The Issuer's activities are primarily affected by the following **real estate market risks**:*

##### Risk of low liquidity of real estate (high risk)

Due to investing in real estate, the Issuer is dependent on the real estate market. This includes but is not limited to the risk arising from the low liquidity of real estate. Sales and purchases of real estate or shares therein are a complex and long-term affair which usually takes several months. An adverse situation on the real estate market or an erroneous business decision could present a risk that the Issuer might not be able to sell the real estate within such a timeframe and at a price sufficient to generate funds necessary to repay the obligations arising from the Bond Issue. In extreme cases, the profitability of the entire project may be negatively affected. That may result in a decrease in the Issuer's revenues and consequently in a decrease in profit. A lower than expected profit may result in the Issuer's delay in payment of the yield on the Bonds and repayment of the nominal value of the Bonds, or in non-payment. Despite the favourable situation on the Czech and Hungarian real estate markets, where the Issuer operates, this risk cannot be ruled out.

##### Risk of leisure activity market cooling (medium risk)

Although recreational real estate has been sought after in recent years as an attractive investment, there is a risk of a drop in demand for leisure activities, which include recreation in the mountains, if the economic growth rate decreases, consequently leading to a decline in demand for such real estate. That may result in a decrease in the Issuer's revenues and consequently in a decrease in profit. A lower than expected profit may result in the Issuer's delay in payment of the yield on the Bonds and repayment of the nominal value of the Bonds, or in non-payment. This risk is also present in the Apartmány Harrachov project.

A 5.6% drop in economic performance is estimated in 2020. The deepest drop should be experienced in international business and investment in fixed capital. However, household consumption should be also lower. Starting from mid-2020, economic activity should be coming back to life, and the economic growth could reach 3.1% in 2021.<sup>1</sup> In connection with the coronavirus epidemic, economic predictions have been re-assessed as of the date of the Base Prospectus and a recession is expected not only in the Czech Republic but also in other countries around the world that have been impacted by the epidemic.

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<sup>1</sup> <https://www.mfcr.cz/cs/aktualne/tiskove-zpravy/2020/mf-ocekava-pokles-ceske-ekonomiky-o-56--38098>

### Risk of inability to find a suitable tenant/buyer of property (medium risk)

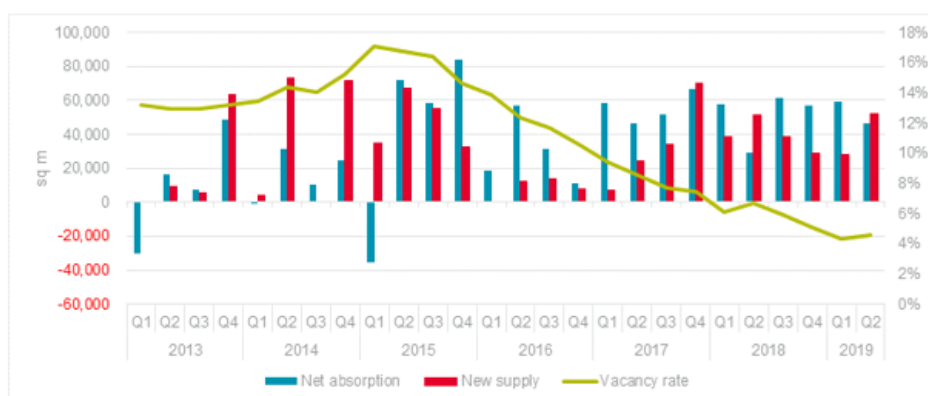
There is a risk of a reduced demand for real estate which may cause a problem when looking for a suitable tenant/buyer of a property. In case of a long-term outage in demand, this fact may adversely impact the Issuer. That may result in a decrease in the Issuer's revenues and consequently in a decrease in profit. A lower than expected profit may result in the Issuer's delay in payment of the yield on the Bonds and repayment of the nominal value of the Bonds, or in non-payment.

Due to the Issuer's focus on the Czech Republic and Hungary, we describe the development and status of vacant office space in Prague and Budapest which is of utmost importance in terms of the Group's investments. Due to the current situation caused by the spread of the coronavirus, the figures for 2020 could be significantly different.

A total of 90,100 m<sup>2</sup> of office space was completed in Prague in Q4 2019, bringing the total area of modern office space to 3.67 million m<sup>2</sup>. The share of vacant office space in the overall supply in Q4 2019 reached 5.5% which is an increase by 0.4 percentage point compared with the previous quarter. The total vacant office space reached 201,100 m<sup>2</sup>.<sup>2</sup>

The following figure illustrates the development of the office space market in Prague in recent years.

**Figure 1:** Net absorption, new supply and vacant office space in Prague<sup>3</sup>



The year of 2019 was the second consecutive year that brought a decline in demand of companies for office space in Prague. In addition, there is office space with an area of 247,000 m<sup>2</sup> being built in the capital. This all leads to declining absorption, i.e. the ability of the market to fill newly built space. Despite that, the absorption values remain positive and the area of occupied office space in 2019 was nearly 170,000 m<sup>2</sup> greater than in 2018.<sup>4</sup>

Net absorption is the change in occupied area in the relevant period. Net absorption (blue in the figure above, left axis) is calculated by deducting available office space from the total supply:

$$\text{Net absorption} = [\text{total space}(t) - \text{available space}(t)] - [\text{total space}(t-1) - \text{available space}(t-1)]$$

<sup>2</sup> <https://www.officeguide.cz/prague-research-forum-oznamuje-udaje-o-trhu-s-kancelarskymi-prostory-za-4-ctvrleti-roku-2019>

<sup>3</sup> <https://www.kancelareinfo.cz/clanek/novinky/kancelarsky-trh-stale-v-dobre-kondici-velky-prostor-pro-nove-projekty>

<sup>4</sup> <https://www.forbes.cz/poptavka-po-kancelarich-v-praze-ochlazuje-najmy-mohou-klesnout-brno-naopak-hlasi-rekordy/>

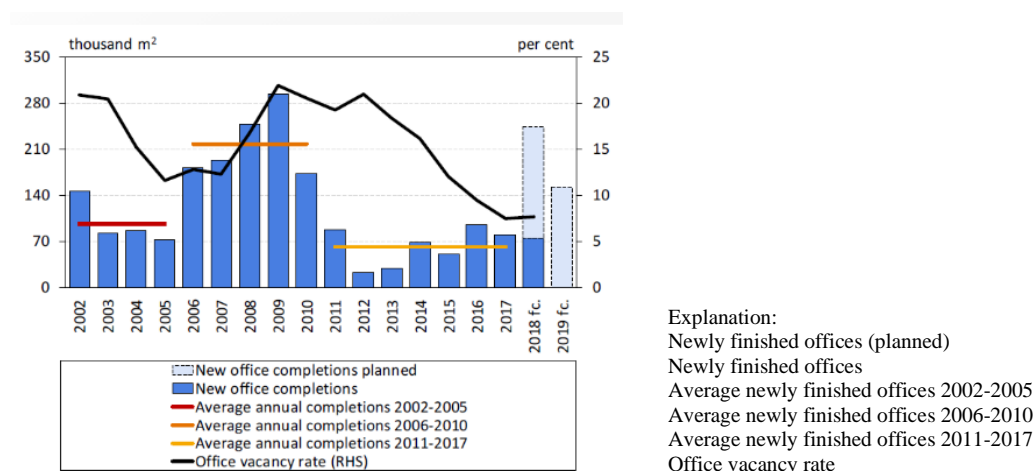
New supply (red in the figure above, left axis) refers to spaces where the actual completion date falls within the research period.

Vacancy rate (green in the figure above, right axis) means the total area of available space in relation to the total area on the market:

$$\text{Vacancy rate} = \text{available space} / \text{total space}$$

The figure below illustrates the development of newly completed office space in Budapest and the vacancy rates which have been declining in recent years.

**Figure 2:** Newly finished office space in Budapest and its vacancy rate, in thousand m<sup>2</sup> and as a percentage<sup>5</sup>



### Risk of failure to obtain permits from public authorities (medium risk)

In case of real estate construction or renovation, the project implementation requires valid permits. This includes but is not limited to a valid planning permit and building permit. The absence of any valid permits may delay a project or bring it to a complete stop. This may, by consequence, pose a risk to the future planned revenues from the real estate for the Issuer. That may result in a decrease in the Issuer's revenues and consequently in a decrease in profit. A lower than expected profit may result in the Issuer's delay in payment of the yield on the Bonds and repayment of the nominal value of the Bonds, or in non-payment.

The Issuer's planned management projects have reached the following phases in terms of the building permits:

1. Hotel complex in Budapest: the building permit should be granted in June 2020. The entire hotel complex construction project should be completed by 31/12/2022. The hotel should go into full operation starting from 1 January 2023.
2. Apartmány Harrachov: As of the date of the Base Prospectus, the design documentation is ready and the building permit documentation is being prepared. The Issuer expects to receive the building permit in early September 2020. Demolition work will take place in winter 2020/2021 and renovation and reconstruction work will take place in spring 2021.

<sup>5</sup> <https://www.gyarmathy.hu/newsinsights/real-estate-market-developments-and-trends->

3. Industrial Park Velký Osek: It is redevelopment of a complex intended for two companies specialising in light, non-disturbing production. The planning permit and construction engineering is taking place as of the date of the Base Prospectus. The new planning permit should be fully ready by July 2020. The project will be implemented as soon as the planning permit comes into force.
4. Sobotovice Syrovice Property: This project is currently in its very early stages and no deadlines have been set.

The aforementioned deadlines could be postponed due to the current COVID-19 epidemic. The measures taken to prevent the spread of the coronavirus impact workforce, construction companies cannot count on foreign workers due to the border closures. Due to the high contagiousness of the novel coronavirus, there is also a risk of a higher sickness rate or quarantine restrictions imposed on the current workers. The aforementioned facts may postpone the planned deadlines for the completion of the individual projects.

## **1.2 Other risks associated with the Issuer's business**

### Risk of recession due to the coronavirus epidemic (high risk)

The risk of recession is one of general business risks. However, this risk is very high in relation to the coronavirus epidemic and COVID-19. The real estate market depends on the economic development and the situation in the labour market. A decrease in GDP is expected in the Czech Republic and other European countries due to the coronavirus epidemic which may result in a decline in activity on the real estate market and subsequently in a drop in real estate prices. The epidemic will have a significant impact on the travel industry which may adversely affect the implementation and potential sale of the hotel complex in Budapest.

The measures taken to prevent the spread of the coronavirus also impact workforce, construction companies cannot count will also on foreign workers due to the border closures. Due to the high contagiousness of the novel coronavirus, there is also a risk of a higher sickness rate or quarantine restrictions imposed on the current workers. The aforementioned facts may postpone the planned deadlines for the completion of the individual projects and result in penalties for late delivery.

Economic recession may adversely impact the Issue by reducing the revenues or increasing the cost and thereby reducing the profit, or by resulting in a financial loss. A lower than expected profit may result in the Issuer's delay in payment of the yield on the Bonds and repayment of the nominal value of the Bonds, or in non-payment.

The Issuer does not see any specific impacts on its activities as of the date of the Base Prospectus.

### Risk of operating in a foreign market (high risk)

The Issuer plans to implement its business projects within the Bond Programme also in the Hungarian market. As of the date of the Base Prospectus, the Issuer has placed 33.8% of its total assets on the Hungarian market. In addition to the fact that coordinating a project abroad is generally more demanding in terms of logistics and costs (e.g. due to language or regulatory barriers), the Issuer's financial performance is also significantly associated with the performance of the Hungarian economy. In terms of the risks specific to the Hungarian market and operating on the Hungarian market, the Issuer considers the following to be of significance:

- a) Political instability. Political instability causes a slowdown in economic activity and has a major impact on investor, buyer and tenant decision-making. The political situation in Hungary may

be also affected by its dispute with the European Union. In 2018, the European Parliament made recommendations to the European Union to take action against Hungary due to its serious breach of the values of the European Union. This action is associated with the migration crisis and Hungary's strongly anti-migrant policy. In addition, the European Commission is of the opinion that laws on universities and non-governmental organizations are also controversial. For breaching the laws of the European Union, the Member State is at risk of financial sanctions, possibly even the suspension of the state's voting rights in the Council of the European Union. Potential financial sanctions or voting rights restrictions may impact the stability of the Hungarian economy and, in consequence, the Issuer's financial performance and outlooks.

- b) Inflation in Hungary. The Issuer's economic results are influenced by the inflation rate in Hungary due to its partial focus on the Hungarian market. In February 2020, the annual inflation rate in Hungary dropped from 4.7% to 4.4% month-to-month. In the long term, an inflation rate of 3.1% and 3.0% is expected in 2021 and 2022 respectively.<sup>6</sup> Due to the coronavirus epidemic, the actual inflation rate may be higher than expected. Significant upward changes in inflation may result in increased costs of the Issuer's or the Group's projects. In case of projects of the Group companies, excessive inflation may reduce the Group companies' revenues, resulting in problems with the repayment of loans within the Group. This could, by consequence, reduce the Issuer's revenues from financial activities (i.e. interest on such loans) and subsequently its profit. For the Issuer's own projects, excessive inflation may increase the Issuer's operating expenses and reduce profit. A lower than expected profit may result in the Issuer's delay in payment of the yield on the Bonds and repayment of the nominal value of the Bonds, or in non-payment.

#### Risk of the Issuer's dependence on the Group companies' business (high risk)

As of the date of this Base Prospectus, the Issuer records loans to Group companies totalling CZK 163,584,494.60. Loans to other companies controlled by the Issuer's ultimate controlling entity amount to CZK 45,547,156.30. Therefore, loans granted by the Issuer total CZK 209,131,650.90. See the table of essential contracts in Chapter VIII. *Essential Contracts and Available Documentation* at the end of the Base Prospectus for more details.

The Issuer intends to use the funds obtained by issuing the Bonds also to grant credit and loans to Group companies. The company that receives such financing from the Issuer may use the funds to finance real estate projects and to purchase or develop financial services projects. Repayment of debts to the Issuer depends on the risks undertaken and the financial results of the specific Group company. This means that the Issuer will indirectly face the risks of business activities of the Group companies. Any revenues of the Group companies below the planned revenues may result in a drop in the Issuer's revenues from financial activities (i.e. interest revenue) and a drop in profit. A lower than expected profit may result in the Issuer's delay in payment of the yield on the Bonds and repayment of the nominal value of the Bonds, or in non-payment.

#### Currency risk (medium risk)

The Issuer will be subject to a currency risk due to its business activities in Hungary. Currency risk is a risk that arises due to currency fluctuations. It is associated with open currency positions which may lead to unexpected profits or losses in the event of changes in exchange rates (unexpected exchange rates fluctuations). Currency fluctuations may result in a drop in the Issuer's profit from international

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<sup>6</sup> <https://tradingeconomics.com/hungary/inflation-cpi>

transactions in the event that the Issuer has to pay more or receive less once the amount is converted to the Czech currency. A lower than expected profit may result in the Issuer's delay in payment of the yield on the Bonds and repayment of the nominal value of the Bonds, or in non-payment.

The total value of investments planned by the Issuer in Hungary is EUR 40 million. Such investments are associated with the construction of a hotel complex in Budapest executed by the Issuer through its subsidiary Europa Investment Property HU Kft., having its registered office at 1047 Budapest, Baross utca 75-77, Company ID No. (IČ): 01-09-337140.

As at 31/12/2019, the Issuer recorded the following assets and liabilities in foreign currencies:

1. Total receivables in foreign currencies converted to koruna of CZK 48,380,106:  
EUR 1,903,979 (i.e. CZK 48,380,106 if converted at 25.410 CZK/EUR as of 31/12/2019).  
The Issuer does not record any receivables in any other currencies than EUR.  
Its receivable from Remdox Capital Group LTD with a credit line of HUF 400,000,000 (CZK 3,981,000 drawn) is recorded in CZK and is therefore not included in the total receivables in foreign currencies.
2. The Issuer did not record any liabilities in foreign currencies as of 31/12/2019.

#### Short history risk (medium risk)

The Issuer has been operating on the market briefly. The company was established in November 2017. The potential return on investment in the Bonds is therefore not supported by long-term financial history. Due to insufficient experience, incorrect business decisions may be made, resulting in a lower than the planned profit of the Issuer. For the Issuer, this may result in lower than planned operating or financial revenues or higher than planned operating or financial expenses, thus reducing profit. A lower than expected profit may result in the Issuer's delay in payment of the yield on the Bonds and repayment of the nominal value of the Bonds, or in non-payment.

#### Risk of conflict of interest (medium risk)

The sole shareholder of the Issuer, i.e. Premiot Group, a.s., has direct control over the Issuer. The controlling party, Mr. Ondrej Spodniak, exercises indirect control over the Issuer. Mr. Ondrej Spodniak is the ultimate controlling party of the Issuer and the sole member of the Issuer's Board of Directors. For this reason, there is a risk that he might prioritise the Group's interests over the Issuer's interests. This may result in lower profits of the Issuer which might, by consequence, lead to a delay in payment of the yield on the Bonds and repayment of the nominal value of the Bonds, or in non-payment.

#### Liquidity risk (low risk)

The liquidity risk is a risk of a short-term shortage of liquid assets to repay loans that are payable, i.e. an imbalance in the structure of assets and liabilities due to different maturities of debts and different portfolios of sources of financing. If the payment of due debts, such as debts to construction contractors, is delayed due to a lack of liquid assets, business relationships may be disrupted and business partners may be lost, and potentially the Issuer may incur penalties and/or increased expenses. For the Issuer, this may result in an increase in operating expenses (i.e. the cost of penalties and seeking new business partners) and thus a drop in profit. A lower than expected profit may result in the Issuer's delay in payment of the yield on the Bonds and repayment of the nominal value of the Bonds, or in non-payment.

As at 31/12/2019, the Issuer recorded short-term payables of CZK 23,511 thousand. As at the same date, the funds (the Issuer's cash and account balance) amounted to CZK 9,573 thousand.

### Risk associated with the withdrawal of the United Kingdom from the European Union (“Brexit”) (low risk)

On 31 January 2020, the United Kingdom withdrew from the European Union (“Brexit”). A transitional period applies from 01/02/2020 to the end of 2020 during which nothing will change in terms of the current rules and the United Kingdom will be viewed as a member of the European Union. The mutual economic relationships between the European Union and the United Kingdom after the transitional period will be subject to further negotiations between the Parties which are expected to begin in the spring of 2020.<sup>7</sup>

Due to the fact that the Issuer’s Parent Company is based in the United Kingdom, Brexit may affect the Parent Company’s business. The risk of Brexit includes but is not limited to the introduction of customs fees and non-tariff obstacles that may cause regulatory, administrative or logistic problems. Due to Brexit, the Parent Company may encounter regulatory obstacles and sufficient administrative or financial expenses, such as expenses caused by the invalidity of double taxation treaties potentially resulting in higher taxation than before Brexit. The Parent Company is not engaged in any production or services, it only holds ownership shares in its subsidiaries and therefore the risk of being impacted by the introduction of customs fees, non-tariff obstacles and changes in taxation is very low.

The departure of the United Kingdom from the European Union may impact the rights and obligations of bondholders based in the United Kingdom and thus outside the European Union while the Issuer is based in the European Union.

## **2. Description of major Bond-specific risks**

### Risk of default (high risk)

The Bonds, similarly to any other loan, are subject to the risk of default on payment. Under certain circumstances, the Issuer may not be able to repay the nominal value of the Bonds and/or the potential yield on the Bonds, and the value for the Bondholders at repayment may be lower than the amount of the initial investment. Under certain circumstances, the value may be zero. The ability of the Issuer to pay interest on the Bonds or to repay the principal depends primarily on the business success of the investments by the Issuer and the Group companies. The Bonds and all the Issuer’s debts to the Bondholders arising from the Bonds establish the Issuer’s direct, general, unsecured, unconditional and unsubordinated debts. In case of the Issuer’s bankruptcy, the obligations from the Bonds would be considered unsecured claims of the Bondholders and would be repaid only after any secured claims of other creditors have been repaid.

The Issuer currently does not have sufficient resources to repay the Bonds which it plans to issue. As at 31/12/2019, the Issuer’s debt was CZK 217,341 thousand of which the largest item were bonds issued in the amount of CZK 193,830 thousand. As at 31/12/2019, the Issuer’s equity capital is CZK 75,573 thousand with the planned amount of Bonds to be issued in the Bond Programme being CZK 1,000,000 thousand.

### Liquidity risk (high risk)

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<sup>7</sup> <https://www.mpo.cz/cz/zahranicni-obchod/o-brexitu/brexit-se-opet-odklada-do-konce-ledna-2020--250189/>

Bonds issued by small non-banking issuers may have very low liquidity. This means that the investors may have to hold the Bonds until maturity without being able to sell them early or only at a significant discount. Two issues from the Issuer's previous bond programme were admitted to trading at the Prague Stock Exchange (Burza cenných papírů Praha, a.s., hereinafter referred to as "BCPP"). Given that no bonds were traded on BCPP, the Issuer requested that the bonds be removed from trading. The bonds were removed from trading on BCPP on 28/04/2020 which means that the Issuer does not have any bonds admitted to trading on BCPP as of the date of the Base Prospectus.

#### Bonds as unsecured debts (medium risk)

The repayment of the Issuer's debts from the Bonds is not secured by any third party (guarantor) or a lien on a thing or right. In the event that the Issuer encounters financial difficulties, there is a risk that the claims of the Bondholders would not be settled at all or to a lower extent than in case of secured Bonds.

#### Subordinated bonds (medium risk)

The Issuer has the option to also eliminate subordinated bonds representing the Issuer's direct, unconditional and unsecured obligations subordinated as referred to in the Bonds Act which are and will be at the same level of priority (*pari passu*). In the event that (i) the Issuer enters liquidation or (ii) issues a decision on the Issuer's bankruptcy, the claims arising from the rights associated with the bond will be settled only after all other claims have been settled except for claims subject to the same or similar subordination. As at 31/03/2020, the Issuer's total obligations amounted to CZK 300,410,100. All the obligations would have been superior to any subordinate bonds issued.

#### Interest risk (medium risk)

The investor should keep in mind that the prices of bonds and the market interest rate have opposite trends. Whenever interest rates drop, the prices of bonds on the market increase, and vice versa.

Holders of bonds with a fixed interest rate may be therefore subject to the risk of a drop in the price of such a bond in the event that the market interest rates increase. The nominal interest rate specified in the Bond Programme Supplement shall remain fixed throughout the term of the Bonds but the current interest rate usually changes on a daily basis on the financial market. If the market interest rate changes, the price of fixed-rate Bonds will change in the opposite direction. That means that if the market interest rate increases, the price of fixed-rate Bonds drops. Another rule is that the longer the maturity of the bond, the more sensitive the price of the Bond is to market interest rate increases.

The price of the Bond should reflect the internal value of the Bond which is the current value of all income from the Bond discounted at the market interest rate. The price of the Bond increases with the increasing internal value of the Bond and vice versa. If the market price of the Bond is higher than its internal value, the Bond is overvalued. If the market price of the Bond is lower than its internal value, the Bond is undervalued.

#### Risk of postponement of early repayment requested by the Bondholder (medium risk)

The Bond Programme Supplement may allow early repayment of the Bond at the Bondholder's Request. In that case, the Issuer shall comply with the Bondholders' requests for early repayment up to the total amount of CZK 100,000 or its equivalent in another currency, in which the Bond is denominated in accordance with the Issue Amendment, of the principal repaid early in a one-time payment per Bondholder. However, if the total amount paid out early from the date of Issue exceeds CZK 100,000 or its equivalent in another currency, in which the Bond is denominated in accordance with the Issue Amendment, per Bondholder for all Bonds, the Issuer is entitled to postpone the maturity date requested



by the Bondholder and set the maturity date for a date other than the requested repayment date to protect its own solvency or its creditors. In that case, the Issuer will set the maturity date for a date on or before the final maturity date of the Bonds. This means that, in fact, the Bondholder may lose the early repayment right this way. The Issuer will set the new maturity date (later than requested) in a non-discriminatory manner for all applicants so that the postponed maturity date determined by the Issuer reflects (in addition to the requirement of protection of the Issuer's solvency or creditors) the order of the maturities initially requested by the individual applicants.

