terms of issuance of bonds

BRICKS FUNDING / 10 % / 2026

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Bricks Funding a.s.

TERMS OF ISSUANCE OF BONDS

BRICKS FUNDING / 10% / 2026

These terms of issuance (the "**Terms of Issuance**") govern the rights and obligations of the Issuer and the Bondholders, as well as further information about the Issue and the Bonds.

These Terms of Issuance have been prepared in accordance with Act No. 190/2004 Coll., on Bonds, as amended (the "**Bonds Act**"), and Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus (the "**Prospectus Regulation**").

Unless otherwise stated in these Terms of Issuance, capitalized words and expressions have the meaning set out in Article 1.

SUMMARY DESCRIPTION OF THE BONDS

Issuer:	**Bricks Funding a.s.** Registration No.: 239 60 531 with its registered office at Komořanská 2428/17, Modřany, 143 00 Prague 4 incorporated in the Commercial Register kept by the Municipal Court in Prague, File No. B 30105 Date of incorporation and registration: 14 November 2025
Name of the Bonds:	BRICKS FUNDING / 10% / 2026
ISIN identification code:	CZ0003586166
LEI:	315700EAYJZ3A11DOT03

Nominal Value of a Bond:	CZK 2,000 (two thousand Czech crowns)
Form of the Bonds:	Registered securities (order form)
Form (podoba) of the Bonds:	Certificated (paper) securities
Issue Price:	100% of the nominal value of the Bonds as of the Issue Date 100% of the nominal value of the Bonds after the Issue Date
Issue Date:	1 August 2026
Subscription Period:	The Subscription Period for subscribing the Bonds begins on 1 August 2026 and ends on 1 August 2027, unless terminated earlier upon reaching the Expected Volume of the Issue. The Issuer reserves the right to extend or shorten the Subscription Period based on the conditions set out in these Terms of Issuance.
Additional Subscription Period:	May be applied
Expected Volume of the Issue:	CZK 24,000,000 (twenty-four million Czech crowns)
Maximum Volume of the Issue:	CZK 24,000,000 (twenty-four million Czech crowns)
Minimum investment amount:	CZK 20,000
Numbering of the Bonds:	0001 to 12000
Yield:	Fixed, at 0.8333% of the Nominal Value per Yield Period
Commencement date of the first Yield Period:	1 September 2026
Record Date for payment of the Yield:	Always the last day of the relevant calendar month; the first Record Date for payment of the Yield is set as 30 September 2026.
Final Maturity Day:	1 August 2029
Record Date for repayment of the nominal value:	The Record Date for repayment of the nominal value coincides with the Final Maturity Day.
Issue:	The issue of fungible Bonds issued under these Terms of Issuance
Bonds:	The individual bonds issued as part of the Issue
Issuer's Place of Business:	Komořanská 2428/17, Modřany, 143 00 Prague 4
E-mail:	admin@bricksfunding.cz

The Issuer undertakes to repay the amounts owed, in particular the principal of the Bonds and the Yield, in the manner, under the conditions and within the periods set out in these Terms of Issuance.

The activities relating to the issuance of the Bonds, the repayment of the Bonds and the payment of Yields on the Bonds will be carried out by the Issuer, unless it decides otherwise during the existence of the Issue.

IMPORTANT NOTICES

These Terms of Issuance constitute the terms of issuance of the Bonds within the meaning of Section 8 et seq. of the Bonds Act.

Any offer of the Bonds made or to be made by the Issuer, including the distribution of the Terms of Issuance to selected investors in the Czech Republic or abroad, is made on the basis of an exemption in accordance with the relevant legal regulations, i.e. the total value of the consideration for the bonds is lower than EUR 1,000,000 over the preceding 12 months. The distribution of the Terms of Issuance and the offer, sale or purchase of the Bonds is restricted by law in certain countries. The Issuer has not applied for the approval or recognition of these Terms of Issuance in any other state.

These Terms of Issuance have not been approved by the CNB. The CNB does not supervise this Issue of bonds or the Issuer. No prospectus has been approved by the CNB or by the supervisory authority of any other EU Member State for the Issue of bonds.

Repayment of the nominal value of the Bonds and payment of the Yield are not secured in any way; the Bonds are not covered by a third-party guarantee or by a pledge or similar right, and no security agent has been appointed.

FURTHER INFORMATION ABOUT THE ISSUE AND THE ISSUER

Description of the Issuer's Main Activities

The Issuer builds and manages a portfolio of real estate companies.

Description of the Purpose of Use of the Proceeds of the Issue

The proceeds of the Issue will primarily be used for the renovation of the properties located at Nádražní 616, 347 01 Tachov and Husova 1828, 440 01 Louny, through subsidiaries of the Issuer. Further details on the properties are available on the Issuer's website https://bricksfunding.cz/.

If the amount of the proceeds of the Issue exceeds the amount necessary for the renovation of the above-mentioned properties, the Issuer reserves the right to use the remaining proceeds for the renovation or acquisition of another property.

Planned Ratio of Debt to Equity for at Least 12 Months Prior to the Maturity Date

The Issuer expects that the ratio of debt to equity will not exceed a value of 75% (a ratio of 0.75:1) for a period of at least 12 months prior to the maturity date of the Bonds. The stated value represents the planned ratio as of the date of preparation of these Terms of Issuance and is based on the Issuer's current business plan. However, it does not constitute an obligation of the Issuer to maintain this ratio, nor any guarantee thereof to the Bondholders. The actual ratio may change during the life of the Bonds depending on developments in the Issuer's business activities, its manner of financing, and other circumstances, and a significant change cannot be excluded.

Issuer's Annual Reports and Financial Statements

The Issuer's financial statements are available in the public part of the collection of documents (sbírka listin) maintained by the competent registry court.

Statement on the Consolidation Group

The Issuer is not part of any consolidation group.

Persons Offering the Bonds

The Bonds are offered by the Issuer itself.

Statement on Security

The Bonds are issued unsecured.

Information on the Issuer's Senior Persons

The Issuer's senior person is:

Pavol Bak, born 7 December 1994, permanently residing at Na koupaliště 42, Benice, 103 00 Prague 10

Information on the Issuer's Beneficial Owner

The Issuer's beneficial owner is:

Pavol Bak, born 7 December 1994, permanently residing at Na koupaliště 42, Benice, 103 00 Prague 10.

DESCRIPTION OF THE BONDS

Form, Type, Nominal Value and Other Characteristics of the Bonds

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

Each Bond has the nominal value specified in Article 1 of these Terms of Issuance.

The Issuer is entitled to issue the Bonds as collective certificates replacing the individual Bonds. If the Bonds are issued as collective certificates, their owner has the right to request the Issuer to replace the collective certificates with individual Bonds. The owner's request to replace the collective certificates with individual Bonds must be delivered to the Issuer in writing. The Issuer is obliged to comply with the owner's request within 30 days of its receipt. The Issuer is obliged to notify the owner in writing to collect the individual Bonds. The Bonds will be handed over to the owner only against the return of the collective certificate and a handover protocol. The Issuer arranges for the issuance of the Bonds.

Bondholders

The owner of the Bonds (the "**Bondholder**") is a person recorded in the list of Bondholders maintained by the Issuer (the "**List of Owners**"). A Bondholder may be a natural person or a legal entity. The Issuer may refuse a subscriber.

Unless otherwise provided by a legal regulation or a court decision delivered to the Issuer at the address of the Issuer's Place of Business, the Issuer will treat each Bondholder as its rightful owner in all respects and make payments to it in accordance with these Terms of Issuance.

Persons who have acquired ownership of a Bond and who, for any reason, are not recorded in the List of Owners are obliged to inform the Issuer of this fact and of the title of acquisition of ownership of the Bonds without undue delay, by means of a notice delivered to the Issuer's Place of Business or by electronic mail.

Transfer of the Bonds

The transferability of the Bonds is not restricted. Title to a Bond is transferred, in accordance with the Civil Code, by endorsement and an agreement, effective upon its delivery. Notice to the Issuer of a change of Bondholder must bear the officially certified signature of the transferor and be delivered to the Issuer's Place of Business or converted into electronic form by authorized document conversion and delivered by electronic mail. Following due notice to the Issuer, the change of Bondholder will be recorded in the List of Owners with effect as of the date of due delivery of the notice under this paragraph.

Further Rights Attached to the Bonds

The separation of the right to the Yield is excluded.