#### Inflation risk (medium risk)

An increase in the inflation rate reduces the real yield on the investment in the Bonds. If the inflation rate exceeds the fixed interest rate on the Bond, the value of the real yield on the investment in the Bond is negative. The risk of a negative real yield on the Bond is rated as medium risk due to the predicted total inflation in the Czech Republic of 3.2% and 2.2% in 2020 and 2021 respectively<sup>8</sup> because the nominal yield on the Bonds specified in the Bond Programme Supplement will most likely exceed the expected inflation rate. The risk of a drop in the real yield will increase if the inflation rate exceeds the expectation.

Below, you can see the expected inflation rate trend in countries where the Issuer plans to offer the Bonds. The following information is based on the data published at [www.tradingeconomics.com](http://www.tradingeconomics.com).

In the United Kingdom of Great Britain and Northern Ireland, the inflation rate was 1.7% year-on-year in February 2020. The inflation rate is expected to reach 1.4% year-on-year over the following 12 months and 1.7% in 2021.

In Slovakia, the inflation rate was 3% year-on-year in February 2020. The inflation rate is expected to reach 2.4 % year-on-year over the following 12 months and 2.30 % in 2021.

In Poland, the inflation rate was 4.7% year-on-year in February 2020. The inflation rate is expected to reach 1.9 % year-on-year over the following 12 months and 2.00 % in 2021.

In Croatia, the inflation rate was 1.5% year-on-year in February 2020. The inflation rate is expected to reach 1.5 % year-on-year over the following 12 months and 1.90 % in 2021.

#### Risk of early repayment (low risk)

Unless otherwise specified in the Bond Programme Supplement, the Issuer is entitled to decide to repay the Bonds in the relevant issue early upon a notice of early repayment to the Bondholders. The decision on early repayment always applies only to the specific issue of the Bonds. Given that the Issuer will be entitled to repay the issue of the Bonds early at its own discretion and at any time, the holder of Bonds in that issue will be exposed to the risk of a lower yield than expected due to such early repayment. In that case, the Bondholder faces the risk of not being able to reinvest the profit from the Bond or the funds received for the repaid Bond in assets with the same profitability.

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<sup>8</sup> CNB. Inflation Report I/2020, table on p. 12. [https://www.cnb.cz/export/sites/cnb/cs/menova-politika/.galleries/zpravvy\\_o\\_inflaci/2020/2020\\_I/download/ZOI\\_2020\\_I.pdf](https://www.cnb.cz/export/sites/cnb/cs/menova-politika/.galleries/zpravvy_o_inflaci/2020/2020_I/download/ZOI_2020_I.pdf)

### **III. LIABILITY FOR THE PROSPECTUS AND CHARACTERISTICS OF THE ISSUER**

#### **1. Responsible persons, third-party information, expert reports and official approvals**

##### **1.1 Persons responsible for the content of the Base Prospectus**

The legal entity responsible for the information in the Base Prospectus is the Issuer – Europa Investment Property CZ a.s. with its registered office at Jindřišská 901/5, Nové Město, 110 00 Prague 1, IČ (Company ID No.): 066 00 204, registered in the Commercial Register of the Municipal Court in Prague, file no. B 22998, represented by a member of its Board of Directors.

##### **1.2 Declaration of persons responsible for the Base Prospectus**

The Issuer declares that to the best of its knowledge, the information contained in the Base Prospectus corresponds to reality as of the date of the Base Prospectus and that no facts that could alter the significance of the Base Prospectus were concealed.

On behalf of Europa Investment Property CZ a.s., 14/05/2020



.....

Ondrej Spodniak, LL.M.,  
Member of the Board

### 1.3 Expert declaration or report

This document does not contain any expert reports with the exception of the auditor's report on the Issuer's financial statements for 2018 and 2019.

Financial statements for 2018 were audited by Ing. Martina Kotrčová, Authorisation of the Chamber of Auditors of the Czech Republic no. 1311, with registered office at Přemyslovská 40, Prague 3 - Žižkov, (hereinafter referred to as "**Auditor 1**").

Financial statements for 2019 were audited by Ing. Ondřej Krátký, Authorisation of the Chamber of Auditors of the Czech Republic no. 2437, with kratkyaudit s.r.o., Company ID No. (IČ): 070 84 153, with its registered office at K nádraží 225, 664 59 Telnice (hereinafter referred to as "**Auditor 2**") (Auditor 1 and Auditor 2 collectively referred to as the "**Auditors**").

The Auditors' reports on the financial statements were drawn up at the Issuer's request and the financial data contained in financial statements were added to the Base Prospectus with the Auditors' consent.

The Auditors are independent of the Issuer, they have not owned any securities issued by the Issuer or its affiliates, any ownership shares in companies in the Issuer's group and they have never had any rights associated with securities of the Issuer or its affiliates or in companies in the Issuer's group. The Auditors have not been employed by the Issuer, are not entitled to any form of compensation from the Issuer and are not members of any bodies of the Issuer or related parties.

### 1.4 Information from third parties

The Issuer based the sections of the Base Prospectus marked with a footnote on the sources below. The following sources are listed as available on the date of the Base Prospectus.

- CNB. Inflation Report I/2020. [https://www.cnb.cz/export/sites/cnb/cs/menova-politika/galleries/zpravy\\_o\\_inflaci/2020/2020\\_I/download/ZOI\\_2020\\_I.pdf](https://www.cnb.cz/export/sites/cnb/cs/menova-politika/galleries/zpravy_o_inflaci/2020/2020_I/download/ZOI_2020_I.pdf)
- Brexit postponed against until the end of January 2020. Ministry of Industry and Trade. 23/01/2020. <https://www.mpo.cz/cz/zahranicni-obchod/o-brexitu/brexit-se-opet-odklada-do-konce-ledna-2020--250189/>
- Czech mountains: a new target for real estate investors. Estate.cz. 12/03/2019. Available at: <https://www.estate.cz/lifestyle/ceske-hory-novy-cil-realitynich-investoru>
- Real estate investments: The Czech Republic is attractive. Stavebni-forum.cz. 07/11/2019. Available at: <http://www.stavebni-forum.cz/cs/realityni-investice-v-detailu-2/>
- The growth of the Czech economy will slow down next year,... ct24.ceskatelevize.cz. 07/11/2019. Available at: <https://ct24.ceskatelevize.cz/ekonomika/2970521-ministerstvo-financi-zhorsilo-odhad-rustu-ekonomiky-pristi-rok-na-dve-procenta>
- Demand for residential real estate to grow further in 2019. Gyarmathy.hu. 2019. Available at: <https://www.gyarmathy.hu/newsinsights/real-estate-market-developments-and-trends->
- Real estate prices keep shooting up. Hypoindex.cz. 09/10/2019. Available at: <https://www.hypoindex.cz/clanky/ceny-nemovitosti-dal-leti-vzhuru/>
- Real estate prices will continue to grow in 2020, by 5 percent. Bydlet.cz. Available at: <https://www.bydlet.cz/524769-ceny-nemovitosti-i-najmu-porostou-i-v-roce-2020-o-pet-procent/>
- Long-term summer house rentals are gaining popularity. E15.cz. 15/07/2019. Available at: <https://www.e15.cz/tema/jak-vydelat-na-pronajmu/chaty-a-chalupy/obliba-dlouhodobych-pronajmu-chat-roste-nabizeji-se-i-prostrednictvim-airbnb-1360229>

- The Prague Research Forum reports office space market information for Q4 2019. officeguide.cz. 14/02/2020. Available at: <https://www.officeguide.cz/prague-research-forum-oznamuje-udaje-o-trhu-s-kancelarskymi-prostory-za-4-ctvrtleti-roku-2019>
- Coronavirus and the real estate market: impacts, measures and forecasts. www.dealninajemce.cz. 30/03/2020. Available at: <https://idealninajemce.cz/radce/koronavirus-a-realitni-trh>
- Upvest summarizes the potential impact of the coronavirus on the real estate market. www.hypindex.cz. 06/04/2020. Available at: <https://www.hypindex.cz/tiskove-zpravy/upvest-shrnuje-mozne-dopady-koronaviru-na-nemovitostni-a-realitni-trh/>
- Recreational properties experienced another year-on-year price growth,... w4t.cz. 17/06/2019. Available at: <https://www.w4t.cz/ceny-rekreacnich-nemovitosti-mezirocne-opet-vzrostly-v-nekterych-lokalitach-uz-ale-stagnuji-82045/>
- What are the current trends in real estate? Hypindex.cz. 15/11/2019. Available at: <https://www.hypindex.cz/clanky/jake-jsou-soucasne-nejcastejsi-trendy-v-bydleni/>
- Housing Market Report. MNB (Hungarian National Bank). April 2019. Available at: <https://www.mnb.hu/letoltes/lakaspiaci-jelentes-2018-november-en.pdf>
- Commercial Real Estate Market Report. MNB (Hungarian National Bank). April 2019. Available at: <https://www.mnb.hu/en/publications/reports/commercial-real-estate-market-report/commercial-real-estate-market-report-april-2019>
- Commercial Real Estate Market Report, p. 19. MNB (Hungarian National Bank). April 2019. Available at: <https://www.mnb.hu/letoltes/mnb-commercial-real-estate-market-report-april-2019-final.pdf>
- The Economist: Budapest is the most livable city in Eastern-Europe. 20/09/2019. www.mybudapesthome.com. Available at: <https://www.mybudapesthome.com/article/the-economist-budapest-is-the-most-livable-city-in-eastern-europe-788>

The Issuer represents and confirms that the information from the aforementioned sources was accurately reproduced and that, to the best of the Issuer's knowledge and to the extent to which the Issuer is able to establish it based on information disclosed by third parties, no facts have been omitted that would make the reproduced information inaccurate or misleading.

## **1.5 Base Prospectus Approval**

This Base Prospectus was approved by the Czech National Bank by its decision ref. no. 2020/060637/570 dated 15/05/2020 which came into force on 03/06/2020 as the competent authority under Regulation 2017/1129.

The Czech National Bank approves this Base Prospectus only based on the fact that it meets the standards of completeness, comprehensibility and cohesion imposed by Regulation 2017/1129.

This approval should not be considered a confirmation of the Issuer's quality referred to in this Base Prospectus and a confirmation of the quality of the securities referred to in this Base Prospectus. Investors should perform their own assessment of the profitability of investing in the securities.

This Base Prospectus was prepared as a base prospectus under Art. 8 of Regulation 2017/1129.

## **2. Authorised auditors**

### **2.1 Names and addresses of the auditors**

Financial statements for 2018 were audited by Ing. Martina Kotrčová, Authorisation of the Chamber of Auditors of the Czech Republic no. 1311, with registered office at Přemyslovská 40, Prague 3 - Žižkov.

Financial statements for 2019 were audited by Ing. Ondřej Krátký, Authorisation of the Chamber of Auditors of the Czech Republic no. 2437, with kratkyaudit s.r.o., Company ID No. (IČ): 070 84 153, with its registered office at K nádraží 225, 664 59 Telnice.

### **2.2 Resignation/dismissal of auditors**

In the period, for which the financial history is provided, the Auditor was replaced as described in section 2.1 above.

## **3. Risk Factors**

Risk factors concerning the Issuer are set out in Art. 1, Section III. RISK FACTORS of this Bond Prospectus.

Risk factors concerning the Bonds are set out in Art. 2, Section III. RISK FACTORS of this Bond Prospectus.

## **4. Information concerning the Issuer**

### **4.1 History and development of the Issuer**

The Issuer was established under the laws of the Czech Republic as a joint-stock company on 16/10/2017 for an unlimited period of time, the Issuer was registered in the Commercial Register on 14/11/2017. The Issuer is part of the Premiot Investment Group which invests in development projects and financial services and products.

### **4.2 Basic information concerning the Issuer**

Legal and trade names:	Europa Investment Property CZ a.s.
Registration:	A company registered in the Commercial Register maintained by the Municipal Court in Prague, file no. B 22998, Company ID No. (IČ): 066 00 204, LEI 315700QEXQHJH0059S41
Date of establishment:	16 October 2017, indefinitely
Registered office:	Jindřišská 901/5, Nové Město, 110 00 Prague 1, Czech Republic
Legal form:	public limited corporation

The Issuer was founded and is governed by the laws of the Czech Republic, in particular Act No. 90/2012 Sb., on Commercial Corporations and Cooperatives, as amended, Act No. 89/2012 Sb., the Civil Code, as amended, Act No. 455/1991 Sb., on Trade Licensing, as amended, Act No. 586/1992 Sb., on Income Taxes, as amended, Act No. 235/2004 Sb., on Value Added Tax, as amended, Act No. 280/2009 Sb., the Tax Code, as amended, Act No. 563/1991 Sb., on Accounting, as amended, Act No. 256/2004 Sb., on Doing Business on the Capital Market, as amended, Senate Measure No. 340/2013 Sb., on Real Estate Acquisition Tax, Act No. 125/2008 Sb., on Transformations of Companies and

Cooperatives, as amended, Act No. 183/2006 Sb., on Territorial Planning and Building Regulations, Act No. 26/2000 Sb., on Public Auctions, Act No. 256/2013, the Cadastral Act, as amended, and others, while respecting all other relevant laws of the Czech Republic. As regards the Issuer's real estate acquisition activities (e.g. in insolvency and enforcement proceedings or in auctions), the Issuer is primarily affected by the provisions of Act No. 99/1963 Sb., the Code of Civil Procedure, as amended, Act No. 120/2001 Sb., the Enforcement Code, as amended, Act No. 182/2006 Sb., the Insolvency Act, as amended, and Act No. 26/2000 Sb., on Public Auctions.

Phone: +420 222 703 253

E-Mail: info@europaproperty.org

Website: www.europaproperty.org; the information listed on the website is not part of the Base Prospectus unless such information is incorporated in the Base Prospectus by reference.

#### 4.2.1. Recent Issuer-specific events

Events impacting the Issuer's financial or business situation include the following issues made by the Issuer (colour-coded by bond programme):

ID	ISSUE (if conversion is required, use the EUR/CZK exchange rate as of 31/03/2020 = 27.325)	ISSUED ON 31/03/2020 in CZK	ISSUED ON 31/03/2020 in the original currency
1	Bonds EIP SE 22, issue date: 15/07/2019, fixed interest rate: 7.5%, total nominal value: CZK 100 million, maturity date: 31/07/2022, admitted for trading on the Prague Stock Exchange (Burza cenných papírů Praha, a.s. - "BCPP")	- CZK	
2	Bonds EIP XII-22, issue date: 17/06/2019, fixed interest rate: 7.5%, total nominal value: CZK 50 million, maturity date: 31/12/2022	50,000,000.00 CZK	
3	Bonds Europa Investment Property UK 8.5/21, issue date: 15/09/2019, fixed interest rate: 8.5%, total nominal value: GBP 1 million, maturity date: 31/12/2021	- CZK	
4	Bonds Europa Investment Property HU 8.5/22, issue date: 15/09/2019, fixed interest rate: 7.5%, total nominal value: HUF 600 million, maturity date: 31/12/2022	- CZK	
5	Bonds Europa Investment Property 7/24, issue date: 15/10/2019, fixed interest rate: 7%, total nominal value: EUR 2 million, maturity date: 30/12/2024, admitted to trading on BCPP	- CZK	
6	Bonds Europa Investment Property 7.30/22, issue date: 12/11/2019, fixed interest rate: 7.3%, total nominal value: CZK 50 million, maturity date: 31/12/2022	50,000,000.00 CZK	
7	Bonds Europa Investment Property 7.20/23, issue date: 01/01/2020, fixed interest rate: 7.2%, total nominal value: CZK 100 million, maturity date: 31/12/2023	47,800,000.00 CZK	
8	Bonds Europa Investment Property 7.20/23, issue date: 10/01/2020, fixed interest rate: 7.2%, total nominal value: EUR 2 million, maturity date: 31/12/2023	6,230,100.00 CZK	228 000,00 €
9	Bonds Europa Investment Property CZ 7.10/22, issue date: 23/01/2020, fixed interest rate: 7.1%, total nominal value: CZK 22 million, maturity date: 31/12/2022	19,300,000.00 CZK	
10	Bonds Europa Investment Property CZ 9.2/21, issue date: 30/06/2018, fixed interest rate: 9.2%, total nominal value: CZK 100 million, maturity date: 31/12/2021 (first base prospectus approved on 04/04/2018)	53,600,000.00 CZK	
11	Bonds Europa Investment Property CZ 9.2/20, issue date: 12/06/2018, fixed interest rate: 9.2%, total nominal value: CZK 50 million, maturity date: 31/12/2020 (first base prospectus approved on 04/04/2018)	49,650,000.00 CZK	
12	Bonds Europa Investment Property CZ 7/23, issue date: 27/04/2018, fixed interest rate: 7%, total nominal value: CZK 50 million, maturity date: 31/12/2023 (first base prospectus approved on 04/04/2018)	1 750 000.00 CZK	
<b>TOTAL ISSUED AS OF 31/03/2020</b>		<b>278,330,100.10 CZK</b>	

Issues no. 1 and 5 listed in the table above were admitted to trading on the Prague Stock Exchange (Burza cenných papírů Praha, a.s., hereinafter referred to as "BCPP"). Given that no bonds were traded on BCPP, the Issuer requested that the bonds be removed from trading. The Bonds were removed from trading on

BCPP on 28/04/2020 which means that the Issuer does not have any bonds admitted to trading on BCPP as of the date of the Base Prospectus.

As of 31/03/2020, the total debt of the Issuer was CZK 300,410,100. As of the above date, the debt arising from the issue of bonds was CZK 278,330,100 and other debts were CZK 22,080,000. There are no other past events that may have a significant effect on the evaluation of the Issuer's solvency.

#### *4.2.2. Credit rating*

No credit rating was assigned to the Issuer at the Issuer's request or in cooperation with the Issuer. Bisnode Česká republika, a.s. Company ID No. (IČ): 630 78 201 gave the Issuer's Parent Company the rating of AAA (very low risk).

#### *4.2.3. Changes in the Issuer's loans and financing*

No major changes have occurred in the structure of the Issuer's loans and financing since the last audited financial statements.

#### *4.2.4. Description of the Issuer's expected financing*

The Issuer expects to finance any investments, with which the Issuer agrees in the future, depending on the relevant market conditions in one of the following ways: using funds obtained by issuing debt securities or funds from the Group's business activities.

## **5. Business Overview**

### **5.1 Primary activities of the Issuer and Group companies**

#### *5.1.1. Primary categories of products sold and services provided*

The Issuer's business activities registered in the Commercial Register include Lease of real estate, apartment units and commercial property.

According to the Issuer's articles of association, the scope of its business also includes Production, trade and services not specified in Annexes 1-3 to the Trade Licensing Act.

The Issuer's primary activity is the issuance of bonds and providing such funds to Group companies. The Issuer has also granted several loans outside the Group in the past. All loans granted by the Issuer as of the date of the Base Prospectus are listed in Chapter VIII. *Essential Contracts and Available Documentation* at the end of the Base Prospectus.

The Group companies make profit using the funds from the Issuer in particular by investing in real estate and real estate projects, their repairs, renovations and lease. The Issuer and the Group companies shall continue to perform all the necessary activities to promote their business activities, in particular on the real estate market.

The Issuer and the Group companies shall acquire real estate, establish or purchase a commercial corporation in accordance with acquiring and holding real estate, start a joint venture, invest in the development of such business and acquire assets associated with real estate. This is how the Issuer invests in real estate through loans in the Group and through SPVs founded for the implementation of the individual projects.

In the period of the Bonds' maturity, the Issuer's investments through loans in the Group and SPVs shall be directed primarily towards the Czech and Hungarian real estate markets. The Issuer and the Group companies shall seek out real estate with a good price-to-return ratio. The Issuer and the Group

companies intend to repair or renovate and subsequently hold such real estate and make profit on the lease or sales thereof. The Issuer and Group companies may also acquire real estate that is degraded not only physically but also legally for various reasons. As part of its activities, the Issuer shall also acquire and finance ownership interest in companies intended to be held by the company.

Real estate shall be usually acquired for the sole ownership by a Group company or through the Issuer's subsidiaries. The Issuer plans to establish additional subsidiaries in the future and subsequently finance the operations and development thereof. The relevant real estate shall be normally operated by a Group company or another company under a contract.

The Issuer and the Group companies plan to invest in real estate the price of which is impacted by legal and other removable defects. For this reason, the Issuer and the Group companies intend to seek out, in particular, real estate subject to enforcement, in auctions or outside such sale burdened by third-party rights in rem and obligations such as a right of lien, an unfavourable lease contract or other burdens on the real estate. The Issuer and the Group companies also intend to use opportunities posed by real estate that are subject to a legal issue or debt with bank institutions and non-banking providers or are otherwise undervalued. The Issuer or the relevant Group company would then work on removing such issues. Once removed, the Group company or the Issuer would lease or sell the real estate.

In the past, the Issuer provided funds to the Group for the following project:

The "Vila Na Doubkové 2" project which includes a renovation of a villa located in Prague 5 - Smíchov followed by the sale of the units in the villa. The objective is to offer unique housing for the most demanding clients applying the highest renovation standards while maintaining the architectural and historical value of the renovated villa. The "Vila Na Doubkové 2" project was completed in 2019 and the sale of the apartment units was underway on the date of the Base Prospectus. The renovation was conducted through an SPV - Na Doubkové 2, s.r.o., Company ID No. (IČ): 06038034, which is a subsidiary of Premiot Group, a.s., Company ID No. (IČ): 04405030.

The Issuer is preparing the following projects through its subsidiaries:

1. Commercial building – hotel and offices, F&B (food and beverage) facilities. This includes construction of a hotel complex in Budapest with 300 rooms with comfortable parking, as well as commercial space: restaurants, bars, cafés, offices. The building permit should be granted in June 2020. The entire hotel complex construction project should be completed by 31/12/2022. The hotel should go into full operation starting from 1 January 2023. The expected investment volume is EUR 40 million. The project is implemented by Europa Investment Property HU Kft., having its registered office at 1047 Budapest, Baross utca 75-77, Company ID No. (IČ): 01-09-337140. As of the date of the Base Prospectus, the Issuer had granted the company a loan of CZK 44,701,145.
2. Apartmány Harrachov – construction and renovation of accommodation facilities and luxury apartment units. As of the date of the Base Prospects, the documents for the submission of a building permit application were being collected. The Issuer expects to receive the building permit in September 2020. Demolition work will take place in winter 2020/2021 and renovation and reconstruction work will take place in spring 2021. The completion date will depend on the granting of the building permit. The expected investment volume is EUR 110 million (of which the acquisition cost amounts to CZK 30 million and the construction cost to CZK 80 million). The project is implemented by Apartments Harrachov s.r.o., Vyšehradská 1349/2, Nové Město, 128 00 Prague 2, Company ID No. (IČ): 08578109. As of the date of the Base Prospectus, the Issuer had granted the company a loan of CZK 500,000.



3. Velký Osek Industrial Park – redevelopment of a complex with a total area of 40,000 m<sup>2</sup>. It is a former woodworking facility where two companies will run light, non-disturbing production. No logistics will be used for their business activities. The planning permit and construction engineering is taking place as of the date of the Base Prospectus. The complete planning permit should be granted by July 2020. The project will be implemented as soon as the planning permit comes into force. The expected investment volume is CZK 21 million. The project is implemented by Industrial park Velký Osek s.r.o., Vyšehradská 1349/2, Nové Město, 128 00 Prague 2, Company ID No. (IČ): 08578001. The Issuer has not granted any loans to this company as of the date of the Base Prospectus.
4. Sobotovice Syrovice Property – the project aims to build a service centre with a rest area and parking in the Brno-Pohořelice direction and a service centre with a rest area, parking and a fast food facility in the Pohořelice-Brno direction. The project is implemented by Sobotovice Syrovice Property s.r.o., Vyšehradská 1349/2, Nové Město, 128 00 Prague 2, Company ID No. (IČ): 08772428. The project is currently in its very early stages and therefore no completion dates or expected investment expenses have been determined. The Issuer has not granted any loans to this company as of the date of the Base Prospectus.

Another investment plan of the Issuer is to provide available funds to the Parent Company or Group companies until suitable acquisition projects are identified. This is to ensure that the available funds are used effectively. The Premiot finance group, of which the Issuer is a member, specialises in financial services associated with investing in development projects.

#### *5.1.2. Launch of major new projects or services*

As of the date of the Base Prospectus, the Issuer is not launching any new services or products.

#### *5.1.3. Issuer's primary markets*

As of the date of the Base Prospects, the Issuer's activities were focused primarily on the Hungarian market (Hungary) and the Czech market (Czech Republic). The Issuer plans to compete on the Hungarian and Czech real estate markets (real estate segment). Due to the volume of the Issuer's activities, the Issuer's market shares in these markets can be considered insignificant.

## **5.2 Basis of all the Issuer's declarations concerning its competitive position**

To the best of its knowledge, the Issuer is not aware of its dominant or important market position.

## **6. Organisational structure**

### **6.1 Description of the Issuer's group and its position in the group**

The Issuer is a joint-stock company, the Issuer's sole shareholder is Premiot Group, a.s. having its registered office at Jindřišská 901/5, Nové Město, 110 00 Prague 1, Company ID No. (IČ): 04405030 (hereinafter referred to as the "**Issuer's Sole Shareholder**"). The Issuer's Sole Shareholder is fully owned by PREMIOT GROUP LTD., having its registered office at E11DU London, 7 Whitechapel Road, Office 410, United Kingdom of Great Britain and Northern Ireland, registered in the Companies Register for England and Wales under company reg. no. 09657646 (hereinafter referred to as the "**Parent Company**"). The Parent Company is controlled by Mr. Ondrej Spodniak, born on 30/04/1981,

place of work: Jindřišská 901/5, Nové Město, 110 00 Prague 1 (hereinafter referred to as the “**Controlling Party**”) who owns a 100% share in the Parent Company associated with a 100% share in voting rights.

As used herein, “Group” means the Parent Company and all companies in which the Parent Company directly or indirectly owns an ownership share (hereinafter referred to as the “**Group**”).

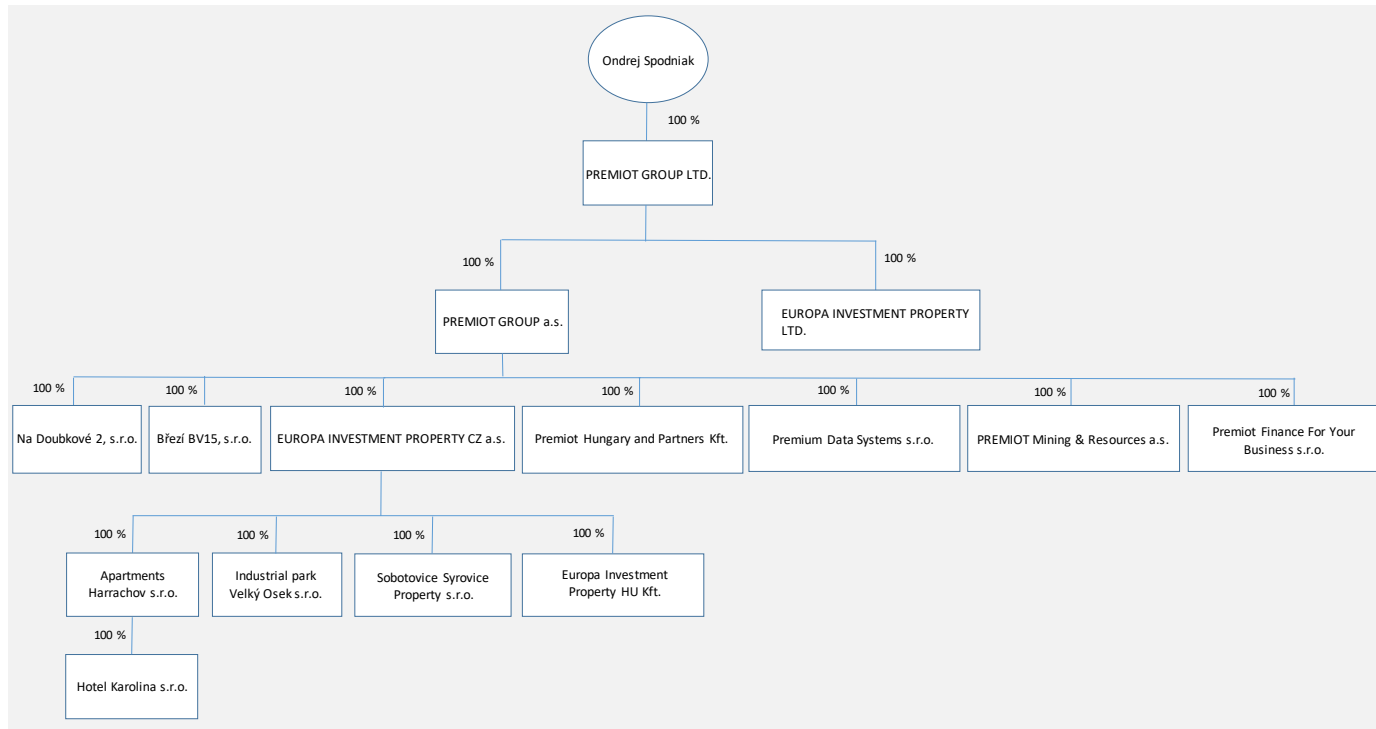
Voting rights are not separated from the ownership interest or share in any of the companies. The Issuer owns a 100% share in the following companies:

1. Europa Investment Property HU Kft., having its registered office at 1047 Budapest, Baross utca 75-77, Company ID No. (IČ): 01-09-337140. The company was established on 7 February 2019 for the purposes of implementing projects in Hungary. The Issuer provides the basic financial information of this company as at 31 December 2019 (in thousand HUF):
  - Assets: 1,490,790
  - Registered capital: 3,000
  - Debt: 792,777
  - Revenues: HUF 1,403
  - Expenses: HUF 5,126
  - Profit/loss: HUF 3,723
2. Apartments Harrachov s.r.o., Vyšehradská 1349/2, Nové Město, 128 00 Prague 2, Company ID No. (IČ): 08578109. The company was founded on 03/10/2019 for the purposes of implementing the Apartmány Harrachov project. The Issuer provides the basic financial information of this company as at 31 December 2019 (in thousand CZK):
  - Assets: 16,773
  - Registered capital: 100
  - Debt: 16,674
  - Revenues: 0
  - Expenses 1,2
  - Profit/loss: -1.2
3. Industrial park Velký Osek s.r.o., Vyšehradská 1349/2, Nové Město, 128 00 Prague 2, Company ID No. (IČ): 08578001. The company was founded on 03/10/2019 for the purposes of implementing the Velký Osek Industrial Park project. The Issuer provides the basic financial information of this company as at 31 December 2019 (in thousand CZK):
  - Assets: 206
  - Registered capital: 100
  - Debt: 107
  - Revenues: 0
  - Expenses: 1.2
  - Profit/loss: -1.2
4. Sobotovice Syrovce Property s.r.o., Vyšehradská 1349/2, Nové Město, 128 00 Prague 2, Company ID No. (IČ): 08772428. The company was founded on 13/12/2019 for the purposes of implementing the Sobotovice Syrovce Property s.r.o. project. The Issuer provides the basic financial information of this company as at 31 December 2019 (in thousand CZK):
  - Assets: 100
  - Registered capital: 100
  - Debt: 0

- Revenues, expenses and profit/loss: 0 (only registered capital paid in)

The Issuer expects to found more companies for the implementation of real estate projects.

The interconnections between the individual members of the Parent Company's group as of the date of the Base Prospectus are shown in the following graphic:



The chart also shows the percentage shares in the registered capital which always add up to 100%. In none of the companies, the voting rights are separated from the ownership share.

**Figure 3: Group Structure**

## 6.2 Dependence on other entities in the Group

Given that the Parent Company and the Issuer's Sole Shareholder are fully owned by the sole member of the Issuer's Board of Directors, Mr. Ondrej Spodniak, it can be assumed that the Issuer is largely dependent on his decisions.

The Issuer is also dependent on investment decisions of the Group companies, including but not limited to its subsidiaries Europa Investment Property HU Kft., Apartments Harrachov s.r.o., Industrial park Velký Osek s.r.o. and Sobotovice Syrovice Property s.r.o., which are currently implementing or will implement the planned projects financed by the Bond Issue. Given the planned loans within the Group, the Issuer will be dependent on the companies to which the funds will be loaned. The Issuer's ability to repay its debt will be significantly affected by the ability of the financed Group member to repay its debts and achieve return on the investment towards the Issuer which may result in certain dependence of the Issuer's sources, profit or, where appropriate, finances on the relevant Group member and its economic results.

## **7. Information concerning the trends**

### **7.1 Declaration of no major negative changes in the Issuer's outlooks and the Group's financial performance**

The Issuer declares that there have not been any major negative changes in the Issuer's outlooks or any major changes in the Group's financial performance since the date of the last published audited financial statements except for the issues of bonds specified in *Chapter III., Section 4.2.1 Recent Issuer-Specific Events* of this Base Prospectus.

### **7.2 Information concerning all known trends, uncertainties, demand, debts and events**

The Issuer is affected, in addition to the general developments of the economic cycle and other business fluctuations, by the trends on the real estate markets in the Czech Republic and Hungary where the Issuer intends to operate as an investor and real estate owner, including but not limited to trends affecting the supply and demand on the market of residential and non-residential space. In Q2 2019, real estate prices increased by 4.2% year-on-year across the entire European Union and the eurozone. With its 8.7% growth, the Czech Republic experienced the sixth highest increase in real estate prices. Real estate prices recorded the greatest growth in Hungary where they increased by 14% year-on-year. In contrast, they only increased by 0.8% in Finland and dropped by 0.2% in Italy.<sup>9</sup>

#### *7.2.1. Czech Republic*

There is a trend of excess demand compared to the supply of suitable real estate on the Czech real estate market. This is due to several factors including factors such as availability of mortgage loans that still continues despite the measures taken by the CNB, and a reduced rate of development in large cities and a higher demand for real estate investments. The average prices of real estate in the Czech Republic have been rising for several years with the prices of real estate being the highest in large cities.

The real estate sale and lease prices in the Czech Republic are expected to grow in 2020. The main reason is the continuous increase in the buying power of the population combined with the limited supply of real estate due to slow construction slowed down by the legislative process. Further tightening of the conditions for mortgages by the Czech National Bank similarly as in 2018 cannot be ruled out. That would create further pressure on real estate price growth because some prospective housing owners will rush their decisions to get a mortgage under less stringent conditions. However, real estate sales and lease prices will grow even if the conditions are not tightened. Nevertheless, the growth should be slower than in 2019 and the previous years depending on the potential economic slowdown. On average, an annual increase in real estate prices of about 5% should be expected for the year 2020 and the following years. In 2020, an additional significant increase in real estate prices must be expected in attractive locations such as city centres. On the outskirts of cities and in less attractive locations in general, such as in the countryside, a slower growth can be expected and it might turn into stagnating real estate sale and lease prices.<sup>10</sup>

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<sup>9</sup> Real estate prices keep shooting up. Hypoindex.cz. 09/10/2019. Available at: <https://www.hypoindex.cz/clanky/ceny-nemovitosti-dal-leti-vzhuru/>

<sup>10</sup> Real estate prices will continue to grow in 2020, by 5 percent. Bydlet.cz. Available at: <https://www.bydlet.cz/524769-ceny-nemovitosti-i-najmu-porostou-i-v-roce-2020-o-pet-procent/>

In connection with the Issuer's planned investment in apartment units in Harrachov, it should be noted that long-term recreational property rentals are becoming more and more popular. Recreational properties are rented primarily by people who do not want to be tied to a single location but do not have enough money to buy a recreational house or lodge. The recreational property rental fees have been growing at an increasing rate for three years in a row and many of them have doubled. Long-term rental, sometimes lasting the whole year, is the new trend.<sup>11</sup>

The prices of recreational houses and lodges have been following the development of the prices of other real estate in the past years and experienced a rapid increase. They increased by up to 40% between 2015 and 2018. The increase continued in 2019 even though the rate of the increase slowed down.<sup>12</sup>

Lifestyle changes may also affect real estate prices in the long term. The older population is growing, a wealthier generation, which already often does not live in city centres but tends to move outside the city and to the countryside, will soon retire. This trend is also supported by digitisation and robotization of human tasks. It is no longer absolutely necessary to commute to the office every day. There are more and more remote workers who move to live outside cities. This trend can be also influenced by the climate change. People can be expected to move to the countryside and forested areas and to the mountains. It can be also expected that more and more passive real estate will be built with their own sources of electricity and water.<sup>13</sup>

#### 7.2.2. *Hungary*

The price developments in Hungary are similar to the Czech Republic in many aspects and the entire sector has been experiencing a growth since 2013. During the first half of 2018, mortgages became more easily accessible thanks to the low interest rates and an overall improvement in price terms which has, by consequence, benefited the Hungarian real estate market. Real estate prices keep growing in the cities, most prominently in Budapest. Prices have been also growing outside the cities but the growth rate has decreased.<sup>14</sup>

In terms of the Issuer's focus on office spaces in Budapest, the average vacancy rate of modern office space in Budapest declined in late 2018 after a continuous 6-year decline to the historic rate of 7.3%. Similarly as in the previous years, the office space market was characterised by a high demand which resulted in a declining vacancy rate despite the large number of newly finished projects. The vacancy rate of industrial real estate also experienced a record low as the industrial and logistics facility rent in Budapest increased by more than 15% in 2018 due to the high demand. In 2018, the performance of domestic hotels increased compared to 2017 across all categories. Most new hotels opened in Budapest and this trend will continue due to projects undergoing renovations or those in their preparatory phases as shown in figure 2 below. Due to the significant construction

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<sup>11</sup> Long-term summer house rentals are gaining on popularity. E15.cz. 15/07/2019. Available at: <https://www.e15.cz/tema/jak-vydelat-na-pronajmu/chaty-a-chalupy/obliba-dlouhodobych-pronajmu-chat-rostene-nabizeji-se-i-prostrednictvim-airbnb-1360229>

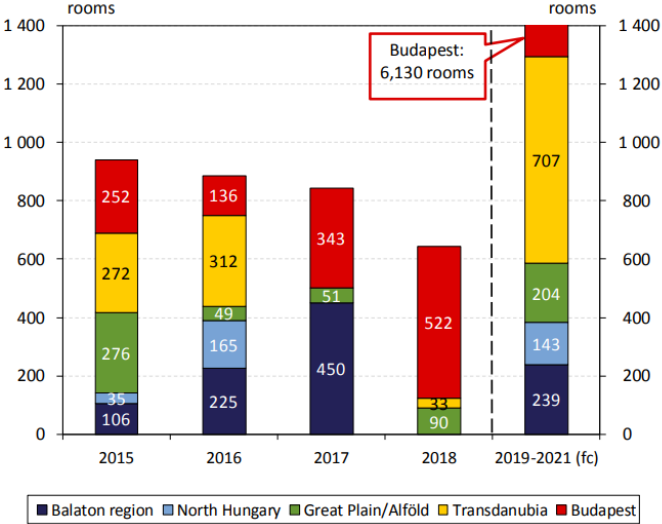
<sup>12</sup> Recreational properties experienced another year-on-year price growth,... w4t.cz. 17/06/2019. Available at: <https://www.w4t.cz/ceny-rekreacnich-nemovitosti-mezirocne-opet-vzrostly-v-nekterych-lokalitach-uz-ale-stagnuji-82045/>

<sup>13</sup> What are the current trends in real estate? Hypoindex.cz. 15/11/2019. Available at: <https://www.hypoindex.cz/clanky/jake-jsou-soucasne-nejcastejsi-trendy-v-bydleni/>

<sup>14</sup> The selected data were adopted from the Magyar Nemzeti Bank's Housing Market Report. Available at: <https://www.mnb.hu/letoltes/lakaspiaci-jelentes-2018-november-en.pdf>

activity in the hotel business, the number of hotel rooms to open in the period from 2019 to 2021 is planned to be double the number in the period from 2015 to 2018.<sup>15</sup>

**Figure 2:** Number of hotel rooms opened or planned in Hungary, in number of rooms<sup>16</sup>



Explanation:  
Balaton Area Northern Hungary Danubian Plain Transdanubia Budapest

Note: The data for the period 2019-2021 include the number of rooms in hotel projects which were in their preparatory phases or under construction at the end of 2018 and were expected to open in late 2021.

The increase in real estate prices in Budapest is driven by the popularity of the Hungarian capital as a place to live. According to The Economist, Budapest was rated the most liveable city in Central Europe.<sup>17</sup>

Although a slowdown in the rate of growth of the prices of real estate and return on lease can be expected in the future in the Czech Republic and Hungary, the Issuer is of the opinion that the sector continues to be a lucrative investment opportunity.

7.2.3. *Impact of the coronavirus epidemic on the real estate market*

The coronavirus epidemic may result in a change in the aforementioned trends, especially in the short term. The expected economic recession may adversely impact the sales and prices of real estate, both office space as well as recreational. A negative impact on the occupancy of hotels due to the downturn of tourism can be expected.

<sup>15</sup> Commercial Real Estate Market Report. MNB (Hungarian National Bank). April 2019. Available at: <https://www.mnb.hu/en/publications/reports/commercial-real-estate-market-report/commercial-real-estate-market-report-april-2019>

<sup>16</sup> Commercial Real Estate Market Report, p. 19. MNB (Hungarian National Bank). April 2019. Available at: <https://www.mnb.hu/letoltes/mnb-commercial-real-estate-market-report-april-2019-final.pdf>

<sup>17</sup> The Economist: Budapest is the most livable city in Eastern-Europe. 20/09/2019. [www.mybudapesthome.com](http://www.mybudapesthome.com). Available at: <https://www.mybudapesthome.com/article/the-economist-budapest-is-the-most-livable-city-in-eastern-europe-788>

In response to the coronavirus epidemic, the Czech National Bank reduced the two-week repo rate to 1.75% on 17/03/2020, then to 1% on 27/03/2020 and to 0.25% on 11/05/2020. Additional measures in support of the economy were also gradually taken by the Government of the Czech Republic. The forecast for the expected drop in the Czech economy due to COVID-19 varies significantly and ranges from 4% in the optimistic scenario<sup>18</sup> to 10% in the pessimistic one<sup>19</sup>. As of the date of the Base Prospectus, the forecast is uncertain as the epidemic is not over yet and the necessary data is not available. Due to the global scale of the epidemic, an economic recession and an impact on real estate prices can be also expected in Hungary.

The epidemic will mainly impact short-term rentals such as Airbnb. In Prague, specifically, there are 13,000 such apartment units and they primarily target foreign tourists.<sup>20</sup> Owners are looking for alternative solutions and offer their apartment units for medium-term and long-term lease. A sudden increase in the number of apartment units for long-term lease could stabilise or reduce, in the short term, rent which has been increasing rapidly in recent years. The forecast drops in rent vary and range from 6% to 20%. A lower occupancy of apartment units is expected also after the measures are withdrawn due to the decline of the local and global economy as people will start to save more and travel less. That means that the apartment units on the market will most likely not fill up even after the borders re-open. Long-term rentals seem to be the most reliable way towards maintaining a stable income from the perspective of apartment owners. Such rentals have been in short supply for years in the Czech Republic, especially in Prague and Brno. The current situation is not expected to bring down rental prices in the long-term or permanently. This is because not enough apartments were being built before the pandemic. In addition, many construction companies and authorities have recently limited their own operations due to the governmental measures which might have slowed down the construction of new apartments, thereby reducing supply even further.<sup>21</sup>

The actual composition of tenants is important for the future developments on the office space market. Higher vacancy of offices can be expected from tenants operating in aviation, food and beverage, hotels, gyms and wellness in the upcoming months. Many companies are switching to home office. If this model proves to be working in the future, it may have an impact on the office space market. The transfer of customers to e-commerce is another important factor affecting the future look of the real estate market. Many businesses have launched online stores due to the forced closures of their stores. This resulted in a significant increase in the number of people who tried to shop online for the first time. This trend is expected to continue after the crisis. In the future, this could result in less interest in stores. Major losses may be also incurred by retail park owners who lease out most of their spaces to entities operating in sectors other than food or pharmaceuticals. This also applies to shopping centres which lease up to 50% of their space to food and beverage and leisure activity operators.<sup>22</sup>

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<sup>18</sup> <https://www.cnb.cz/cs/verejnost/servis-pro-media/autorske-clanky-rozhovory-s-predstaviteli-cnb/T.-Holub-v-poradu-Udalosti-komentare-CNB-dnes-znovu-snizila-zakladni-urokovou-sazbu/>

<sup>19</sup> <https://www.novinky.cz/ekonomika/clanek/ekonomika-klesne-o-10-procent-a-zvysi-se-nezamestnanost-tvrdi-ekonom-40317561>

<sup>20</sup> Coronavirus and the Real Estate Market: impacts, measures and forecasts. [www.dealninajemce.cz](http://www.dealninajemce.cz). 30/03/2020. Available at: <https://idealninajemce.cz/radce/koronavirus-a-realitni-trh>

<sup>21</sup> Same

<sup>22</sup> Upvest summarizes potential impact of the coronavirus on the real estate market. [www.hypindex.cz](http://www.hypindex.cz). 06/04/2020. Available at: <https://www.hypindex.cz/tiskove-zpravy/upvest-shrnuje-mozne-dopady-koronaviru-na-nemovitostni-a-realitni-trh/>

The real estate market is also impacted by the ongoing discussions between landlords and tenants regarding rent free periods or reduced rents. The Government of the Czech Republic interfered with the relationships between landlords and tenants. It allowed businesses, which had to close down their stores due to the state of emergency, to postpone rent payments until the end of June 2020. Individuals cannot be evicted due to non-payment of rent.

The coronavirus may have a negative impact on the Issuer and the Group companies, primarily in the short term. As of the date of the Base Prospectus, the Issuer is not aware of any specific impact on its activities or the activities of its subsidiaries. The Issuer expects the economy to return to the pre-crisis values in the medium to long-term once the epidemic subsides.

## 8. Profit projections and estimates

The Issuer has not issued any profit projections or estimates as of the date of the Base Prospectus.

## 9. Administrative, executive and supervisory bodies

The Issuer is a joint-stock company established under Czech laws. The Issuer uses a dualistic internal structure. The Issuer's bodies include the General Meeting, the Board of Directors and the Supervisory Board.

The General Meeting is the supreme body of the Issuer. As the Issuer only has one shareholder on the date of this Base Prospectus, duties of the General Meeting are performed only by the shareholder – Premiot Group, a.s. having its registered office at Jindřišská 901/5, Nové Město, 110 00 Prague 1, Company ID No. (IČ): 04405030. The General Meeting is entitled to discuss and decide on all matters that are entrusted to it by law, the Articles of Association or assumed by its resolution.

The Issuer has established a supervisory board that serves as the supervisory body.

### 9.1 Names of members of the administrative, executive and supervisory bodies

#### 9.1.1 Board of Directors

##### **Ondrej Spodniak LL.M.**

*Member of the Board, Europa Investment Property a.s.*

Date of birth: 30 April 1981

Work address: Jindřišská 901/5, Nové Město, 110 00 Prague 1

Date of commencement of office: 14/11/2017

Mr. Ondrej Spodniak is the sole member of the Issuer's Board of Directors. In his position, he is in charge of the Issuer's business management. Mr. Ondrej Spodniak is also the ultimate controlling party of the Issuer and is therefore in a position to significantly influence the Issuer's activities.

Primary activities outside the Issuer as of the date of the Base Prospectus:

	<b>Company name</b>	<b>Company ID No. (IČO)</b>	<b>Activity / job title</b>
1.	Premiot Group LTD.	09657646	Executive
3.	Price Hughes a.s.	056 40 156	Member of the Board
4.	Amore Finance Group CZ a.s.	057 35 301	Member of the Board



5.	WILSON SERVICE s.r.o.	057 17 418	Executive
6.	Na Doubkové 2, s.r.o.	060 38 034	Executive
7.	Břeží BV15, s.r.o.	060 38 140	Executive
8.	Happis s.r.o.	040 55 683	Executive
9.	Premium Data Systems s.r.o.	068 48 338	Executive
10.	Premiot Finance For Your Business s.r.o.	077 19 868	Executive
11.	Hotel Karolína, s.r.o.	259 67 045	Executive
12.	PREMIOT Capital Fund SICAV a.s.	079 43 687	Chairman of the Administrative Board
13.	Apartments Harrachov s.r.o.	085 78 109	Executive
14.	Industrial park Velký Osek s.r.o.	085 78 001	Executive
15.	Premiot Group, a.s.	044 05 030	Member of the Board
16.	Premiot Mining & Resources a.s.	056 34 113	Chairman of the Board
17.	Sobotovice Syrovice Property s.r.o.	087 72 428	Executive

*Table 1: Overview of the Primary Activities of Mr. Ondrej Spodniak Outside the Issuer*

#### 9.1.2. Supervisory Board

##### **Filip Navrátil**

*Member of the Supervisory Board, Europa Investment Property a.s.*

Date of birth: 23 December 1993

Work address: Jindřišská 901/5, Nové Město, 110 00 Prague 1

Member since: 24/04/2019

Primary activities outside the Issuer as of the date of the Base Prospectus:

	<b>Company name</b>	<b>Company ID No. (IČO)</b>	<b>Activity / job title</b>
1.	Moravia marketing s.r.o.	052 90 139	Executive
2.	Premiot Finance For Your Business s.r.o.	077 19 868	Executive

*Table 2: Overview of the Primary Activities of Mr. Filip Navrátil Outside the Issuer*

## **9.2 Conflict of interest at the level of administrative, executive and supervisory bodies**

The Issuer is not aware of any conflict of interest between the duties of members of the executive and supervisory bodies towards the Issuer and their private interests or other duties. Mr. Ondrej Spodniak is the sole member in the Issuer's shareholder and is therefore highly interested in the Issuer's economic results. However, Mr. Ondrej Spodniak is also the ultimate controlling party of the Issuer and there is a risk of him prioritising the interests of the group over the Issuer's interests.

## **10. Major shareholders**

### **10.1 Control over the Issuer**

As of the date of this Base Prospectus, the Issuer had a sole shareholder - Premiot Group, a.s. having its registered office at Jindřišská 901/5, Nové Město, 110 00 Prague 1, Company ID No. (IČ): 04405030 (hereinafter referred to as the "Issuer's Sole Shareholder"). The Issuer's Sole Shareholder is fully owned by PREMIOT GROUP LTD., having its registered office at E11DU London, 7 Whitechapel

Road, Office 410, United Kingdom of Great Britain and Northern Ireland, registered in the Companies Register for England and Wales under company reg. no. 09657646 (hereinafter referred to as the “**Parent Company**”). The sole shareholder of the Parent Company is Mr. Ondrej Spodniak LL.M. (hereinafter referred as the “**Controlling Party**”) who owns a 100% ownership share associated with a 100% share in voting rights.

Direct control over the Issuer is exercised by the Issuer’s Sole Shareholder, and indirect control over the Issuer is exercised by the Controlling Party, Mr. Ondrej Spodniak. The nature of direct control is based on the title to a 100% ownership share in the Issuer. The nature of indirect control is based on the Controlling Party’s title to a 100% share in the Parent Company.

The shareholders’ rights and obligations shall be governed by the provisions of applicable laws and regulations and the Articles of Association. The shareholder is entitled to participate in company management, the company’s profit and liquidation balance in case of its dissolution with liquidation.

The Issuer has not adopted any special measures aimed at preventing abuse of control over the Issuer beyond the standard mechanisms of commercial corporations laws.

#### **10.2 Description of all known arrangements that may result in a change in control over the Issuer**

As at the date of this Base Prospectus, the Issuer is not aware of any arrangements or assumptions that would result in a change of control over the Issuer.

## IV. JOINT TERMS OF ISSUE

The Bonds issued under this Bond Programme, which is governed by the Czech laws (hereinafter collectively referred to as the “**Bonds**”), shall be issued in accordance with Act No. 190/2004 Sb., on Bonds, as amended (hereinafter referred to as the “**Bonds Act**”), by Europa Investment Property CZ a.s. having its registered office at Jindřišská 901/5, Nové Město, 110 00 Prague 1, Company ID No. (IČ): 066 00 204, LEI 315700QEXQHJH0059S41, registered in the Commercial Register maintained by the Municipal Court in Prague, file no. B 22998 (hereinafter referred to as the “**Issuer**”). This Bond Programme is the Issuer's third bond programme and was established in 2020.

The Bonds are regulated by these joint terms of issue (hereinafter referred to as the “**Terms of Issue**”) and the relevant bond programme supplement for each individual issue of the Bonds issued within the Bond Programme (as defined below) (hereinafter referred to as the “**Bond Programme Supplement**”).

Unless otherwise provided in the relevant Bond Programme Supplement, the administrator's activities associated with the calculations and payouts of interest or other yields on the Bonds and the repayment of the nominal values of the Bonds shall be performed by the Issuer using its own resources. However, the Issuer may assign the performance of the aforementioned activities for a specific issue to an administrator with the required authorisation to perform such activities and this shall be stated in the relevant Bond Programme Supplement (hereinafter referred to as the “**Administrator**”) under an issue administration and payment agreement (hereinafter referred as the “**Administrator Agreement**”). A copy of the Administrator Agreement, if any, shall be available to the Bondholders (as defined below) and Couponholders, if coupons are issued, for consultation in the manner described below in these Terms of Issue.

CNB exercises supervision over the Bond Issue and the Issuer to the extent specified in the laws and regulations governing public offer of securities (Bonds).

CNB has assessed the Base Prospectus only in terms of the completeness of the data contained therein. When approving the Base Prospectus, CNB does not assess the Issuer's economic results or financial position. By approving the Base Prospectus, CNB does not guarantee the Issuer's future profitability or ability to repay the yield and nominal value of the Bonds.

These Terms of Issue will be specified in the Bond Programme Supplement for each specific issue of the Bonds issued under the Bond Programme. The Bond Programme Supplement will specify the nominal value and number of Bonds in the relevant Issue, the date and method of the issue of the Bonds, the yield and issue price of the Bonds in the Issue, the payout dates of the Bond yield and dates or due dates for payments of their nominal value, as well as other terms of the Bonds in the relevant Issue that are not regulated in the Terms of Issue or are regulated for the issue differently than in the Terms of Issue.

In case of a public offering or an application for admission to the regulated market, the Bond Programme Supplement will be part of a special document prepared for each Bond Issue (hereinafter referred to as the “**Final Terms**”). The relevant Final Terms may define the variant envisaged in the Terms of Issue to be applied in relation to the relevant Issue and amend and clarify the regulations contained in the Terms of Issue. The Final Terms will also contain the specific terms of the public offering or, where appropriate, admission for trading on a regulated market.

The Bonds and Coupons, if issued, will be, at the Issuer's request, assigned an ISIN identifier by Centrální depozitář cenných papírů, a.s., having its registered office in Prague 1, Rybná 14, Company ID No. (IČ): 250 81 489, registered in the Commercial Register maintained by the Municipal Court in Prague, file no. B 4308 (hereinafter referred to as the “**Central Depository**”), or another authorised

entity. Information about the ISIN identifiers assigned or any other identification details of the Bonds and Coupons (if issued) will be given in the relevant Bond Programme Supplement.

## **1. General Characteristics of the Bonds**

### **1.1 Form, nature, nominal value and currency; type**

The Bonds may be issued under this Bond Programme as certificated order securities (hereinafter referred to as the “**certificated Securities**”) or as book-entry bearer or registered securities (hereinafter referred to as the “**book-entry Bonds**”), and the nature and form of the Bonds will be specified in the relevant Bond Programme Supplement.

The relevant Bond Programme Supplement will also specify the ISIN, the nominal value of the Bonds, the expected total nominal value of the Bonds, the number and numbering (where relevant), the currency of the Bonds and potential right of the Issuer to increase the expected total nominal value of the Bond Issue.

The Issuer is authorised to issue certificated Bonds as bulk certificates representing the individual Bonds. In the event that the Bonds are issued as bulk certificates, the holder is entitled to ask the Issuer to replace the bulk certificates with the individual Bonds. The holder’s request to replace the bulk certificates with the individual Bonds must be delivered to the Issuer in writing. The Issuer shall comply with the holder’s request within 30 days of its receipt. The Issuer shall invite the holder to accept the individual Bonds in writing. The Bonds will be handed over to the holder in exchange for the bulk certificate.

The Issuer is authorised to issue Bonds with a lower total nominal value of the bond issue than the expected total nominal value of the Bond Issue.

The Issuer may exercise its right to issue Bonds with a greater total nominal value of the bond issue than the expected total nominal value of the Bond Issue, even after the expiry of the subscription period. In that case, the Bond Programme Supplement will specify a limit for exceeding the expected total nominal value of the Bond Issue.

The Issuer will then set an additional limit for subscription ending no later than on the date of repayment of the individual instalments of the nominal value of the bond or repayment of the bond.

The name of every issue of the Bonds issued under the Bond Programme will be specified in the relevant Bond Programme Supplement.

No pre-emption or exchange rights or any special rights as referred to in Section 6(1)(b) of the Bonds Act will be attached to the Bonds.

### **1.2 Bondholders; transfer of Bonds**

#### *1.2.1. Bondholders*

The holder of a book-entry Bond is the person in whose holder account the Bond is registered by the Central Depository or in a register of another entity authorised or nominated to keep a register of book-entry securities or part thereof in accordance with Czech laws and regulations, or in another statutory register of holders of book-entry securities in the Czech Republic that may replace any such registers (hereinafter referred to as the “**Bondholder**”). Unless otherwise stipulated by law or a court decision delivered to the Issuer at the address of the Designated Branch (as defined below), the Issuer or the Administrator, if nominated for the relevant issue, shall consider every holder of book-entry bonds as their authorised holder in all respects and make payments to the authorised holder in accordance with

the Terms of Issue and the relevant Bond Programme Supplement. Persons, who are Bondholders and are not registered by the Central Depository for any reason, shall immediately notify the Issuer thereof and of the title to the Bonds by a notice delivered to the Designated Branch (as defined below). This applies accordingly to the holders of Coupons if issued (hereinafter referred to as the “**Couponholder**”).

Book-entry Bonds shall be transferred upon the registration of the transfer in the holder’s account in the Central Depository in accordance with applicable laws and the regulations of the Central Depository. Book-entry Bonds registered in the Central Depository in the customer’s account shall be transferred upon the registration of the transfer in the customer’s account in accordance with applicable laws and the regulations of the Central Depository and the holder of the customer’s account shall immediately register such transfer in the holder’s account upon the registration in the customer’s account. This applies accordingly to the transferability of Coupons, if issued.

The holder of a certificated Bond is the person listed in the list of Bondholders kept by the Issuer (hereinafter referred to as the “**Bondholder**”). In the event that an Administrator is nominated for a specific issue of the Bonds, this duty will be assigned to the Administrator. Unless otherwise stipulated by law or a court decision delivered to the Issuer at the address of the Designated Branch (as defined below), the Issuer or the Administrator shall consider every holder of certificated bonds as their authorised holder in all respects and make payments to the authorised holder in accordance with the Terms of Issue and the relevant Bond Programme Supplement. Persons, who are Bondholders and are not registered in the list of Bondholders for any reason, shall immediately notify the Issuer thereof and of the title to the Bond by a notice delivered to the Designated Branch (as defined below). This applies accordingly to the holders of Coupons if issued (hereinafter referred to as the “**Couponholder**”).

Certificated Bonds shall be transferred upon their handover to the buyer and endorsement to the credit of the buyer which is unconditional and transfers all rights attached to the certificated Bonds. The endorsement of a certificated Bond must contain the details needed to unambiguously identify the person, unto whom the certificated Bond is to be transferred, and the date of transfer of the certificated Bond. The effectiveness of the transfer of the Bond towards the Issuer requires the submission of a Bond with an uninterrupted series of endorsements or other evidence that the person is the actual Bondholder. Such transfer shall become effective towards the Issuer upon the entry of the change of Bondholder in the list of the Bondholders. Any change to the list of Bondholders shall be considered made during the relevant day, i.e. no change can be made to the list of Bondholders with effect from the start of the day as of which the change is made.

#### *1.2.2. Transferability of the Bonds*

The transferability of the title to the Bonds remains unrestricted.

### **1.3 Separation of the right to the yield**

Unless otherwise specified in the Bond Programme Supplement, separation of the right to the yield on the Bonds issued under the Bond Programme in the form of coupons (hereinafter referred to as the “**Coupons**”), to which the right to claim payment of the yield, is hereby excluded. If any Coupons are issued, they will be issued in the same form as the Bonds in the same issue.

### **1.4 Type of Issuer**

The Issuer hereby declares that it owes the nominal value of each Bond to its holder and the proportional interest yield and agrees to pay the interest yield specified and repay the nominal value of the Bond to the Bondholder in accordance with the Terms of Issue as amended by the Bond Programme Supplement and the Bonds Act.

## **1.5 Rating**

The Issuer has not been assigned a financial rating by any rating agency and no financial rating is expected to be given to the Issuer for the purposes of this Bond Programme.

Information about any financial rating of the Bonds will be specified in the relevant Bond Programme Supplement for the specific bond issue.

## **2. Date and method of subscription of the bond issue, issue price**

### **2.1 Date of Issue, Bond Issue Subscription Period and Additional Bond Issue Subscription Period**

The date of issue of each issue of the Bonds and the Subscription Period for the bond issue will be specified in the relevant Bond Programme Supplement. If the Issuer does not issue all Bonds forming the relevant issue of the Bonds on the Issue Date, the remaining Bonds may be issued at any time during the Bond Issue Subscription Period, in whole or in tranches. The Issuer is authorised to issue Bonds with a total nominal value of the Bond Issue exceeding the expected total nominal value of the Bond Issue during the Bond Issue Subscription Period unless this right of the Issuer is prohibited by the Bond Programme Supplement. The Issuer is authorised to determine an additional bond issue subscription period (hereinafter referred to as the “**Additional Bond Issue Subscription Period**”) and, during this period, (i) issue Bonds up to the expected total nominal value of the relevant issue of the Bonds, and/or (ii) issue Bonds with a total nominal value of the bond issue exceeding the expected total nominal value of the Bond Issue even after the expiry of the Bond Issue Subscription Period. The Issuer is also authorised to issue Bonds with a lower total nominal value than the expected total nominal value of the relevant Bond Issue.

The Additional Bond Issue Subscription Period shall always end by the Record Date for the repayment of the nominal value of the Bonds in the relevant issue in case of book-entry Bonds or, where appropriate, by the Final Bond Maturity Date in other cases.

The Issuer shall notify the Bondholders of the total nominal value of all Bonds issued forming the relevant issue of the Bonds in the manner described in Article 12 of the Terms of Issue without undue delay after the expiry of the Bond Issue Subscription Period or, where relevant, the Additional Bond Issue Subscription Period. The Issuer shall publish this information in the same manner in which the terms of issue of the relevant issue of the Bonds were published.

As used in this Article, “**Date of Issue**” means the date indicating the first day when the Bonds in the relevant issue may be issued to the first buyer and which is specified in the relevant Bond Programme Supplement, and the “**Bond Issue Subscription Period**” means the period for the subscription of the Bond Issue specified in the relevant Bond Programme Supplement.

### **2.2 Issue price**

The issue price of all Bonds issued on the Date of Issue shall be specified in the Bond Programme Supplement. Where relevant, the corresponding aliquot interest yield shall be added to the issue price of any Bonds issued after the Date of Issue.

### **2.3 Method and place of Bond subscription, method of and time limit for the handover of the Bonds, method and place of payment of the issue price of a subscribed bond**

The method and place of subscription of the Bonds in the individual issues of Bonds issued as part of this Bond Programme, including details of persons contributing to the issuance of the Bonds, as well as the method and time limit for the handover of the Bonds and the method and place of payment of the issue price of the subscribed Bond will be specified in the relevant Bond Programme Supplement.

### 3. Status

#### 3.1 Status of unsubordinated Bonds

Bonds issued as part of the individual issues under the Bond Programme and all obligations of the Issuer arising from the Bonds (all monetary obligations of the Issuer towards the Bondholders arising from the Bonds) shall establish direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer that are and will be, in terms of the order of their priority of satisfaction, equal (pari passu) or at least equal (pari passu) to all other current and future unsubordinated and unsecured obligations of the Issuer except for those obligations of the Issuer where mandatory legal provisions stipulate otherwise. The Issuer agrees to treat, under equal conditions, all Bondholders and Couponholders (if Coupons are issued) in the same issue of the Bonds equally.

#### 3.2 Status of subordinated Bonds

If any Bonds under the Bond Programme are issued as subordinated Bonds, the obligations arising from such Bonds will represent the Issuer's direct, unconditional and unsecured subordinate obligations as referred to in the Bonds Act which are and will be, in terms of the order of their priority of satisfaction, equal (pari passu).

In the event that (i) the Issuer enters liquidation or (ii) issues a decision on the Issuer's bankruptcy, the claim arising from the rights associated with the Bond will be settled only after all other claims have been settled except for claims bound by the same or similar condition of subordination. Claims arising from all subordinated Bonds and other claims, which are bound by the same or similar condition of subordination, shall be satisfied in accordance with their order of priority.

Set-off of creditor claims arising from a subordinate Bond against the creditor's obligations towards the Issuer is not permissible.

### 4. Yield on the Bonds

#### 4.1 Fixed-rate bonds

The Bonds will accrue interest at a fixed rate specified in the Bond Programme Supplement.

**"First Yield Period Start Date"** means the date of issue. The yield will increase steadily from the First Yield Period Start Date (inclusive) until the last Yield Payout Entitlement Date immediately following the First Yield Period Start Date (inclusive) and then always from the last Yield Payout Entitlement Date (exclusive) until the immediately following Yield Payout Entitlement Date (inclusive) (hereinafter referred to as the **"Yield Period"**) at the interest rate specified in the Bond Programme Supplement.

The interest yield for each Yield Period is payable in arrears within 15 calendar days after the end of the Yield Period in accordance with the Terms of Issue (hereinafter referred to as the **"Interest Payment Date"**). In relation to each Bond, the interest yield determined for every Yield Period will be rounded, in accordance with mathematical rules, to two decimal points based on the third decimal point. The Yield Period may be an annual, semi-annual, quarterly or monthly period. The Yield Period for the specific Bond Issue will be specified in the Bond Programme Supplement.

The Bonds will stop accruing interest on the Bond Maturity Date unless the repayment of the amount owed by the Issuer is wrongfully suspended or refused for a period of more than 15 Working Days (hereinafter as the **"Technical Period"**) despite the fulfilment of all conditions and requirements. In that case, the interest yield will continue to accrue at the interest rate stipulated by law as late payment interest after the expiry of the Technical Period until the day when all the amounts payable as of that day have been paid to the Bondholders. The late payment interest rate is set forth in Government Regulation No. 351/2013 Sb. Under the above regulation, the late payment interest rate is consistent

with the annual repo rate announced by the Czech National Bank for the first day of the calendar half-year in which the default arose plus 8 percentage points. Using this methodology, the annual late payment interest rate for the first half of 2020 is 10%. On 11/05/2020, the repo rate dropped to 0.25%. If the repo rate remains at this level, the annual late payment interest rate will be 8.25% in the second half of 2020.

The amount of the interest yield on each Bond for each one-year period will equal the nominal value of such Bond (or any unpaid part thereof if the nominal value is not payable in a lump sum) multiplied by the relevant interest rate (expressed as a decimal number). The amount of the interest yield on each Bond for any period shorter than one year will equal the nominal value of such Bond (or any unpaid part thereof if the nominal value is not payable in a lump sum), the relevant interest rate (expressed as a decimal number) and the relevant Day Fraction according to the method of interest accrual specified in the relevant Bond Programme Supplement.

#### **4.2 Day fraction**

**“Day fraction”** means the following for calculating the interest on the Bonds for a period shorter than one year:

(a) where the interest accrual standard of “Actual Number of Days/Actual Number of Days” or, where appropriate, “Act/Act” is specified in the Bond Programme Supplement, the number of the actual days in the period, for which the interest is calculated, divided by 365 (or where any part of the period, for which the interest is calculated, is in a leap year, than by the sum of (i) the actual number of days in the part of the period, for which the interest is calculated, in the leap year, divided by 366, and (ii) the actual number of days in the part of the period, for which the interest is calculated, in a non-leap year, divided by 365);

(b) where the interest accrual standard of “Actual Number of Days/365 or Act/365” is specified in the Bond Programme Supplement as the Day Fraction, the actual number of days in the period, for which the interest is calculated, divided by 365;

(c) where the interest accrual standard of “Actual Number of Days/360” or “Act/360” is specified in the Bond Programme Supplement as the Day Fraction, the actual number of days in the period, for which the interest yield is calculated, divided by 360;

(d) where the interest accrual standard of “30/360” or “360/360” is specified in the relevant Bond Programme Supplement as the Day Fraction, the number of days in the period, for which the interest is calculated, divided by 360 (where the number of days is based on a 360-day year split into 12 months at 30 days each, where, however, in the event that (i) the last day of the period, for which the interest is calculated, is the 31st day of the month and the first day of the same period is other than the 30th or 31st day of the month, the number of days in the month, the 31st day of which is the last day of the period, will not be reduced to 30 days, or (ii) the last day of the period, for which the interest is calculated, is in February, February will not be extended to be a 30-day month);

(e) where the interest accrual standard of “30E/360” or “BCK Standard 30E/360” is specified in the relevant Bond Programme Supplement as the Day Fraction, the number of days in the period, for which the interest is calculated, divided by 360 (where the number of days is based on a 360-day year split into 12 months at 30 days each, and the entire calendar year).



## 5. Bond Repayment and Buyback

### 5.1 Final Repayment

Unless the Bonds are repaid by the Issuer early or bought back by the Issuer resulting in their expiration, as stipulated below, the full nominal value of the Bonds will be repaid in a lump sum on the Bond Final Maturity Date as specified in the relevant Bond Programme Supplement (hereinafter referred to as the “**Bond Final Maturity Date**”) within 15 calendar days in accordance with the Terms of Issue and in accordance with the Administrator Agreement if any. Unless the relevant Bond Programme Supplement specifies that the Bonds are bonds with gradual repayment of the nominal value in instalments (Amortised Bonds), the full nominal value of the Bonds will be repaid in a single payment on the Bond Final Maturity Date.

#### 5.1.1. *Amortised Bonds*

The nominal value of the Bonds referred to in the relevant Bond Programme Supplement as amortised Bonds shall be repaid gradually in instalments, i.e. not in a single payment.

The repayment of the nominal value will be scheduled in as many instalments as there are Yield Periods for such Bonds.

The relevant instalment of the nominal value shall be always payable along with the yield on the Bonds on the Interest Payment Date in the relevant Yield Period.

The amounts of all partial instalments of the nominal value and the relevant Payment Dates will be specified in the payment schedule which is part of the relevant Bond Programme Supplement. Where relevant, such a payment schedule will contain the amount of the yield payable together with the instalment of the relevant part of the nominal value.

### 5.2 Early repayment at the Issuer’s request

Unless otherwise specified in the Bond Programme Supplement, the Issuer is entitled to decide to repay the Bonds in the relevant issue early upon a notice of early repayment to the Bondholders. The decision on early repayment always applies only to the specific bond issue.

The Issuer’s notice of early repayment of the Bonds must indicate the date on which the Bonds will be repayable early (hereinafter referred to as the “**Early Bond Repayment Date**”) and this date must be notified to the Bondholders for the purposes of communicating notices under these Terms of Issue no later than 30 days before the Early Bond Repayment Date.

The Issuer’s notice of the early repayment of the Bonds is irrevocable and subjects the Issuer to the obligation to repay all Bonds in the relevant issue early in accordance with these Terms of Issue and the relevant Bond Programme Supplement.

If a decision is made to repay a specific issue early, the Bonds in the relevant issue will be repaid by the Issuer to the extent of the previously unpaid part of the nominal value of the Bonds together with the accrued and previously unpaid interest.

If Coupons have been issued for the Bonds in the relevant issue, all the Coupons affixed to a Bond, which are not yet payable, must be repaid together with every Bond. Otherwise, the Value of the unreturned Coupon will be deducted from the amount payable to the Bondholder and shall be paid to the Couponholder only in exchange for the relevant Coupon. All Coupons affixed to Bonds, which are not returned together with the Bonds, shall be payable on the same day as all Bonds at the value of the unreturned coupon. The value of the unreturned coupon refers to the prorated part of the interest yield

accrued on the Bonds repaid early from the Date of Issue (inclusive) until the Early Bond Repayment Date (exclusive).

### **5.3 Early Repayment at the Bondholder's Request**

The Bond Programme Supplement may stipulate that the Bonds are payable at the Bondholder's request before the maturity date. In that case, the Bondholder shall be entitled to a proportionate interest yield for the relevant yield period that includes the early maturity date (except where the Issuer postpones the requested maturity date – see below). The Bondholder shall notify the Issuer of its decision to request early repayment of the Bonds in writing no later than ninety days before the required repayment date. The Issuer may stipulate in the Final Terms that early repayment at the Bondholder's request is subject to an exit fee and that the Bondholder may make the request only after a certain period has expired after the Issue Date or another date specified in the Final Terms.

The Issuer agrees to, if the Bond Programme Supplement permits early repayment at the Bondholder's request, comply with the Bondholders' request for early repayment in accordance with this provision on early maturity up to the total amount of CZK 100,000 per Bondholder or its equivalent in another currency, in which the Bond will be denominated in accordance with the Final Terms, of the principal repaid early in a single payment. However, if the total amount under this clause from the date of Issue exceeds CZK 100,000 or its equivalent in another currency, in which the Bond is denominated in accordance with the Final Terms, per Bondholder, the Issuer is entitled to postpone the maturity date requested by the Bondholder and set the maturity date for a date other than the requested repayment date to protect its own solvency and its creditors. In that case, the Issuer will set the maturity date for a date on or before the final maturity date of the Bonds. The Issuer will set the maturity date in a non-discriminatory manner for all requesting parties so that the postponed maturity date determined by the Issuer reflects (in addition to the requirement of protection of the Issuer's solvency and creditors) the order of the maturities initially requested by the individual applicants. The Issuer shall postpone the maturity date so that it falls on the last day of the yield period or the final maturity date of the Bond, in which case the Bondholder shall be entitled to the full amount of the interest yield for all the previous yield periods in accordance with the Terms of Issue. The Issuer may not postpone such postponed maturity date.

In the event that the amount paid out under this clause has not exceeded CZK 100,000 or its equivalent in another currency, in which the Bond is denominated in accordance with the Final Terms, and this limit has not been reached at the time of the Bondholder's request for early repayment, however, this amount would be reached upon the satisfaction of such a request, the Issuer shall proceed similarly, i.e. the Issuer is entitled to set the early maturity date for a date other than requested.

In the event that Issuer decides to postpone the requested Bond maturity date in order to protect its solvency and/or its creditors, it shall notify the requesting party of this fact along with the maturity date within ten (10) working days after receipt of the request. The Issuer shall send the notice to the Bondholder at its discretion by delivery service providers or by e-mail.

In case of certificated Bonds, the Bondholder shall, in case of early repayment at the Bondholder's request, hand over the Bond to the Issuer no later than thirty (30) days before the early repayment date.

### **5.4 The option to dispose of the Bonds, where early repayment has been requested by the Bondholder, is not limited due to the early repayment request. Bond buyback**

The Issuer shall be entitled to buy back the Bonds under the terms stated below at any time on the market or in any other manner at the agreed price.

### **5.5 Expiration of Bonds bought back by the Issuer**

Bonds bought back or otherwise acquired by the Issuer shall expire only if the Issuer decides so. The Issuer is also authorised to hold the Bonds as its property or re-sell them. Unless the Issuer decides to have the Bondholder's Bonds expire early under the first sentence of this paragraph, the rights and obligations arising from the Bonds held by the Issuer shall expire at their repayment.

### **5.6 Presumption of repayment**

If an Administrator is appointed for a specific issue, then, in the event that the Issuer pays to the Administrator the full nominal value of the Bonds and the full amount of the interest yield accrued, which will be payable in accordance with these Terms of Issue and the relevant Bond Programme Supplement, such Debts shall be deemed to have been fully repaid for the purposes of Article 5 of these Terms of Issue on the date of crediting the relevant amounts to the relevant account of the Administrator.

### **5.7 Handling of Funds in the Administrator's Account**

If an Administrator is appointed for a specific issue, the funds paid by the Issuer into its account with the Administrator for the purposes of payment of the interest yield on the Bonds or repayment of the nominal value of the Bonds (except for any interest yield thereon), the Administrator shall use such funds in accordance with the Terms of Issue for payments to be made to the Bondholders.

## **6. Payments**

### **6.1 Currency of payment**

The Issuer agrees to pay the interest yield and repay the nominal value of the Bonds always in the currency in which the nominal value of the Bonds is denominated in the relevant Bond Programme Supplement. The interest yield (where relevant) will be paid to the Bondholders or the Couponholders (where coupons are issued) and the nominal value of the Bonds will be repaid to the Bondholders under the terms set out in these Terms of Issue as amended by and in accordance with the relevant Bond Programme Supplement and applicable laws and regulations of the Czech Republic in force at the time of the relevant payment.

In the event that any currency or national currency unit, in which the Bonds are denominated and/or in which payments concerning the Bonds are to be made in accordance with the relevant Bond Programme Supplement, ceases to exist and is replaced by EUR, (i) the denomination of such Bonds shall be changed to EUR in accordance with applicable laws and regulations, and (ii) all monetary obligations arising from the Bonds shall be payable in EUR automatically and without further notice to the Bondholders and the official exchange rate (i.e. fixed conversion coefficient) stipulated in applicable laws and regulations shall be used as the exchange rate of the relevant currency or national currency unit to EUR. Such replacement of the relevant currency or the national currency unit (i) shall in no respect affect the existence of the Issuer's obligations arising from the Bonds or the enforceability thereof, and (ii) shall not, to avoid any doubt, be deemed a change to these Terms of Issue or the Bond Programme Supplement for the relevant Bonds or the Default on debts under these Terms of Issue.

### **6.2 Payment Date**

The Issuer shall pay the interest yield and repay the nominal value of the Bonds on the dates set out in these Terms of Issue and the relevant Bond Programme Supplement (each such date hereinafter referred to, as relevant, as the "**Interest Payment Date**" or "**Final Bond Maturity Date**" or "**Early Bond Maturity Date**" or each of the above as the "**Payment Date**"). The Issuer shall make the payments by itself or through the Administrator if appointed for the relevant issue.

If any Payment Date falls on a day that is not a Working Day, such Payment Date shall instead fall on the immediately following Working Day and the Issuer will not be obliged to pay interest or any other additional amounts for any time delay resulting from such postponement.

For the purposes of these Terms of Issue, “**Working Day**” means (a) for Bonds denominated in Czech koruna - any day, on which banks in the Czech Republic are open and interbank payment transactions in Czech koruna are processed, (b) for Bonds denominated in EUR - any day, on which banks in the Czech Republic are open and foreign exchange transactions are processed and when the TARGET system for transaction settlement is open, and (c) for Bonds denominated in a currency than the Czech koruna or EUR - any day when banks are open and foreign exchange transactions are processed in the Czech Republic and in the main Financial Centre for the currency in which the Bonds are denominated.

“**Financial Centre**” for an individual currency is the location referred to in the relevant Bond Programme Supplement where the reference rates for the relevant currency are quoted and where interbank payments in the currency are processed.

### **6.3 Determination of the right to receive Bond related payments**

#### *6.3.1. Certificated Bonds*

In the event that the right to the yield on the Bond has not been separated, the authorised persons, to whom the Issuer will pay the interest yield on certificated order Bonds (hereinafter referred to as the “**Authorised Persons**”), will be the persons in the position of the Bondholders at the end of the day at the relevant Interest Yield Payment Record Date. If Coupons are issued, the persons, who hand over the relevant Coupon, will be authorised persons to whom the Issuer will pay interest yield on the certificated Bonds (hereinafter referred to as the “**Authorised Persons**”).

“**Interest Yield Payment Record Date**” means the date thirty calendar days (unless a shorter period is specified in the Bond Programme Supplement) before the relevant Interest Payment Date. However, the Interest Payment Date shall not be postponed for the purposes of determining the Interest Payment Reference Date even if the Interest Payment Date is not a Working Day.

In case of Bonds with gradual repayment of the nominal value (Amortised Bonds), the authorised persons, to whom the Issuer will pay the relevant part of the nominal value of the certificated Bonds, will be the persons in the position of the Bondholders at the end of the day at the relevant Interest Yield Payment Record Date (hereinafter referred to as the “**Authorised Persons**”).

When determining the recipient of the interest yield (or the relevant part of the nominal value for the Amortised Bonds), the Issuer and the Administrator (if an Administrator is appointed for the relevant issue) shall not take into account transfers of Bonds or Coupons (where issued) executed starting from the day immediately following the Interest Yield Payment Record Date (inclusive) even if it is not a Working Day.

For certificated order Bonds, authorised persons, to whom the Issuer will pay the nominal value of the certificated order Bonds, will be the persons (hereinafter referred to as the “**Authorised Persons**”) in the position of the Bondholders at the end of the day at the relevant Nominal Value Repayment Record Date.

When determining the Authorised Person according to the previous paragraph, the Issuer and the Administrator (if an Administrator is appointed for the relevant issue) shall not take into account transfers of certificated order Bonds notified to the Issuer starting from the day immediately following the Nominal Value Repayment Record Date (inclusive), even if that day is not a Working Day, until the relevant Bond Repayment Date.

**“Nominal Value Repayment Record Date”** means the date thirty calendar days (unless a shorter period is specified in the Bond Programme Supplement) before the relevant Bond Repayment Date. However, the Bond Repayment Date shall not be postponed for the purposes of determining the Nominal Value Repayment Reference Date even if the Bond Repayment Date is not a Working Day. This period of thirty calendar days (unless a shorter period is specified in the Bond Programme Supplement) shall also apply to the record date in case of early maturity.

#### 6.3.2. *Book-entry bonds*

Authorised persons, to whom the Issuer will pay interest yield on book-entry Bonds, are (i) in the event that the right to the yield on the Bonds has not been separated – the persons registered in the Central Depository as Bondholders at the end of the day at the relevant Interest Yield Payment Record Date (hereinafter referred to as the **“Authorised Persons”**), and (ii) in the event that the right to the yield has been separated – persons registered in the Central Depository as Couponholders at the end of the day at the Interest Yield Payment Record Date (hereinafter referred to as the **“Authorised Persons”**).

In case of Bonds with gradual repayment of the nominal value (Amortised Bonds), the authorised persons, to whom the Issuer will pay the relevant part of the nominal value of the book-entry Bonds, will be the persons registered in the Central Depository as Bondholders at the end of the day at the Interest Yield Payment Record Date (hereinafter referred to as the **“Authorised Persons”**). In this case, the Interest Payment Date shall be the date of payment.

When determining the recipient of the interest yield (or the relevant part of the nominal value for the Amortised Bonds), the Issuer and the Administrator (if an Administrator is appointed for the relevant issue) shall not take into account transfers of Bonds or Coupons (where issued) executed starting from the day immediately following the Interest Yield Payment Record Date (inclusive) even if it is not a Working Day.

Authorised persons, to whom the Issuer shall repay the nominal value of book-entry Bonds, will be the persons registered in the Central Depository as Bondholders at the end of the day at the Nominal Value Repayment Record Date (hereinafter referred to as the **“Authorised Persons”**). When determining the recipient of the nominal value of the Bonds, the Issuer and the Administrator (if an Administrator is appointed for the relevant issue) shall take into account transfers of Bonds made starting from the day immediately following the Record Date (inclusive), even if that day is not a Working Day, until the relevant Bond Repayment Date.

**“Interest Yield Payment Record Date”** means, in relation to book-entry Bonds, the date thirty calendar days (unless a shorter period is specified in the Bond Programme Supplement) before the relevant Interest Payment Date. However, the Interest Payment Date shall not be postponed for the purposes of determining the Interest Payment Reference Date even if the Interest Payment Date is not a Working Day.

**“Nominal Value Repayment Record Date”** means the date thirty calendar days (unless a shorter period is specified in the Bond Programme Supplement) before the relevant Bond Repayment Date. However, the Bond Repayment Date shall not be postponed for the purposes of determining the Nominal Value Repayment Reference Date even if the Bond Repayment Date is not a Working Day. This period of thirty calendar days (unless a shorter period is specified in the Bond Programme Supplement) shall also apply to the record date in case of early maturity.

## 6.4 Payments

The Issuer (the Administrator if appointed for the relevant issue) shall make Bond-related payments to the Authorised Persons only by bank transfer to their account kept with a bank based in the Czech

Republic or to an account kept in one of the countries of the European Economic Area, Switzerland and Monaco.

The Issuer (the Administrator if appointed for the relevant issue) shall make payments to the Authorised Persons by bank transfer to their accounts according to the instructions sent by the Authorised Person to the Issuer (or the Administrator if appointed for the relevant issue) to the mailing address of the Issuer (address of the Administrator's Designated Branch if an Administrator is appointed for the relevant issue) in a credible manner no later than five (5) working days before the relevant Payment Date. The instruction shall be made in the form of a signed written declaration bearing a certified signature(s) containing additional information about the aforementioned account allowing the Issuer (the Administrator if appointed for the relevant issue) to make the payment and, for legal entities, the original valid extract from the Commercial Register of the payment recipient as of the Payment Date not older than three months or a certified copy thereof (the above instructions and extract from the Commercial Register, where relevant, and any other relevant attachments hereinafter referred to as the **"Instruction"**).

The content and form of the Instruction must comply with reasonable requirements of the Issuer (the Administrator if appointed for the relevant issue) and the Issuer (the Administrator if appointed for the relevant issue) will be entitled to request sufficiently satisfactory evidence confirming that the person, who signed the Instruction, is authorised to sign the Instruction on behalf of the Authorised Person. Such evidence must be delivered to the Issuer (the Administrator if appointed for the relevant issue) together with the Instruction. In this respect, the Issuer (the Administrator if appointed for the relevant issue) is primarily entitled to require (i) that power of attorney be presented in the event that the Authorised Person is represented (accompanied with an official translation into the Czech language where required), and (ii) an additional confirmation of the Instruction from the Authorised Person. Any Authorised Person, who makes a claim for a tax benefit under any relevant double taxation treaty (of which the Czech Republic is a signatory), shall deliver to the Issuer (the Administrator if appointed for the relevant issue), together with the Instruction as its integral part, a proof of its tax domicile (the original or an officially certified copy) and other documents that the Issuer (the Administrator if appointed for the relevant issue) and the relevant tax authorities may request. For original foreign official documents or official certifications abroad, the Issuer (the Administrator if appointed for the relevant issue) may request the relevant higher or additional certification or, where appropriate, the apostille according to the Hague Apostille Convention (as relevant). The Issuer (the Administrator if appointed for the relevant issue) may further request that all documents issued in a foreign language be accompanied by their certified translation into the Czech language. The Instruction shall be deemed duly issued if it contains all the mandatory elements specified in this Article and is communicated in accordance with this Article and in all other respects complies with the requirements referred to in this Article. Regardless of this authorisation, the Issuer and the Administrator (if appointed for the relevant issue) will not in any way verify the correctness, completeness or authenticity of such Instructions and will not be liable for any damage resulting from delay of the Authorised Person with the delivery of the Instruction or the inaccuracy or other defects of such an Instruction.

The Instruction shall be deemed to be submitted on time for certificated Bonds or book-entry Coupons if delivered to the Issuer (the Administrator if appointed for the relevant issue) no later than five Working Days before the Payment Date. In terms of certificated Bonds, the Instruction is deemed to have been submitted on time if delivered to the Issuer (the Administrator if appointed for the relevant issue) (i) no later than five Working Days before the Payment Date in the event that the payment is made in exchange for a certificated Bond or a certificated Coupon, (ii) on the relevant Payment Date in other cases.

For certificated Bonds, the Instruction will not become effective earlier than on the relevant Payment Date. For certificated Coupons, the Instruction will not become effective earlier than on the date of handover of the relevant certificated Coupon.

The Issuer's obligation to pay any due amount in connection with book-entry Bonds or book-entry Coupons (if issued) shall be deemed to have been met in a due and timely manner if the relevant amount is sent to the Authorised Person in accordance with a due Instruction according to the first paragraph of this Article and if it has been debited from the account of the Issuer (the Administrator if appointed for the relevant issue) on the relevant due date if the payment is made in the official Czech currency. The Issuer's obligation to pay any due amount in connection with certificated Bonds or certificated Coupons (if issued) shall be deemed to have been met in a due and timely manner if the relevant amount is sent to the Authorised Person in accordance with a due Instruction according to the first paragraph of this Article and if it has been debited from the account of the Issuer (the Administrator if appointed for the relevant issue) on the relevant due date if the payment is made in the official Czech currency. The payment shall be made on the fifth Working Day after the Issuer (the Administrator if appointed for the relevant issue) receives a due and effective Instruction; however, not before the relevant Payment Date.

The Issuer or the Administrator if appointed for the relevant issue shall not be liable for any delay in payment of any due amount caused by the fact that (i) the Authorised Person failed to deliver a due Instruction or other documents or information as required in this Article, (ii) such an Instruction, documents or information is incomplete, in accordance or false, or (iii) such a delay was caused by circumstances beyond the Issuer's or Administrator's control, in which case the Authorised Person shall not be entitled to any additional payment or interest or other yield for such delay in payment.

## **7. Taxation**

Tax regulations of the investor's Member State and the tax legislation in the country of the Issuer's registered office may impact the income from the Bonds.

## **8. Early maturity of the Bonds due to default on debts**

### **8.1 Default on debts**

If any of the situations listed below occurs and such a situation continues (each of such facts hereinafter referred to as the "**Default on Debts**"):

*(a) Default on payment*

Any payment associated with the Bonds or Coupons (if issued) is not made in accordance with these Terms of Issue and such default remains unremedied for more than fifteen Working Days after the date when the Issuer was notified thereof in writing by any Bondholder in the form of a letter delivered to the Issuer or to the address of the Administrator's Designated Branch (if an Administrator is appointed); or

*(b) Default on other obligations arising from the Terms of Issue*

The Issuer fails to meet or comply with any of its material obligations (other than those listed above in para. (a) of this Article 8.1) arising from these Terms of Issue (including the obligations set out in Article 4 of these Terms of Issue), and such violation remains not remedied for more than sixty days after the date when the Issuer was notified thereof in writing by any Bondholder (holding a bond that has not been repaid, bought back or expired) in the form of a letter delivered to the Issuer or the Administrator to the Designated Branch (if appointed); or

*(c) Default on other debts of the Issuer (Cross-Default)*

Any Debts of the Issuer (i) are not repaid by the due date or during any initially set grace period (“grace period”) or an alternative period of time additionally agreed with the creditor, or if there is no other agreement with the creditor regarding the maturity of such Debts, or (ii) any such Debt is declared due before the original maturity date as a result of the existence of a violation (as defined in the relevant contract concluded by the Issuer). No default under para (c) exists if the total amount of the Issuer’s Debts under items (i) or (ii) or above is less than CZK 30 million (thirty million Czech koruna) (or an equivalent of the above amount in another currency or currencies). No default under para. (c) also exists if the Issuer claims, in good faith and in a proper manner as prescribed by law, non-existence of the obligation in terms of its amount or reason, and makes the payment within the period specified in a decision of the competent court or another authority in which the Issuer is ruled obliged to comply with this obligation; or

“**Debts**” means, for the purposes of this paragraph, any debt of the Issuer arising from (i) bank or other credit and loans and the related interests, fees and other charges; (ii) all other forms of debt financing; (iii) swap agreements, term currency and interest transactions and other derivatives; and (iv) any guarantees provided by the Issuer.

*(d) Insolvency, liquidation etc.*

If any of the events listed below occurs: (i) The Issuer becomes insolvent, stops repayments of its debts and/or is not capable to pay its due debts for a longer period of time, i.e. for more than 3 months, or (ii) an insolvency administrator or liquidator is appointed for the Issuer or any part of its property, assets or income, or (iii) the Issuer files for bankruptcy or moratorium, or (iv) any court establishes the Issuer’s bankruptcy or imminent bankruptcy, or (v) an insolvency petition is dismissed by the competent court due to a lack of the debtor’s assets; (vi) the competent court issues an effective decision or a valid resolution on the dissolution of the Issuer with liquidation will be adopted; or (vii) a right of lien or any other similar third-party right will be enforced restricting the Issuer’s rights to its current or future assets or income, the total of which exceeds CZK 100 million (one hundred million Czech koruna) (or its equivalent in any other currency); or (viii) the Issuer’s assets will be subject to enforcement proceedings for the recovery of a claim, the total value of which exceeds CZK 100 million (one hundred million Czech koruna) (or its equivalent in any other currency); or

*(e) Transformations*

due to the Issuer’s transformation, in which the Issuer acts as a participant (including but not limited to merger, acquisition, transfer of assets to another member, demerger or spin-off), or a transfer of business assets or part thereof, debts arising from the Bonds shall be transferred to a person who does not explicitly (in a legally effective and enforceable manner) accept all debts of the Issuer arising from the Bonds, except where (i) such acceptance of the Issuer’s debts arising from the Bonds is stipulated by law (where there is no reasonable doubt regarding the effect of such a merger, acquisition, demerger or transfer of business assets or part thereof); or (ii) the Meeting approves such a transformation of the Issuer or a transfer of business assets or part; or

*(f) Change in scope of business*

The Issuer ceases to be, based on its own decision or a decision of the competent authority or court, authorised to exercise a business activity and/or loses any permits, authorisations and licences necessary to perform its primarily business activity or such permits, authorisations or licences lose their validity or effectiveness and the Issuer fails to remedy the situation within 60 (sixty) days of the date when the validity and effectiveness of such permits expired or terminated; or

*(g) Non-compliance with court decisions*



The Issuer is in default in payment of a debt in excess of CZK 100 million (one hundred million Czech koruna) (or an equivalent in another currency or currencies) imposed on the Issuer by an enforceable court, arbitration or administrative decision or another measures with similar effects for a period of more than 30 (thirty) calendar days;

then:

any Bondholder may, at its discretion, request in writing in the form of a notice intended for and delivered to the Issuer at its mailing address (or to the Administrator at the address of the Designated Branch, if appointed) (hereinafter referred to as the “**Early Repayment Notice**”) that the Issuer repay early the nominal value of the Bonds held by the Bondholder and not transferred until then, and any unpaid interest accrued on the Bonds in accordance with these Terms of Issue, on the Early Bond Repayment Date, and the Issuer shall repay such Bonds (together with the accrued and unpaid interest yield) in accordance with Article 8.2 of these Terms of Issue. If Coupons have been issued for the Bonds in the relevant issue, all the Coupons affixed to a Bond, which are not yet payable, must be repaid together with every Bond. Otherwise, the Value of the unreturned coupon will be deducted from the amount payable to the Bondholder and shall be paid such to the Bondholder only in exchange for the relevant Coupon. All Coupons affixed to the Bond, which the Early Repayment Notice concerns and which are not returned together with the Bond, shall be payable on the same day as the relevant Bond at the Value of the unreturned coupon.

## **8.2 Maturity of Bonds subject to early repayment**

All amounts payable by the Issuer to any Bondholder under Article 8.1 of these Terms of Issue shall mature 30 (thirty) days after the day, on which the Bondholder delivers to the Issuer or the Administrator (if appointed) to its Designated Branch the relevant Early Repayment Notice addressed to the Issuer (this day, as well as other days defined as such in these Terms of Issue, hereinafter referred to as “**Early Bond Repayment Date**”).

## **8.3 Withdrawal of the Bond Early Repayment Notice**

The Early Repayment Notice may be withdrawn by the individual Bondholder but only in relation to the Bonds they hold and only if such withdrawal is addressed to the Issuer and delivered to the Issuer’s mailing address (to the Administrator to the address of the Designated Branch, if appointed) before the relevant amounts become payable under the previous Article 8.2 of these Terms of Issue. However, no such withdrawal of the Early Repayment Notice shall affect other Bondholders’ Early Repayment Notices.

## **8.4 Additional Terms of Early Repayment of the Bonds**

Early repayment of the Bonds under this Article 8 shall be otherwise reasonably subject to Article 6 of the Terms of Issue.

## **9. Statute of limitation**

Rights arising from the Bonds and Coupons shall become statute-barred three (3) years after the date when they could have been first exercised.

## **10. Administrator**

### **10.1 Administrator**

*10.1.1. Administrator and Designated Branch*

Unless otherwise provided in the relevant Bond Programme Supplement, the administrator's activities associated with the payouts of interest or other yields on the Bonds and the repayment of the nominal values of the Bonds shall be performed by the Issuer using its own resources. However, the Issuer may assign the performance of the administrator's activities relating to the repayment of the Bonds for a specific issue to a third party with the required authorisation to perform such activities in which case this party shall be specified in the relevant Bond Programme Supplement (such other or additional person hereinafter referred to as the "**Administrator**") under an issue administration and payment agreement (hereinafter referred as the "**Administrator Agreement**"). A copy of the Administrator Agreement, if any, shall be available to the Bondholders (as defined below) and Couponholders (if coupons are issued) for consultation in the manner specified in Art. 12 of the Terms of Issue.

If an Administrator is appointed for a specific issue, the designated branch of the Administrator will be specified in the Bond Programme Supplement (hereinafter referred to as the "**Designated Branch**").

### **10.2 Additional and other Administrator and Designated Branch**

If an Administrator is appointed for the relevant issue, the Issuer reserves the right to appoint another or an additional Administrator and designate a different or an additional Designated Branch.

If the Administrator or the Designated Branch changes, the Issuer shall notify the Bondholders of any changes in the Designated Branch and the Administrator and the full wording of the Terms of Issue effective after the change in the manner specified in the Terms of Issue. Such change will be made only provided that the change will not affect the Bondholders' positions or interests.

Any such change shall come into effect fifteen calendar days after the date of notice unless a later effective date is stipulated in the notice. In any case, however, any change that comes into effect less than thirty calendar days before or after the Payment Date of any amount in connection with the Bonds, the change shall come into effect on the thirtieth day after the Payment Date.

Changes envisaged in this Article must not cause any harm to the Bondholders. Changes concerning the position or interests of Bondholders shall be decided upon by the Bondholders' Meeting.

### **10.3 Relationship between the Administrator and the Bondholders**

If an Administrator is appointed for a specific issue, the Administrator shall act, in connection with the performance of the obligations arising from the Contract concluded with the administrator, as a representative of the Issuer, and its legal relationship to the Bondholders arises only from the Contract concluded with the administrator.

## **11. Changes and Waivers**

If an Administrator is appointed for a specific issue, the Issuer and the Administrator may agree, without the Bondholders' consent, on (i) any change to any clause of the Contract concluded with the administrator if the change is solely of a formal, secondary or technical nature and is made to correct an apparent error or is required by applicable legislation; and (ii) any other change or waiver of claims arising from a breach of any of the terms of the Contract concluded with the administrator if the change or waiver does not concern the position or interests of the bondholders and does not cause harm to the Bondholders.

## **12. Notices and Publications**

Any notice to the Bondholders under the Terms of Issue shall be valid if published in the Czech language on the Issuer's website at [www.europaproperty.org](http://www.europaproperty.org) in the section in which the Issuer publishes information about the bonds issued by the Issuer.

If mandatory legislation for the publication of any of the notices under these Terms of Issue prescribes a different method, such notice shall be deemed validly published upon its publication in a manner prescribed by the relevant legislation. In the event that any notice is published using multiple methods, the date of such notice shall correspond to the date of its initial publication.

Any notice addressed to the Issuer as defined in these Terms of Issuer shall be deemed to be delivered in a proper manner if delivered to the Issuer's address:

Jindřišská 901/5, Nové Město, 110 00 Prague 1 (hereinafter referred to as the "**Issuer's Mailing Address**")

or to any other address notified to the Bondholders in the manner described in this Article.

All documents, the publication of which is referred to in these Terms of Issue, will be also published at the Issuer's website [www.europaproperty.org](http://www.europaproperty.org) under "Bonds".

### **13. Bondholders' Meeting**

#### **13.1 Powers of the Meeting and Its Convening**

##### *13.1.1. Right to Convene the Meeting*

The Issuer may convene the Bondholders' Meeting (hereinafter referred to as the "**Meeting**") in accordance with these Terms of Issue and applicable legislation if it is necessary to made decisions regarding the joint interests of the Bondholders. The Bondholder or Bondholders may convene the Meeting only in the situations listed below in Article 13.1.2 of these Terms of Issue, i.e. in situations when the Issuer has violated its obligation and failed to convene the Meeting in situations referred to in Article 13.1.2 of these Terms of Issue. The cost of organising and convening the Meeting shall be borne by the convener unless the relevant legislation provides otherwise. If convened by a Bondholder(s), the convener shall, no later than by the date of notice of the Meeting (see Article 13.1.3 of these Terms of Issue) (i) deliver to the Issuer (the Administrator if appointed for the relevant issue) (or, where appropriate, also the Issuer if it is a Meeting convened by a Bondholder(s)) a request for a proof of the number of all Bonds permitting participation at the Meeting convened by the Bondholder(s), i.e. an extract from the relevant register of the Bond issue, and (ii) where relevant, pay to the Issuer (the Administrator if appointed for the relevant issue) an advance for the cost of its services in relation to the Meeting. In order for the Meeting to be validly convened, the request specified above in item (i) must be delivered and the advance for the costs under item (ii) above must be paid in a proper and timely manner. If the Meeting is convened by the Bondholder(s), the Issuer shall provide all necessary cooperation.

##### *13.1.2. Meeting convened by the Issuer*

The Issuer shall immediately convene the Meeting and request the Bondholders' opinion through the Meeting in the situations described in this Article 13.1.2 below (hereinafter referred to as the "**Major Changes**"):

- (a) proposal for a change to the Terms of Issue if the Meeting's consent is required in order to make such a change(s);
- (b) proposal for the Issuer's transformation;
- (c) offer to make a contract concerning business assets or part thereof regardless of which party the Issuer is provided the due and timely repayment of the Bond or payment of the yield on the Bond may be in jeopardy;

- (d) if the Issuer is in default in complying with the rights attached to the Bonds for more than sixty days after the date when the right could have been exercised;

#### *13.1.3. Convening Notice*

The convener shall announce the Meeting in the manner stipulated in Article 12 of these Terms of Issue no later than fifteen calendar days before the date of the Meeting. If the Meeting is convened by a Bondholder(s), the Bondholder(s) shall deliver the notice of the Meeting to the Issuer's Mailing Address (the address of the Designated Branch if an Administrator has been appointed for the relevant issue) no later than 30 calendar days before the proposed meeting date to allow the Issuer to arrange for the publication of the notice in the manner stipulated in Article 12 of these Terms of Issue no later than fifteen calendar days before the date of the Meeting.

The notice of the Meeting must contain at least: (i) information permitting clear identification of the Issuer, (ii) designation of the Bonds to be discussed during the Meeting, at least the name of the Bond, the Issue Date and ISIN, (iii) the place, date and time of the Meeting where only Prague can be the venue of the Meeting and the date of the Meeting must fall on a day which is a Working Day and the time of the Meeting must not be before 9:00 a.m., (iv) the agenda: of the Meeting, including potential proposal for a change to and justification of the Terms of Issue including the full wording of the proposed resolution on the individual items on the agenda; and (v) the date which is the Record Date for attending the Meeting. Matters, which were not included in the proposed agenda of the Meeting, can be decided at the Meeting only with the participation and consent of all Bondholders. If the reason for convening the Meeting subsides, the convener shall cancel it in the same manner in which it was convened.

### **13.2 Persons entitled to participate and vote at the Meeting**

#### *13.2.1. Book-entry bonds*

Participation and voting at the Meeting is permitted (hereinafter referred to as the "**Person Entitled to Participate in the Meeting**") only to Bondholders registered as the Bondholder in the register kept by the Central Depository at the end of the day seven days before the date of the relevant Meeting (hereinafter referred to as the "**Meeting Participation Record Date**"), or those who prove in the form of a confirmation issued by a person, in whose account the relevant number of Bonds was registered by the Central Depository on the Meeting Participation Record Date, that they are the Bondholder and the Bonds are registered in the account of the former due to their administration by such person. The confirmation referred to in the previous sentence must have content and form credible for the Issuer (or the Administrator if appointed for the relevant issue). No transfers of the Bonds made after the Meeting Participation Record Date shall be taken into account.

#### *13.2.2. Certificated Bonds*

In relation to a certificated Bond, only the person is permitted to attend and vote at the Meeting (hereinafter referred to as the "**Person Entitled to Participate in the Meeting**"), who was the Bondholder seven days before the date of the Meeting (for certificate Bonds, the date of the Meeting is also referred to as the "**Meeting Participation Record Date**") and the relevant person must be listed in the register of Bondholders at the start of the Meeting Participation Record Date. No transfers of certificated order Bonds notified to the Issuer on the Meeting Participation Record Date shall be taken into account.

#### *13.2.3. Voting right*

A person entitled to participate in the Meeting has a number of votes out of the total number of votes that corresponds to the ratio of the nominal value of the Bonds owned by this person on the Meeting Participation Record Date to the total unpaid nominal value of issued and unpaid Bonds. No voting right

is attached to Bonds that were owned by the Issuer on the Meeting Participation Record Date and were not terminated by the Issuer as defined in these Terms of Issue, and no such votes shall be included in the quorum count. If the Meeting is deciding on the removal of the Joint Representative, the Joint Representative may not (if he/she is a Person Entitled to Participate in the Meeting) exercise his/her voting right attached to the Bonds owned by him/her, and his/her voting rights shall not be included in the total number of votes needed by the Meeting to constitute a quorum.

*13.2.4. Participation of other persons in the Meeting*

The Issuer shall participate in the Meeting either in person or by proxy. In addition, representatives of the Administrator (if appointed for the relevant issue), the Joint Representative (unless he/she is otherwise a Person Entitled to Participate in the Meeting) and guests invited by the Issuer and/or the Administrator (if appointed for the relevant issue) are entitled to participate in the Meeting.

**13.3 Course of the Meeting, decision-making**

*13.3.1. Quorum*

The Meeting has a quorum if it is attended by Persons Entitled to Participate in the Meeting, who were holders of the Bonds, the nominal value of which exceeded 30 % (thirty percent) of the total nominal value of issued and not yet repaid Bonds as of the Meeting Participation Record Date. If the Meeting that is scheduled to be deciding on a change to the Terms of Issue does not have a quorum, the convener shall, where necessary, convene a replacement Meeting ensuring that it takes place within six weeks after the date for which the original Meeting was convened. The replacement Meeting with the same agenda shall be announced to the Bondholders within fifteen days after the date for which the original Meeting was convened. The replacement Meeting shall have a quorum regardless of the quorum-related requirements set out in the first sentence of this Article 13.3.1. Before opening the Meeting, the Issuer shall provide, by itself or through the Administrator (if appointed for the relevant issue) information about the number of all Bonds in respect of which the Persons Entitled to Participate in the Meeting in accordance with these Terms of Issue are entitled to participate in and vote at the Meeting. Bonds held by the Issuer as of the Meeting Participation Record Date shall not be included for the purposes of this Article 13.3.1.

*13.3.2. Chairman of the Meeting*

A Meeting convened by the Issuer shall be chaired by a chairman appointed by the Issuer. A Meeting convened by the Bondholder(s) shall be chaired by a chairman elected by a simple majority of the votes of Persons Entitled to Participate in the Meeting present. Until a chairman is elected, the Meeting shall be chaired by a person nominated by the convener and the election of the chairman must be the first thing on the agenda of any Meeting not convened by the Issuer.

*13.3.3. Joint Representative*

No joint representative as referred to in Section 24 of the Bonds Act has been appointed on the date of the Base Prospectus. By a resolution concerning each Bond Issue, the Meeting may elect an individual or a legal entity to serve as a joint representative as referred to in Section 24(1) of the Bonds Act (hereinafter referred to as the “**Joint Representative**”). The Meeting can remove the Joint Representative in a manner similar to the election or replace him/her by another joint representative. If a Joint Representative is appointed, the contracts governing this form of representation shall be published on the Issuer’s website at [www.europaproperty.org](http://www.europaproperty.org).

If appointed, the joint representative shall be, in accordance with Section 24(8) of the Bonds Act, entitled to:

- (a) exercise all rights attached to the Bonds for the benefit of the Bondholders,
- (b) monitor compliance with the Terms of Issue by the Issuer,
- (c) perform other acts for the benefit of the Bondholders or protect their interests otherwise.

When exercising the authority under items (a) to (c) of the previous paragraph, the joint representative is considered a creditor of every claim of every Bondholder. In the extent, to which the rights attached to the Bonds are exercised by the joint representative, such rights may not be exercised by the Bondholders independently; this does not affect the Bondholders' right to decide to replace the Joint Representative.

If the Meeting decides to appoint or replace the Joint Representative, the Issuer shall be bound by the decision. The decision of the Meeting must contain the necessary information as well as the identification details of the Joint Representative and its designation as the Joint Representative. The Joint Representative shall be always bound by the Bondholders' decision adopted at the Meeting by at least a simple majority of the votes concerning the method of exercising the right from the relevant Bond Issue.

In the performance of duties, the Joint Representative shall exercise due diligence, in particular act in a qualified, honest and fair manner and in the best interest of the Bondholders. The Joint Representative shall exercise all creditor rights in accordance with the Terms of Issue or a written contract concluded with the Issuer.

#### *13.3.4. Decision-Making of the Meeting*

The Meeting shall decide on the presented issues by resolution. A resolution (i) approving the proposal referred to in Article 13.1.2 (a) (*Change to the Terms of Issue*) of these Terms of Issue or (ii) appointing or removing the Joint Representative requires consent of at least three quarters of the votes of the Persons Entitled to Participate in the Meeting present. The adoption of other resolutions requires only a simple majority of the votes of the Persons Entitled to Participate in the Meeting present.

#### *13.3.5. Adjournment of the Meeting*

If the Meeting does not have a quorum within one hour after the planned start of the Meeting, (i) the Meeting shall be dismissed without any further action if it was convened at a Bondholder's or Bondholders' request; and (ii) the Meeting shall be adjourned to a date and place determined by the chairman of the Meeting in the event that it was convened by the Issuer. The replacement Meeting shall be similarly subject to the provisions on ordinary Meetings.

### **13.4 Some other rights of Bondholders**

#### *13.4.1. Consequences of Voting Against Some of the Meeting's Resolutions*

If the Meeting has agreed to a Major Change, any Person Entitled to Participate in the Meeting, who voted against the proposed resolution at the Meeting according to the minutes of the Meeting or did not attend the relevant Meeting (hereinafter referred to as the "**Requesting Party**"), may request repayment of the unpaid nominal value of the Bond, including the prorated yield on the Bond that the Requesting Party held on the Meeting Participation Record Date but has not transferred since then, within 30 (thirty) days after the disclosure of the resolution of the relevant Meeting.

The Requesting Party may exercise this right within thirty days after the date of disclosure of the Meeting's resolution under Article 12 of these Terms of Issue by a written notice (hereinafter referred to as the "**Request**") addressed to the Issuer and delivered to the Issuer at the Issuer's Mailing Address (to the Administrator at the address of the Designated Branch, if appointed for the relevant issue),

otherwise it expires. The amounts above shall be payable within thirty days after the date of delivery of the Request to the Administrator (i.e. this day, as well as other days defined as such in these Terms of Issue, hereinafter referred to as the “**Early Bond Repayment Date**”).

If the Meeting discussed a Major Change, a notarial record of the Meeting participation and decisions of the Meeting shall be drawn up. If the Meeting agrees with any of these Major Changes, the names of the Bondholders, who agreed with the Major Change, and the number of Bonds that each of these Bondholders held on the Meeting Participation Record Date shall be listed in the notarial record.

*13.4.2. Resolution on early repayment of the Bonds*

If the Meeting disagrees with Major Changes referred to in Article 13.1.2 (b) to (d) of these Terms of Issue, the Meeting can also decide that if the Issuer proceeds in violation of the resolution, the Issuer shall repay the unpaid part of the nominal value of the Bond, including the prorated yield on the Bond, early to those Bondholders who request it (hereinafter referred to as the “**Requesting Party**”), in accordance with these Terms of Issue.

The request referred to in the previous sentence must be made within thirty days after the date of disclosure of the Meeting’s resolution under Article 12 of these Terms of Issue by a written notice (hereinafter referred to also as the “**Request**”) addressed to the Issuer and delivered to the Issuer at the Issuer’s Mailing Address (to the Administrator at the address of the Designated Branch, if appointed for the relevant issue). In that case, the Issuer shall pay to the Requesting Party the relevant amount in the manner and at the place specified for the repayment of the Bond in these Terms of Issue within third days after the date of delivery of the Request (this day, as well as other days defined as such in these Terms of Issue, hereinafter referred to as “**Early Bond Repayment Date**”).

*13.4.3. Particulars of the Request*

The Request referred to in Articles 13.4.1 and 13.4.2 of these Terms of Issue must specify the number of Bonds, the repayment of which is requested in accordance with this Article. The Request must be made in writing and signed by the Requesting Party or persons authorised to act on behalf of the Requesting Party. The signatures must be officially authenticated. The Requesting Party shall deliver all documents required for the payment under Article 7 of these Terms of Issue to the Issuer at the Issuer’s Mailing Address (to the Administrator at the address of the Designated Branch, if appointed for the relevant issue) within the same time limit.

**13.5 Meeting minutes**

The convener, itself or through a person nominated by the convener, shall draw up minutes of the course of the Meeting, listing conclusions of the Meeting, including but not limited to resolutions adopted by the Meeting, within thirty days after the date of the Meeting. If the Meeting is convened by a Bondholder or Bondholders, the minutes of the Meeting shall be also delivered to the Issuer at the Issuer’s Mailing Address (to the Administrator at the address of the Designated Branch, if appointed for the relevant issue) within thirty days after the date of the Meeting. The Issuer shall made available all decisions of the Meeting in the manner, in which these Terms of Issue were made available, itself or through a person authorised by the Issuer (including but not limited to the Administrator if appointed for the relevant issue) within thirty days after the date of the Meeting.

The Issuer shall retain the minutes of the Meeting until the rights arising from the Bonds become statute-barred. The provisions of Article 13.4.1 of these Terms of Issue regarding the obligation to make notarial records shall remain unaffected.

### **13.6 Joint Meeting**

If the Issuer issued more than one issue of the Bonds within the Bond Programme, it may convene a joint meeting of the Bondholders of all issues of the Bonds to discuss Major Changes as referred to in Article 13.1.2 (b) to (d). The joint Meeting shall be similarly subject to the provisions regarding the Meeting where the quorum, number of votes of the Persons Entitled to Participate in the Meeting and adoption of results by the Meeting shall be assessed separately by the individual issues of the Bonds as in the case of the Meeting of the Bondholders of every such issue. The notarial record of the joint Meeting, which adopted a resolution to make a Major Change, must contain the number of Bonds for each Person Entitled to Participate in the Meeting listed by the individual issues of Bonds.

### **14. Governing law, language, disputes**

The Bonds are issued in accordance with applicable and effective legislation of the Czech Republic, including but not limited to the Bonds Act. The rights and obligations arising from the Bonds shall be governed and construed in line with the laws of the Czech Republic. These Terms of Issue may be translated into English or other languages. If there are any discrepancies between the individual language versions, the Czech version shall prevail. Any disputes between the Issuer and the Bondholders arising from or associated with the Bonds and these Terms of Issue shall be resolved by courts with territorial jurisdiction.



## V. FORM FOR THE FINAL TERMS OF THE BONDS

Below is a Final Terms forms containing the final terms of the Bond offering to be drawn up for each Issue issued within the offering programme for which a security prospectus must be prepared.

In the event that the Bond Issue is not offered to the public or its admission for trading on a regulated market is not requested, the Issuer shall issue only the Bond Programme Supplement for the relevant Bond Issue and make it available as required by law.

The final terms of the offering shall be communicated to the CNB in accordance with the law and published in the same manner as the Base Prospectus.

**Important Warning:** The following text is the Final Terms form (without the cover sheet which will be attached to every issue of the Final Terms) containing the final terms of the offering of the relevant Bond Issue, i.e. the terms specific to the relevant Issue. Where one or more figures are given in square brackets, one of them will be used for the specific issue. Where there is "●" in square brackets, the missing details shall be added in the relevant Final Terms. The wording in the relevant Final Terms will always prevail.

### FINAL TERMS of the Bond Issue

These final terms of the Bond Issue (hereinafter referred to as the “**Final Terms**”) constitute the final terms of the offering referred to in Article 8(5) of Regulation (EU) No 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (hereinafter referred to as “**Regulation 2017/1129**”) relating to the issue of the bonds specified in more detail below (hereinafter referred to as the “**Bonds**”). The complete prospectus for the Bonds includes (i) these Final Terms and (ii) the Base Prospectus of Europa Investment Property CZ a.s. with its registered office at Jindřišská 901/5, Nové Město, Company ID No. (IČ): 066 00 204, registered in the Commercial Register maintained by the Municipal Court in Prague, file no. B 22998, LEI 315700QEXQHJH0059S41 (hereinafter referred to as the “**Issuer**”), approved by Czech National Bank decision ref. no. 2020/060637/570 dated 15/05/2020 which came into force on 03/06/2020, [as amended by Amendment no. [●] approved by CNB decision ref. no. [●] dated [●], which came into force on [●]] (hereinafter referred to as the “**Base Prospectus**”). By its decision to approve the base prospectus of a security, the CNB merely certifies that the approved base prospectus meets the standards concerning the completeness, comprehensibility and cohesiveness required by Regulation 2017/1129 and other applicable laws and regulations, i.e. that it contains the relevant information necessary for an investor to make an informed assessment of the Issuer and the securities, which are to be offered to the public and admitted to trading in a regulated market. Investors should always assess the profitability of an investment based on the entire content of the prospectus.

The CNB does not assess the Issuer's financial results or standing and by approving the Base Prospectus it does not guarantee the future profitability of the Issuer and its ability to pay the yield or repay the nominal value of the security.

[The offer of the Bonds to the public may continue after the expiration of the Base Prospectus, on the basis of which it was initiated, if the subsequent Base Prospectus is approved and published by the expiration date of the previous Base Prospectus. **The last date of validity of the previous Base Prospectus is [●]. The following Base Prospectus will be published on the Issuer’s website at [www.europaproperty.org](http://www.europaproperty.org).**]

**The Final Terms were prepared for the purposes of Regulation 2017/1129 and must be read in conjunction with the Base Prospectus and any amendments thereto in order to obtain all relevant information.**

**A summary of the relevant issue is attached to the Final Terms.**

**The Final Terms have been published in accordance with Regulation 2017/1129 in the same manner as the Base Prospectus and any amendments thereto, i.e. on the Issuer's website at [www.europaproperty.org](http://www.europaproperty.org), under Bonds, and have been notified to the CNB as required by law.**

The Bonds are issued as issue no. [add sequence number of issue] within the Issuer's Bond Programme with the maximum volume of unpaid bonds of CZK 1,000,000,000 and the programme duration of 10 years (hereinafter referred to as the "Bond Programme"). Changes to the joint terms of issue, which are the same for the individual Bond Issues under the Bond Programme, are described in a chapter in part V. "Joint Terms of Issue" of the Base Prospectus approved by the CNB and published by the Issuer (hereinafter referred to as the "Terms of Issue").

Capitalized terms shall have the meaning described in the Base Prospectus, unless otherwise defined herein.

Investors should consider the risk factors associated with investing in the Bonds which are listed in the section of the Base Prospectus "Risk Factors".

The Final Terms were prepared on [●] and the information herein is valid only as of that date.

After the date of these Final Terms, prospective buyers of the Bonds should base their investment decisions not only on the basis of these Final Terms and the Base Prospectus but also on other information that the Issuer may publish after the date of these Final Terms, or other publicly accessible information.

The dissemination of these Final Terms and the Base Prospectus and the offer, sale or purchase of the Bonds are restricted by law in some countries.

## BOND ISSUE SUMMARY

This section of the Final Terms contains a summary of the relevant Bond Issue as defined in Regulation 2017/1129.

[•]

## BOND PROGRAMME SUPPLEMENT – FINAL TERMS FORM

<b>1. GENERAL CHARACTERISTICS OF THE BONDS</b>	
<b>Name of the Bonds:</b>	[●]
<b>ISIN of the Bonds:</b>	[●]
<b>ISIN of the Coupons:</b>	[● / not applicable]
<b>Appearance of the Bonds:</b>	[certificated / book-entry; the register of the Bonds is maintained by ●]
<b>Form of the Bonds:</b>	[order / bearer / registered]
<b>Numbering of the Bonds (applies to certificated Bonds):</b>	[● / not applicable]
<b>Nominal value of each Bond:</b>	[●]
<b>Total expected nominal value of the Bond Issue:</b>	[●]
<b>Number of Bonds:</b>	[●] pcs
<b>Currency in which the Bonds are denominated:</b>	[Czech koruna (CZK)/ euro (EUR) / [●]]
<b>Financial eligibility of the Bond issue evaluated (rating):</b>	[yes; the issue of the Bonds was assigned the following rating by companies registered under Regulation (EC) 1060/2009 of the European Parliament and of the Council - [●] / not applicable (the Bond Issue has not been given a rating)]
<b>Possibility to separate the right to the yield on the Bonds in the form of Coupons:</b>	[yes / no]
<b>Issuer's right to raise the total nominal value of the issue of the Bonds / terms of such increase:</b>	[yes; in accordance with Section 7 of the Bonds Act and Article 1.1 of the Terms of Issue, where the increase does not exceed [●] / [●]% of the expected nominal value of the Bonds. The Issuer sets an additional time limit for subscription in order to increase the total nominal value of the Bond Issue [●] / no; the Issuer is not entitled to issue Bonds at a greater total nominal value than the total expected value of the Bond Issue]

<b>2. DATE AND METHOD OF SUBSCRIPTION OF THE BOND ISSUE, ISSUE PRICE</b>	
<b>Date of issue:</b>	[●]
<b>Bond Issue Subscription Period:</b>	From [●] to [●]
<b>Bond Issue Price on the Issue Date:</b>	[●] % of the nominal value
<b>Bond Issue Price after the Issue Date:</b>	[The relevant aliquot interest yield of [●] / [●] will be added to the amount of the issue price of Bonds issued after [●].]
<b>Method and place of Bond subscription / details of persons contributing to the issuance of the Bonds:</b>	Applicants can order the Bonds via a written contract or purchase order listing the number of Bonds that the prospective buyer wishes to buy. A contract or purchase order form template shall be published on the Issuer's website at [●] under [●], or it may be handed over or sent to the applicant if necessary. The applicant then accepts the contract or purchase order. The Issuer then notifies the application of its acceptance of the contract or

	<p>purchase order. The rights arising from the contract and the subscription rights are non-negotiable. The purchase of the Bonds is not subject to pre-emption rights or any transaction concerning such right / ●].</p> <p>If the services of financial brokers are used, the aforescribed procedure for ordering the Bonds [is the same and the applicant accepts the contract or purchase order with the Issuer at [●]]/ [is that the applicant delivers the purchase order to the financial broker at [●] who will then hand it over to the Issuer].</p> <p>The Bonds are issued [by the Issuer using its own resources / [and/or] the Administrator.]</p>
<b>Method and time limit for the handover of the Bonds:</b>	[●]
<b>Method of issue price repayment:</b>	[By bank transfer to the Issuer's bank account number [●] / [or] [to the Administrator's bank account number [●]] / [or] [in case [at the designated branch of the Issuer / [or] the [Administrator]. / [●]
<b>Method of Bond issue:</b>	[single issue / in tranches]

<b>3. STATUS OF THE BONDS</b>	
<b>Status of the Bonds:</b>	[Subordinated Bonds / Unsubordinated Bonds]

<b>4. YIELD</b>	
<b>Interest yield:</b>	fixed-rate
<b>Day fraction:</b>	[Act/Act / Act/365 / Act/360 / 360/360 / 30E/360]
<b>Fixed-rate bonds</b>	
Nominal interest rate:	[● % p.a.]
First yield period start date (i.e. date of issue)	[●]
Yield period	[annual / semi-annual / quarterly / monthly]
Date of claim for yield payment and date when the interest becomes payable (i.e. Interest Payment Date):	[●]
Yield interest payment record date (if different than in Articles 6.3.1 and 6.3.2. of the Terms of Issue)	[● / not applicable]

<b>5. BOND REPAYMENT</b>	
<b>Date of final maturity of the Bonds:</b>	[●]
Record date for the repayment of the nominal value (if different than that in Articles 6.3.1 and 6.3.2. of the Terms of Issue)	[● / not applicable]
<b>Early repayment at the Issuer's request:</b>	[yes / no]
<b>Bondholders's right to request early repayment:</b>	[yes / no]. [The Bondholder has the right to request the repayment of the nominal value of the Bond starting from [●].]

	[The early repayment fee is: [●].]
<b>Amortised Bonds</b>	[applicable / not applicable]
Repayment of the nominal value of the Amortised Bonds / dates of repayment of parts of the nominal value of the Amortised Bonds:	[The nominal value of the Bonds will be repaid in regular instalments always by the relevant Interest Payment Date as specified in the payment schedule: attached to this Supplement as Annex 1.]

<b>6. PAYMENTS</b>	
<b>Financial centre:</b>	[● / not applicable]

<b>10. ADMINISTRATOR</b>	
<b>Administrator:</b>	[Issuer / ●]
<b>Designated branch:</b>	[registered office of the Issuer / ●]

<b>13. BONDHOLDERS' MEETING</b>	
<b>Joint Representative of the Bondholders:</b>	[● / not appointed]

## DETAILS OF THE OFFER / ADMISSION TO TRADING DETAILS

<b>1. Terms of the Public Offering</b>	
<b>1.1</b>	<p><b>Terms of the offering</b></p> <p>The terms of the offering shall be governed by the terms of the Base Prospectus and the Bonds Act.                      [The Issuer shall offer the Bonds up to [●] to all types of investors without restrictions on the [primary / secondary] market. / not applicable]                      The Issuer [shall]/[shall not] use the services of financial brokers.                      [The role of financial brokers is that they forward [contact details of / purchase orders from] potential subscribers and buyers of the Bonds to the Issuer. / ●]</p>
	<p><b>Total volume offered to the public</b> [●]</p>
	<p><b>Country of the public offering</b></p> <p>[The Bonds will be distributed via a public offering in the Czech Republic.] / [The Bonds will be distributed via a public offering [in the Czech Republic,] [in the United Kingdom,] / [in Slovakia,] / [in Poland] / [in Croatia].]</p>
	<p><b>Countries where the relevant base prospectus has been notified</b> [●]/ [not applicable]</p>
<b>1.2</b>	<p><b>Public offering period</b> [● / not applicable]</p>
	<p><b>Description of the application procedure / place of subscription of the Bonds</b></p> <p>[The investors will be addressed by the Issuer [or the Administrator] via means of remote communication and notified of the option to purchase the Bonds. In the event that the investor expresses interest in purchasing the Bonds, the terms of the subscription (subscribed – assigned nominal value) shall be discussed before the subscription agreement is accepted. The subscription agreement shall be signed with the investor in person at a location agreed between the Issuer [or the Administrator] and the investor or via means of remote communication or as an implied agreement upon the payment of the Bond Issue Price.] / [●] / [not applicable]</p>
<b>1.3</b>	<p><b>Option to reduce the subscribed amounts</b></p> <p>[If Bonds in excess of the total expected nominal value of the issue were subscribed despite the precautionary measures taken, the Issuer shall be entitled reduce the subscribed volume for the individual investors, to whom the Bonds have not been issued, in order to comply with the expected nominal value of the issue by reducing the number of the Bonds subscribed by the Issuer to ensure that the ratio of the resulting number of Bonds subscribed (i.e. the number of Bonds subscribed after the reduction) to the initial number of the Bonds subscribed is the same for all subscribers and the resulting number of the Bonds subscribed by each subscriber shall be rounded down to the nearest whole number. Any overpayment, if any, shall be refunded to the investor’s account, of which the investor notified the Issuer for this purpose, without undue delay. The investor shall be</p>

		<p>notified to the total final nominal value of the subscribed Bonds in the Subscription Agreement. If the volume of the Bonds subscribed is reduced, the investor shall be immediately notified of the reduced volume. If the volume of the Bonds subscribed to investors is reduced, trading in Bonds cannot begin before such notice].</p> <p>/ [●] / [not applicable].</p>
<b>1.4</b>	<b>Minimum and maximum amount of the subscription application</b>	<p>The minimum nominal value of the Bonds that individual investors may purchase shall be [●]. The maximum total nominal value of the Bonds requested by individual investors shall be restricted to the total expected nominal value of the Bonds offered.</p>
<b>1.5</b>	<b>Methods and dates for repayment and delivery of securities</b>	[●]
<b>1.6</b>	<b>Publication of the results of the offering</b>	<p>[The results of the offering shall be published without undue delay after its end on the Issuer's website at www.europaproperty.org, under Bonds, by [●]. / [●] / not applicable].</p>
<b>1.7</b>	<b>Exercise of the pre-emption right, negotiability of subscription rights and handling unexercised subscription rights</b>	<p>Not applicable. No pre-emption right or priority subscription right shall be attached to the Bonds.</p>
<b>2. Plan for distribution and assignment of securities</b>		
<b>2.1</b>	<b>Categories of potential investors</b>	[The Issuer shall offer the Bonds to all types of investors without restrictions / not applicable]
	<b>Tranche number</b>	<p><i>[If the offering is made concurrently in the markets of two or more countries and if a tranche has been reserved to some securities, such a tranche shall be specified:]</i></p> <p>[The Bonds are not issued in tranches. / The Bonds are issued in tranches / tranche number [●] / not applicable]</p>
	<b>Serial number</b>	[●] / [not applicable]
<b>2.2</b>	<b>Procedure for notification of the assigned amount to applicants</b>	<p>[The total final nominal value of the Bonds, which was assigned to the applicant at the time of their issue, shall not notified to the application at the applicant's address. The trading in the Bonds cannot begin before the notification.] / [●] / [not applicable].</p>
<b>3. Pricing</b>		
<b>3.1</b>	<b>Price of the Bonds offered</b>	<p>[Price on the issue date: the price for the Bonds offered will be [●]% of the nominal value of the Bonds purchased [for the period of] [●]; price after [●]: the relevant aliquot interest yield of [●] shall be added to the issue price of the Bonds issued after [●]. / not applicable]</p>



3.2	<b>Costs and taxes charged to the investors</b>	[The Issuer shall not charge the investors any costs. / [●] / not applicable]. [Investors may bear additional costs associated with the registration of the Bonds with the Central Depository or other persons keeping a register of the Bonds under applicable laws and regulations.]
<b>4. Placement and subscription</b>		
4.1	<b>Name and address of the offering coordinator</b>	[●]/ [not applicable]
4.2	<b>Name and address of payment agents and depository representatives</b>	[●]/ [not applicable]
4.3	<b>Names and addresses of entities, with whom issue subscription based on a fixed obligation has been agreed and names addresses of entities with whom issue subscription without a fixed obligation or based on non-binding arrangements has been agreed.</b>	[●]/ [not applicable]
4.4	<b>Date of the subscription agreement</b>	[●]/ [not applicable]
<b>5. Admission for trading and method of trading</b>		
5.1	<b>Admission of the bonds on a regulated market, an SME growth market or multilateral trading facilities</b>	[The Issuer or any other person with the Issuer's permission or knowledge has not applied for the admission of the Bonds for trading on an SME growth market, a regulated market or any other market of securities in the Czech Republic or abroad and or multilateral trading facilities.] / [The Issuer [has requested]/[intends to request] the admission of the Bonds for trading on [●]. The request [aimed to]/ [will aim to] arrange the trading so that it begins on [●] / not applicable]
	<b>Countries in which admission for trading on a regulated market has been requested</b>	[●]/ [not applicable]
5.2	<b>Regulated markets, third-country markets, SME</b>	[●] / [No securities in the same class as the Bonds offered have been admitted for trading on regulated markets, third-country markets, SME growth market or multilateral trading facilities.] / [not applicable]

	<b>growth market or multilateral trading facilities on which securities in the same class as the Bonds offered have been admitted</b>	
<b>5.3</b>	<b>Secondary trading broker</b>	[●] / [No person has adopted the obligation to act as an agent for secondary trading with secured liquidity using purchase and sales offer rates.] / [not applicable]
<b>5.4</b>	<b>Issue price</b>	[●] / [not applicable]
<b>6. Additional information</b>		
<b>6.1</b>	<b>Consultants</b>	[●] / [not applicable]
<b>6.2</b>	<b>Credit ratings assigned to the securities</b>	[yes; the issue of the Bonds was assigned the following rating by companies registered under Regulation (EC) 1060/2009 of the European Parliament and of the Council - [●] / not applicable (the Bond Issue has not been given a rating).]
<b>6.3</b>	<b>Interest of individuals and legal entities participating in the Issue/offering</b>	[To the best of the Issuer's knowledge, none of the individuals and legal entities participating in the Issue or the offering of Bonds has any interest in such Issue or offering relevant to the Issue or offering of the Bonds except for the interest of brokers remunerated for acquiring prospective buyers of the Bonds in the form of a fee not exceeding [●]% of the total volume of the Bonds sold through them. / ●]
<b>6.4</b>	<b>Reasons for the offering, use of the proceeds from the Issue/offering and expenses</b>	<p>The Bonds are offered to secure funds for the Issuer's business activities. The proceeds from the issue shall be used [[to purchase real estate or a share therein, [●]] / [to finance the acquisition of a share and investment expenses associated with the Issuer's investment in a real estate company / companies [●]] / [to secure funds for the Issuer's activities and the development thereof without identifying the specific project] / [to grant credit or a loan to the Parent Company or a company in the Parent Company's group while no specific projects are known on the date of the Final Terms in which the Parent Company or a company from the Parent Company's group will invest] / [to repay earlier bond issues]].</p> <p>[The costs of the preparations for the Bond issue amount to about [●]. The costs of distribution will be about [●]. The net proceeds from the entire issue of the Bonds will be equal to the issue price of all Bonds issued within the issue minus the cost of the preparations for and distribution of the Issue, i.e. [●]. The proceeds shall be used for the aforementioned purposes.] / [●]</p>

6.5	<b>Information from third parties contained in the Final Terms / source of information</b>	[not applicable] / [Some information contained in the Final Terms are provided by third parties. Such information was accurately reproduced to the best of the Issuer’s knowledge and to the extent to which the Issuer is able to establish this based on information disclosed by the relevant third party, no facts have been omitted that would make the reproduced information inaccurate or misleading. The Issuer is not liable, however, for any falsity of information provided by third parties if the Issuer could not have detected such falsity despite having exercised due diligence as specified above. <i>[add source of information]</i> ]
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<b>7. Persons responsible for the Final Terms</b>		
7.1	<b>Persons responsible for the information contained in the Final Terms</b>	<p>The Issuer is the person responsible for the information contained in the Final Terms.</p> <p>The Issuer declares that, to the best of its knowledge, the information contained in the Final Terms corresponds to reality as of the date of the Final Terms and that no facts that could alter the significance of the Final Terms were concealed.</p> <p>On behalf of Europa Investment Property CZ a.s., [●]</p> <p>.....</p> <p>Name: [●]</p> <p>Job title: [●]</p>
7.2	<b>Internal approval of the issue of the Bonds</b>	The Bond issue was approved by the Issuer’s governing body on [●].

## VI. TAXATION

The text of this article is a mere summary of certain tax information concerning the acquisition, ownership and transactions with the Bonds and is not intended to be a comprehensive summary of all tax-relevant information which may be relevant for a decision to purchase the Bonds. This summary is based on the legislation applicable on the date of the Base Prospectus and may be subject to change (potentially with retrospective effects). The Issuer recommends future buyers of the Bonds to consult with their legal and tax consultants regarding any tax consequences of purchasing, selling and holding the Bonds and receiving payments of interest on the Bonds under tax and foreign exchange regulations applicable in the Czech Republic and in their countries of residence as well in countries in countries where the yield on the holding and selling the Bonds may be subject to tax. The tax regime is governed by domestic laws and binding international treaties applicable in the Czech Republic, Slovakia, the United Kingdom, Poland and Croatia.

### 1. Czech Republic

#### 1.1 General legislation

The Bonds shall be offered in the Czech Republic, the tax situation of the Bondholders shall be governed by applicable legislation of the Czech Republic, including but not limited to Act No. 586/1992 Sb., on Income Tax (hereinafter referred to as the “ITA”). However, the Bonds may be also acquired by foreigners. The Issuer may also offer the Bonds to investors abroad under conditions under which such offers and placements are permissible under the applicable laws and regulations of each country in which the Bonds will be offered (i.e. under the conditions under which the Bonds can be offered in the relevant countries without having to draw up a securities prospectus and have it approved).

The following brief summary of the taxation of the Bonds in the Czech Republic is based primarily on the ITA as of the date of this Base Prospectus. All information provided below may change depending on changes in the relevant laws and regulations that may occur after this date or in the interpretation of such legislation which may apply after this date.

The nominal value of the Bonds shall be repaid without any tax or fee deductions. In case of a change in the relevant laws or the interpretation thereof as regards the tax applicable to the Bonds in comparison with the procedure set out below, the Issuer shall proceed in accordance with such new procedure.

If the Bondholder is an individual, the Issuer shall be making tax deductions at the sources and pay the tax deducted from the yield on the Bonds. Payments on the Bonds to legal entities shall be made without tax deductions because the yield of legal entities on the Bonds shall be subject to tax together with proceeds from other activities. Such deductions or payments to the Bondholders shall not result in the Issuer’s obligation to pay any additional amounts as compensation for such deductions or payments to the Bondholders.

The Issuer shall also not be obliged to pay any additional amounts to the Bondholders as compensation for tax or fee deductions if such deductions are made only because the Bondholder failed to provide the Bondholder in a timely manner with due documents proving that the Bondholder is entitled to receive the payment or repayment specified in the first sentence of this paragraph without such deductions.

The following summary does not contain the tax implications of the holding or sale of the Bonds for investors who are subject to a special taxation procedure in the Czech Republic (such as investment, shares or pension funds).

## **1.2 Individuals**

### *(a) Profit/loss from the sale of the Bonds*

Profits from the sale of bonds generated by an individual, who is a Czech tax resident or is not a Czech tax resident but does business in the Czech Republic through a permanent establishment or is not a Czech tax resident and the proceeds from the sale of bonds come from a buyer who is a Czech tax resident or from a Czech permanent establishment of a buyer who is not a Czech resident, shall be included in the partial tax base “other income” for non-entrepreneurs or the partial tax base for entrepreneurs-individuals who included such bonds in their business assets, and are subject to personal income tax at the rate of 15% or, where relevant, increased by the solidarity tax increase. The solidarity tax increase for 2020 was 7% of the positive difference between the sum of the income included in the partial tax base “income from employment” and the partial tax base “income from business and other self-employment” for the relevant tax period and 48 times the amount of the average wage specified in the law governing social security contributions. That means that the limit for the application of the solidarity tax increase for 2020 is CZK 1,672,080. For individuals - non-entrepreneurs, loss from the sale of bonds is generally not tax deductible unless taxable profit from the sale of other securities are recorded in the same tax period, in which case the loss from the sale of the bonds may be set off against the profit from the sale of other securities up to the amount of such profit.

### Exemption of income of individuals from sale

A Bondholder, who is an individual, may use a tax exemption for income from the sale of bonds under the ITA provided the time between the acquisition and the sale of the bond does not exceed 3 years. This exemption may be claimed provided the selling holder did not have and does not have the bonds included in the bondholder’s business assets. If an individual - entrepreneur has included the Bonds in his or her business assets, he/she may claim the exemption no sooner than 3 years after the termination of his/her business activities.

The income of an individual, who did not include the Bonds in his or her business assets and fails, as the bondholder, the aforementioned time test of the 3-year holding but whose total income (not profit) from the sale of all securities does not exceed the limit of CZK 100,000 in the relevant tax period, shall be exempt from personal income tax.

### *(b) Withholding tax*

The interest yield of the Bondholder shall be subject to tax in a separate tax base after taxation at a special tax rate under Section 36(2)(a) ITA. The withholding tax rate under Czech laws and regulations is 15%. This tax withholding is the final interest taxation in the Czech Republic. In terms of determining the tax base for applying the withholding tax on interest on bonds, please note that, under Section 36(3) ITA, the tax base and the tax withheld from the individual bonds shall not be rounded. The total amount of the tax withheld from all Bonds held by one Bondholder shall be rounded down to the whole koruna.

### *(c) Fiction of tax residency*

The Issuer considers an individual to be a tax resident of the country in which the individual has his or her residence, unless the individual notifies and proves to the Issuer otherwise.

## **1.3 Legal entities**

A legal entity as the Bondholder generally accounts for the accruing aliquot interest yield to the credit of revenues and to the debit of an increase in the book value of the security in accordance with applicable accounting legislation. The accruing aliquot interest yield is therefore continuously subject to tax as part of the general corporate income tax base at the rate of 19%.

Profits from the sale of bonds to third parties or when bought back by the Issuer executed by a legal entity, who is a Czech tax resident or is not a Czech tax resident but does business in the Czech Republic through a permanent establishment or is not a Czech tax resident and the income from the sale of bonds comes from a buyer who is a Czech tax resident or from a Czech permanent establishment of a buyer who is not a Czech resident, shall be included in the general corporate income tax base and subject to tax at the rate of 19% (for 2020). Loss from the sale of bonds are generally tax deductible for this category of entities.

#### **1.4 Czech tax non-residents – specifics**

##### *(a) General principle*

If the bonds are sold by a holder, who is not a Czech tax resident and 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 a person, who is not a Czech tax resident but does business in the Czech Republic through a permanent establishment or employs employees in the Czech Republic for a period of more than 183 days, the buyer is generally obliged to deduct an income tax security of 1% of such income at the payment of the purchase price of the bonds. The tax administrator may but does not have to consider the tax liability of the payer (seller) to have been met upon the deduction specified in the previous sentence. In this case, the seller is generally obliged to file tax returns in the Czech Republic and the deducted tax security is set off against the seller's total tax liability. The amount of the tax security must be rounded up to whole koruna (for 2020).

##### *(b) Buyback – individuals*

In case of buyback of the bonds held of an individual, who is not a Czech tax resident, by an issuer, who is a Czech tax resident, or an issuer, who is not a Czech tax resident but does business in the Czech Republic through a permanent establishment or employs employees in the Czech Republic for a period of more than 183 days, the difference at buyback between the price of the bond bought back and the issue price at issue shall be subject to tax as part of the tax base at the withholding tax rate of 15%.

##### *(c) Treaties for the avoidance of double taxation*

A treaty for the avoidance of double taxation between the Czech Republic and a country, of which the Bondholder is a resident, may exclude the taxation of profit from the sale of bonds in the Czech Republic or reduce the rate of the withholding tax or tax security. The right to apply the tax procedure specified in the treaty for the avoidance of double taxation may be conditional upon proving that the relevant treaty for the avoidance of double taxation truly applies to the payment recipient.

## **2. Slovak Republic**

The following summary describing taxation in Slovakia is based on Slovak Act No. 595/2003 Zb., on Income Tax, as amended (hereinafter referred to as the “**Income Tax Act**”), and associated legislation effective on the date of this Base Prospectus. All the information provided below may change depending on changes in the relevant laws and regulations after the date of this Base Prospectus. In case of a change in the relevant laws or the interpretation thereof as regards the tax applicable to the Bonds, the Issuer shall proceed in accordance with the new procedure and not the procedure described below.

### **2.1 Taxation of yield on Bonds in Slovakia**

#### *Tax resident – individual*

Yield on Bonds generated by a taxpayer with unlimited tax obligations in Slovakia (hereinafter referred to as the “Tax Resident”) – individual shall be subject to withholding tax at the rate of 19%. The rate shall be 35% for taxpayers from non-signatory countries, i.e. an individual without his or her permanent residence or a legal entity without its registered office in a country listed on the website of the Ministry of Finance of the Slovak Republic (hereinafter referred to as the “**Taxpayer from a Non-Signatory State**”) or if the income payer cannot prove the identity of the end recipient of the paid income. The amount is withheld by the taxpayer at the payment of the yield. The tax liability in relation to the yield on the Bonds shall be met upon the withholding of the withholding tax. If the taxpayer receives interest yield from the Bonds from foreign sources, he/she must be included in its tax base under Section 7 of the Income Tax Act. The taxpayer shall settle the tax liability arising from such inform separately in his or her tax returns.

#### *Tax non-resident – legal entity*

A tax non-resident – legal entity, except for special entities (such as foundation, civic association, municipality, National Bank of Slovakia), includes its yield on Bonds in its tax base and taxes such yield at a rate of 21%.

#### *Tax non-resident*

Yield on the Bonds generated by a taxpayer with a limited tax liability in Slovakia (hereinafter referred to as the “**Tax Non-Resident**”) shall not be considered income from sources in the Slovak Republic. Such yield is subject to tax in Slovakia only if it belongs to a permanent establishment in Slovakia.

#### *Permanent establishment of a Tax Non-Resident in Slovakia*

Yield on Bond, which belong to a permanent establishment of a Tax Non-Resident in Slovakia, is income from sources in the Slovak Republic. Such yield is included in the tax base of the permanent establishment and the resulting tax base calculated in the tax returns is subject to income tax at the rate of 21% for legal entities or 19/25% for individuals.

In case of a permanent establishment of a Tax Non-Resident, who is not a taxpayer in a EU Member State or a state in the European Economic Area, the Issuer shall, when paying the yield, deduct tax security at the rate of 19% from the relevant amount unless otherwise provided in the relevant treaty for the avoidance of double taxation. If the entity, to which the yield above is to be paid, were a taxpayer in a non-signatory state, i.e. an individual without permanent residence or a taxpayer from a non-signatory state or if the income payer is unable to prove the identity of the final recipient of the income to be paid, the tax rate of 35% shall apply. The income payer will not be obliged to deduct tax security if the Tax Non-Resident submits to the payer a confirmation of payment of tax advances issued by the Slovak tax administrator.

The amount of the tax security shall be considered a tax advance. The tax administrator may decide that the taxpayer’s tax liability has been met if the taxpayer does not file tax returns.

## **2.2 Taxation of income from the sale of Bonds in Slovakia**

#### *Tax resident – individual*

Income from the transfer of Bonds (i.e. the difference between the income from the sale of Bonds and the purchase price demonstrably paid for the Debt) is included in “Other income” of the Tax Resident –

Individual and is part of the income tax base of the taxpayer. The progressive tax rates of 19% and 25% apply to the tax base of the Tax Resident – Individual depending on the amount of the tax base. Income from the transfer of securities is subject to a 14% health insurance deduction.

Tax exemption up to EUR 500 may be claimed depending on the other income included in the tax base of the taxpayer during one tax period. If the total income, for which the above exemption may be applied, exceeds EUR 500, the tax base will include only income beyond this amount. Any loss that arises from the transfer of Bonds at a lower than the entry price is generally not tax deductible with the exception of specific cases defined in the Income Tax Act. In the event that the Bonds are intended for trading on a regulated market and the individual holds them for more than 1 year, the income from such transfer shall be exempt from tax.

#### *Tax non-resident – legal entity*

A tax non-resident – legal entity includes its income from the transfer of the Bonds in the tax base and applies the tax rate of 21%. Any loss that arises from the transfer of Bonds at a lower than the entry price is generally not tax deductible with the exception of specific cases defined in the Income Tax Act.

#### *Tax non-resident*

Income from the sale of the Bonds (i.e. the difference between the income from the sale of the Bonds and the purchase price demonstrably paid for the Bond) is income from sources in the Slovak Republic only if such income originates from payments from Tax Residents or from permanent establishments of Tax Non-Residents in Slovakia unless otherwise provided in the relevant treaty for the avoidance of double taxation.

If the Tax Non-Resident is not a taxpayer in an EU Member State or a state in the European Economic Area, the Tax Resident or permanent establishment of the Tax Non-Resident in Slovakia paying the relevant income is obliged to deduct a tax security of 19% (35% for a taxpayer from a non-signatory state or if the income recipient is unable to prove the identity of the final recipient of the income paid) of the payment. The tax security does not have to be deducted if the Tax Non-Resident submits to the entity making the payment a confirmation of payment of tax advances issued by the Slovak tax administrator.

The amount of the tax security shall be considered a tax advance. The tax administrator may decide that the taxpayer's tax liability has been met if the taxpayer does not file tax returns.

#### *Permanent establishment of a Tax Non-Resident in Slovakia*

Income from the transfer of Bonds, which belongs to a permanent establishment of a Tax Non-Resident in Slovakia, is income from sources in the Slovak Republic. Such yield is included in the tax base of the permanent establishment and the resulting tax base arising from tax returns is subject to income tax at the relevant rate of 21% for legal entities or 19/25 % for individuals. Any loss that arises from the transfer of Bonds at a lower than the entry price is generally not tax deductible with certain exceptions defined in the Income Tax Act, such as for taxpayers who trade in securities.

In case of a permanent establishment of a Tax Non-Resident, who is not a taxpayer in an EU Member State or a state in the European Economic Area, the Tax Resident or permanent establishment of the Tax Non-Resident in Slovakia paying the relevant income is obliged to deduct a tax security of 19% (35% for a taxpayer from a non-signatory state or if the income recipient is unable to prove the identity of the final recipient of the income paid) of the payment. The tax security does not have to be deducted



if the Tax Non-Resident submits to the entity making the payment a confirmation of payment of tax advances issued by the Slovak tax administrator.

### 3. Great Britain

#### 3.1 Taxation of interest income from the Bonds

Interest income of legal entities from the Bonds are subject to a tax rate of 19% in the United Kingdom. The tax is calculated in the income tax return filed by legal entities once a year.

The interest income of individuals from the Bonds in the United Kingdom is subject to a tax rate of 20% on income up to GBP 45,000 per year and a tax rate of 40% on income above GBP 45,000 per year.

The Issuer is responsible to the Czech tax administrator for making the tax deductions at source. However, the withholding tax of 15%, which applies to interest income from Bonds in the Czech Republic, will not be deducted and levied because, under a treaty for the avoidance of double taxation with the United Kingdom, individuals pay tax on interest income from the Bonds only in the country of which they are tax residents, i.e. in the United Kingdom. Once a year, the taxpayer is obliged to file tax returns, in which the tax on interest income from the Bonds is calculated and subsequently levied.

Taxation applicable to tax non-residents of the United Kingdom is governed by the relevant treaty for the avoidance of double taxation.

#### 3.2 Taxation of income from the sale of Bonds

The difference between the sale and purchase prices of the Bonds is subject to taxation as capital gains. Capital revenues are subject to tax at two levels, specifically 10% and 20%. The tax rate depends on the annual taxable income and taxable capital gains.

If the sum of the two figures is below GBP 37,500 (GBP 50,000 without a personal contribution), the tax rate on capital gains is 10%. In the event that the sum of the two figures reaches a higher tax limit, the tax rate of 10% will apply to the part up to the limit of GBP 37,500 (GBP 50,000) and the increase tax rate of 20% will apply to the rest.

- Annual tax exempt contribution to CGT (Capital Gain Tax) – **GBP 12,000**
- Personal contribution without tax – **GBP 12,500**

GBP 12,000 (annual tax exempt contribution to CGT)	<= GBP 37,500	>GBP 37,500
0%	10%	20%

Detailed tax issues must be consulted with tax consultants in the United Kingdom.

## **4. Poland**

### **4.1 Taxation of interest income from the Bonds**

Interest income of legal entities from the Bonds are subject to a tax rate of 19% in Poland. The tax is calculated in the income tax return filed by legal entities once a year.

Interest income of individuals in Poland from the Bonds is considered a capital gain and is subject to a flat tax rate of 19%. It is not added to the general income which is subject to the progressive tax rate.

The Issuer is responsible to the Czech tax administrator for making the tax deductions at source. However, the withholding tax of 15%, which applies to interest income from Bonds in the Czech Republic, will not be deducted and levied because, under a treaty for the avoidance of double taxation with Poland, individuals pay tax on interest income from the Bonds only in the country of which they are tax residents, i.e. in Poland. Once a year, the taxpayer is obliged to file tax returns, in which the tax on interest income from the Bonds is calculated and subsequently levied.

Taxation applicable to tax non-residents of Poland is governed by the relevant treaty for the avoidance of double taxation.

### **4.2 Taxation of income from the sale of Bonds**

The difference between the sale and purchase prices of the Bonds is subject to taxation as capital gains. Individuals include such gains in their annual tax returns and such gains are taxed at 19%.

Legal entities tax revenues from the transfer of Bonds at the corporate income tax rate of 19%. The expenses associated with the acquisition of the Bonds are tax deductible upon the settlement of the sale of Bonds.

Detailed tax issues must be consulted with tax consultants in Poland.

## **5. Croatia**

### **5.1 Taxation of interest income from the Bonds**

Interest income of legal entities from the Bonds are subject to a tax rate of 18 % in Croatia. The tax is calculated in the income tax return filed by legal entities once a year.

Interest income of individuals in Croatia from the Bonds are exempt from tax.

The Issuer is responsible to the Czech tax administrator for making the tax deductions at source. However, the withholding tax of 15%, which applies to interest income from Bonds in the Czech Republic, will not be deducted and levied because, under a treaty for the avoidance of double taxation with Croatia, individuals pay tax on interest income from the Bonds only in the country of which they are tax residents, i.e. in Croatia.

Taxation applicable to tax non-residents of Croatia is governed by the relevant treaty for the avoidance of double taxation.

## **5.2 Taxation of income from the sale of Bonds**

The difference between the sale and purchase prices of the Bonds is subject to taxation as capital gains income. Individuals include this income in their annual tax returns and such gains are taxed at 12%. Profit from the sale of Bonds is exempt from income tax 4 years after the purchase date of the Bonds.

Legal entities tax profit from the transfer of Bonds at the corporate income tax rate of 18 %. The expenses associated with the acquisition of the Bonds are tax deductible upon the settlement of the sale of Bonds.

Detailed tax issues must be consulted with tax consultants in Croatia.

The Issuer is responsible to the Czech tax administrator for making the tax deductions at source. However, the withholding tax of 15%, which applies to interest income from Bonds in the Czech Republic, will not be deducted and levied because, under a treaty for the avoidance of double taxation with Croatia, individuals pay tax on interest income from the Bonds only in the country of which they are tax residents, i.e. in Croatia.

Taxation applicable to tax non-residents of Croatia is governed by the relevant treaty for the avoidance of double taxation. Detailed tax issues must be consulted with tax consultants in Croatia.

## VII. FINANCIAL DATA ON THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION, PROFIT AND LOSS

### 1. Financial history

#### 1.1 Audited financial history for the last two reporting years

The Issuer was established on 14/11/2017. The Issuer prepares financial statements regularly at the end of each reporting period. This Base Prospectus includes financial statements for the last two reporting periods, i.e. for 2019 and 2018.

All financial history is based on audited financial statements of the Issuer for the relevant periods. The financial statements were prepared in accordance with applicable Czech laws and regulations.

The figures are shown in thousand CZK.

<b>Financial information from the Issuer's balance sheet</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
<b>TOTAL ASSETS</b>	<b>293,140</b>	<b>60,555</b>
<i>Fixed assets</i>	<i>50,731</i>	<i>-</i>
Tangible fixed assets	141	-
Long-term financial assets	50,590	-
<i>Current assets</i>	<i>242,409</i>	<i>60,555</i>
Inventory	-	-
Receivables	232,836	46,817
Long-term receivables	0	0
Short-term receivables	232,836	46,817
Cash and bank accounts	9,573	13,738
<i>Accruals</i>	<i>-</i>	<i>-</i>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>293,140</b>	<b>60,555</b>
<i>Total equity</i>	<i>75,573</i>	<i>1,004</i>
Registered capital	22,000	2,000
Share premium and capital funds	50,047	-
Retained earnings from previous years	-996	12
Profit/loss for the current reporting period	4,522	-1,008
<i>External resources</i>	<i>217,341</i>	<i>59,551</i>
Payables	217,341	59,551
Long-term payables	193,830	58,150
Short-term payables	23,511	1,401
<i>Accruals</i>	<i>226</i>	<i>-</i>

<b>Profit and loss account</b>	<b>01/01/2019 31/12/2019</b>	<b>-</b>	<b>01/01/2018 31/12/2018</b>	<b>-</b>
Revenues from sales of products and services	13,914		30	
Revenues from the sale of goods	-		-	
Product-related consumption	3,552		108	
Change in inventory of own production (+/-)	-		-	
Capitalization (-)	-		-	
Personnel costs	2,656		46	
Adjustments to values in operations	26		-	
Other operating revenues	275		-	
Other operating expenses	317		4	
<i>Operating profit/loss</i>	7,638		-128	
Interest revenues and similar revenues	10,262		593	
Interest expenses and similar expenses	12,324		1,839	
Other financial revenues	736		430	
Other financial expenses	713		1	
<i>Financial profit/loss</i>	-2,039		-817	
<b>Profit before tax</b>	<b>5,599</b>		<b>-945</b>	
Income tax	1,077		63	
<b>Profit/loss after tax</b>	<b>4,522</b>		<b>-1,008</b>	
Transfer of share in profit to shareholders	-		-	
<b>Profit/loss for the reporting period</b>	<b>4,522</b>		<b>-1,053</b>	

<b>Cash flow statement</b>	<b>01/01/2019 31/12/2019</b>	<b>-</b>	<b>01/01/2018 31/12/2018</b>	<b>-</b>
<b>Balance of cash equivalents at the beginning of the reporting period</b>	<b>13,738</b>		<b>3</b>	
Net cash flow from operating activities	-35,378		-216	
Net cash flow from investments	-124,467		-44,199	
Net cash flow from financial activities	155,680		58,150	
Net increase, decrease in cash	-4,165		13,735	
<b>Balance of cash and cash equivalents at the end of the period</b>	<b>9,573</b>		<b>13,738</b>	

Audited financial statements for 2018 and 2019 are incorporated in this prospectus by reference.

## 1.2 Change to the record reporting date

The record date did not change for the Issuer during the period for which its financial history is required.

## 1.3 Accounting standards

Financial statements of the Issuer for the individual reporting periods were audited by external auditors in accordance with applicable legislation and accounting standards of the Czech Republic. When preparing financial statements, the Issuer applies Czech accounting standards, including but not limited to Decree No. 500/2002 Sb., as amended, implementing certain provisions of Act No. 563/1991 Sb., on Accounting.

#### **1.4 Changes in accounting standards**

The Issuer declares that the verified history for 2019 is presented and processed in a form compatible with the accounting standards to be applied to the Issuer's published financial statements for 2020. The Issuer does not plan to change the accounting standards.

#### **1.5 Content of audited financial data**

The audited financial history contains the balance sheet, profit and loss statement, cash flow statement and notes to financial statements.

#### **1.6 Consolidated financial statements**

Under Section 22aa(1) of Act No. 563/1991 Sb., on Accounting, the Issuer is not obliged to prepare consolidated annual financial statements. The Issuer is not obliged to prepared consolidated annual financial statements because it is not the highest positioned entity in the group and meets the conditions set forth in Section 22aa(2) of Act No. 563/1991 Sb., on Accounting. Consolidated financial statements are prepared by PREMIOT GROUP LTD. having its registered office at E11DU London, 7 Whitechapel Road, Office 410, United Kingdom of Great Britain and Northern Ireland, registered in the Companies Register for England and Wales under company reg. no. 09657646.

#### **1.7 Age of financial data**

The Issuer declares that the balance sheet date of the last year, for which the financial data were audited, is not more than 18 months before the date of this Base Prospectus.

### **2. Interim and other financial data**

The Issuer has not prepared interim financial statements by the date of this Base Prospectus.

### **3. Audit of annual financial history**

#### **3.1 Declaration of audit**

The Issuer's financial history for 2018 contained in the Base Prospectus was audited by Ing. Martina Kotrčová, an auditor responsible for the audit, under which the independent auditor's report was prepared, Authorisation of the Chamber of Auditors of the Czech Republic no. 1311, having her registered office at Přemyslovská 40, Prague 3 - Žižkov, (hereinafter referred to as "**Auditor 1**").

Auditor 1 audited the Issuer's financial statements for 2018 with the following conclusion:

*"In our opinion, the financial statements give a true and fair view of the assets and liabilities of Europa Investment Property CZ a.s. as at 31/12/2018, and its expenses, revenues, and profit or loss and cash flows for the year ended 31/12/2018 in accordance with Czech accounting regulations".*

The Issuer's financial history for 2019 contained in the Base Prospectus was audited by Ing. Ondřej Krátký, an auditor responsible for the audit, under which the independent auditor's report was prepared, Authorisation of the Chamber of Auditors of the Czech Republic no. 2437, working for kratkyaudit s.r.o. having its registered office at K nádraží 225, 664 59 Telnice, (hereinafter referred to as "**Auditor 2**").

Auditor 2 audited the Issuer's financial statements for 2019 with the following conclusion:

*“In our opinion, the financial statements give a true and fair view of the assets and liabilities of the Company as at 31/12/2019, and its expenses, revenues, and profit or loss and cash flows for the year ended 31/12/2019 in accordance with Czech accounting regulations”.*

The Issuer declares that the statements of Auditor 1 and Auditor 2 regarding the financial statements specified in this Base Prospectus and the financial statements themselves are incorporated in this Base Prospectus in the form in which they were published in accordance with the requirements of Section 21a of Act No. 563/1991 Sb., on Accounting, as amended.

### **3.2 Additional audited information**

This Base Prospectus is not based on any other sources audited by an auditor.

### **3.3 Sources of unaudited data**

There are no sources of unaudited data.

## **4. Administrative, court and arbitration proceedings**

The Issuer declares that it has not been a party to any administrative, court or arbitration proceedings in the period of the last 12 months that may affect or have affected the Issuer’s or the Group’s financial position or profitability.

## **5. Major change to the Issuer’s financial position**

Since the end of the last reporting period, for which audited financial statements were published, there has not been a change to the financial position of the Group, except for the bond issues specified in *Chapter III., section 4.2.1 Recent Issuer-specific events* of this Base Prospectus.

## **6. Additional information**

### **6.1 Registered capital**

The company's registered capital is CZK 22,000.000 and has been paid up in full. The Issuer’s registered capital is split into a total of 22,000 common registered shares issued in certificate form with a nominal value of CZK 1,000 each. One vote at the General Meeting is attached to each share. The transferability of the Issuer’s shares is not restricted. The registered capital has been paid up in full on the date of the Base Prospectus.

### **6.2 Articles of Association**

The Issuer is registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 22998, Company ID No. (IČ): 066 00 204. The Czech Republic is the country of registration.

The Issuer was established to generate profit which arises from the nature of the company itself. No other objections or purposes are specified in the Articles of Association. Under Article 3 of the Issuer’s Articles of Association, the scope of business is (i) production, trade and services not listed in Annexes 1-3 to the Trade Licensing Act, and (ii) lease of real estate, apartment units and commercial property.

## VIII. IMPORTANT CONTRACTS AND AVAILABLE DOCUMENTS

### 1. Overview of important contracts

As of the date of this Base Prospectus, the Issuer has concluded the following contracts which the Issuer considers to be important and could result in an obligation or claim of any member of the Group of such nature that makes it relevant to the Issuer's ability to meet its obligations to the Bondholders.

<b>Contract type</b>	<b>Dated</b>	<b>Concluded between the Issuer and</b>	<b>Subject-matter of the contract and status on the date of the Base Prospectus</b>
Loan agreement:	01/08/2018	Europa Property Investment Co. LTD (debtor)*	<ul style="list-style-type: none"> <li>- Loan secured by a promissory note co-accepted by DAM REMDOX CAPITAL INC.</li> <li>- Line of credit: CZK 80,000,000</li> <li>- Maturity: 01/08/2023</li> <li>- Amount drawn: CZK 66,750,935.70</li> <li>- Interest: 12 %</li> </ul>
Loan agreement:	01/06/2018	Premiot Group, a.s. (debtor)*	<ul style="list-style-type: none"> <li>- Loan secured by a promissory note co-accepted by DAM REMDOX CAPITAL INC.</li> <li>- Line of credit: CZK 60,000,000</li> <li>- Maturity: 31/12/2023</li> <li>- Amount drawn: CZK 50,082,414</li> <li>- Interest: 12 %</li> </ul>
Loan agreement:	29/07/2019	Remdox Capital Group LTD (debtor)  7 Whitechapel Road, Office 406, E11DU London, registered in the United Kingdom of Great Britain and Northern Ireland, reg. no. 09895517.  The ultimate controlling party of Remdox Capital Group LTD is Mr. Ondrej Spodniak.  Scope of business: investment (real estate development and acquisition)	<ul style="list-style-type: none"> <li>- Loan secured by a promissory note co-accepted by DAM REMDOX CAPITAL INC.</li> <li>- Line of credit: HUF 400,000,000 (CZK 31,304,000)</li> <li>- Maturity: 29/07/2025</li> <li>- Amount drawn: CZK 3,981,000</li> <li>- Interest: 12 %</li> </ul>
Loan agreement:	29/04/2019	DAM REMDOX CAPITAL INC. (debtor), New Castle, Silverside Road 501, 19809 Wilmington, registered in the United States of America, reg. no. 4963598.  The ultimate controlling party of DAM REMDOX CAPITAL is Mr. Ondrej Spodniak.  Scope of business: investment (real estate development and acquisition)	<ul style="list-style-type: none"> <li>- Loan secured by a promissory note co-accepted by Remdox Capital Group LTD.</li> <li>- Line of credit: CZK 90,000,000</li> <li>- Maturity: 29/04/2024</li> <li>- Amount drawn: CZK 37,590,156.30</li> <li>- Interest: 12 %</li> </ul>



Loan agreement:	15/02/2019	Europa Investment Property HU Kft. (debtor)*	<ul style="list-style-type: none"> <li>- Loan secured by a promissory note co-accepted by DAM REMDOX CAPITAL INC.</li> <li>- Line of credit: EUR 2,500,000</li> <li>- Maturity: 15/02/2024</li> <li>- Amount drawn: CZK 44,701,144.95</li> <li>- Interest: 12.5 %</li> </ul>
Loan agreement:	03/01/2019	<p>Cromwell&amp;Dittmann Co.LTD. (debtor)</p> <p>7 Whitechapel Road, Office 406, E11DU London, registered in the United Kingdom of Great Britain and Northern Ireland, reg. no. 09887041.</p> <p>The ultimate controlling party of Cromwell&amp;Dittmann Co. LTD. is Mr. Ondrej Spodniak.</p> <p>Scope of business: investment (real estate development and acquisition)</p>	<ul style="list-style-type: none"> <li>- Loan secured by a promissory note co-accepted by DAM REMDOX CAPITAL INC.</li> <li>- Line of credit: CZK 20,000,000</li> <li>- Maturity: 02/01/2024</li> <li>- Amount drawn: CZK 3,976,000</li> <li>- Interest: 12 %</li> </ul>
Loan agreement	01/02/2019	<p>Cromwell&amp;Dittmann Co.LTD. (creditor)</p> <p>For identification details and scope of business see the previous line in the table.</p>	<ul style="list-style-type: none"> <li>- Unsecured loan</li> <li>- Line of credit: CZK 16,000,000</li> <li>- Maturity: 31/12/2023</li> <li>- Amount drawn: CZK 15,345,480.15</li> <li>- Interest: 3 %</li> </ul>
Loan agreement	30/09/2019	Apartments Harrachov s.r.o. (debtor)*	<ul style="list-style-type: none"> <li>- Loan secured by a promissory note co-accepted by DAM REMDOX CAPITAL INC.</li> <li>- Loan amount: CZK 500,000</li> <li>- Maturity: 01/11/2020</li> <li>- Interest: 0%</li> </ul>
Loan agreement	31/12/2019	<p>Hotel Karolína, s.r.o. (debtor)*</p> <p>Nový Svět 101, 512 46 Harrachov Company ID No. (IČ): 259 67 045</p>	<ul style="list-style-type: none"> <li>- Loan secured by a promissory note co-accepted by DAM REMDOX CAPITAL INC.</li> <li>- Loan amount: 1,550,000</li> <li>- Maturity: 01/11/2020</li> <li>- Interest: 0%</li> </ul>

\* Companies included in the Group for the purposes of this Base Prospectus.

The table above shows that as at the date of the Base Prospectus the Issuer granted loans of CZK 163,584,494.60 within the Group and CZK 45,547,156.30 outside the Group. In addition, the Issuer records an obligation of CZK 15,345,480.14 based on a loan agreement with Cromwell&Dittmann Co. LTD.

## **2. Available documents**

The Issuer declares that during the validity of the Base Prospectus the following documents (or copies thereof) can be consulted at [www.europaproperty.org](http://www.europaproperty.org):

- Current articles of association of the Issuer
- Audited financial statements for 2018
- Audited financial statements for 2019

## IX. INFORMATION INCORPORATED BY REFERENCE

The following information is incorporated in this Base Prospectus by reference:

<b>Document</b>	<b>Link</b>	<b>Scope</b>
Financial statements as at 31/12/2018, audited, as part of the Annual Report for 2018	<a href="https://www.europaproperty.org/wp-content/uploads/2020/01/EIP_Vyrocn%C3%AD_zprava_2018.pdf">https://www.europaproperty.org/wp-content/uploads/2020/01/EIP_Vyrocn%C3%AD_zprava_2018.pdf</a>	Pages 4-19 (Auditor's Report including financial statements and notes to financial statements)
Financial statements as at 31/12/2019, audited, as part of the Annual Report for 2019	<a href="https://www.europaproperty.org/wp-content/uploads/2020/05/V%C3%BDro%C4%8Dn%C3%AD_zpr%C3%A1va_EIP_2019.pdf">https://www.europaproperty.org/wp-content/uploads/2020/05/V%C3%BDro%C4%8Dn%C3%AD_zpr%C3%A1va_EIP_2019.pdf</a>	From p. 37 to the end (Auditor's Report including financial statements and notes to financial statements)

Parts of the above documents, which were not incorporated into the Base Prospectus, are either not important for the investor or are mentioned in another section of the Base Prospectus.

## **ADDRESSES**

### **ISSUER**

**Europa Investment Property CZ a.s.  
Jindřišská 901/5  
110 00 Prague 1**

### **AUDITOR**

**kratkyaudit s.r.o.  
K nádraží 225  
664 59 Telnice**