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

Undertaking of Equal Treatment

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

Financial Capability Assessment

No financial capability assessment (rating) of the Issuer has been carried out. No separate financial assessment of the Issue has been carried out, and the Issue therefore has no separate rating.

Notification of Changes

Changes on the part of a Bondholder must be notified to the Issuer within 10 business days of their occurrence. The change must be notified in writing or by electronic mail. Notice of a change of the bank account number of a Bondholder designated for the payment of the Yield and the nominal value of the Bond must bear an officially certified signature and, if delivered by electronic mail, must subsequently be converted into electronic form by authorized document conversion; an officially certified signature is not required for other changes.

BASIC CHARACTERISTICS OF THE BOND ISSUE

Issue Date

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

Subscription Period

The Subscription Period is specified in Article 1 of these Terms of Issuance.

Total Nominal Value of the Issue, Additional Subscription Period

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

If the Issuer does not issue all of the Bonds by the Issue Date, it may issue the remaining Bonds at any time during the Subscription Period, and, as the case may be, after the expiry of the Subscription Period during the Additional Subscription Period, which the Issuer may establish and make available in accordance with the applicable legal regulations.

The Issuer may issue the Bonds in a smaller volume of the Issue than the Expected Volume of the Issue if it was not possible to subscribe the Expected Volume of the Issue by the end of the Subscription Period.

The Bonds may be issued at once as of the Issue Date and/or in tranches after the Issue Date during the Subscription Period and/or the Additional Subscription Period. The Issuer shall inform the Bondholders recorded in the List of Owners as of the date the Additional Subscription Period is established of such establishment by electronic mail to the address stated in the Subscription Agreement or in the List of Owners.

Issue Price

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

Subscription Price

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

If a Bond is subscribed for after the Issue Date, the Subscription Price shall consist of the sum of the Issue Price and the Accrued Interest Yield accrued on that Bond from the Issue Date until the date of subscription.

Method and Place of Subscription of the Bonds

The Bonds may be subscribed for at the Issuer's Place of Business or at another place designated by the Issuer.

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

The Bonds will be issued by the Issuer to the subscriber in accordance with the Subscription Agreement, no later than 14 business days from the crediting of the subscription or purchase price to the bank account specified in the Subscription Agreement.

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

The Issuer shall issue the Bonds to the subscriber after payment of the subscription or purchase price of the Bonds in such a way that the Bond will show the first name, surname and date of birth (for natural persons), or the business name and registration number (for legal entities), and the residential or registered office address of the first Bondholder. This information will be recorded in the List of Owners, and the Bonds will be handed over to the first Bondholder. The Bonds may be handed over to the first Bondholder only after payment of the subscription or purchase price, on business days and by prior arrangement with the Issuer, against signature of a handover protocol. The place of handover is the Issuer's Place of Business or another place designated by the Issuer in the Subscription Agreement. At the first Bondholder's written request contained in the Subscription Agreement or sent to the Issuer by registered mail to the address of the Issuer's Place of Business, or by electronic mail in accordance with these Terms of Issuance, the Bonds may be sent to the Bondholder by registered mail to be delivered personally, or another comparable service, to the address specified by the Bondholder in the Subscription Agreement or in the written request.

STATUS

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

YIELD

Yield, Method of Interest Accrual, Yield Periods and Payment of the Yield

The Yield is specified in Article 1 of these Terms of Issuance.

The Yield is fixed at 0.8333% of the Nominal Value of a bond per Yield Period. The first Yield Period begins on 1 September 2026. The Yield Periods are set on a monthly basis and always begin on the first calendar day of the relevant month and end on the last day of the same calendar month.

The Yield will be paid for each Yield Period in arrears, no later than the last calendar day of the calendar month immediately following the Record Date for payment of the Yield.

End of Interest Accrual

The Bonds shall cease to bear interest as of the Final Maturity Day of the Bonds.

Yield Calculation Convention

The Yield for a full Yield Period is determined as a fixed amount pursuant to Article 7.4 without the use of a yield calculation convention. For the calculation of the Accrued Interest Yield for part of a Yield Period, the actual number of days of the relevant part and the actual number of days of the relevant Yield Period (Act/Act) shall be used pursuant to Article 7.4.

Determination of the Yield and the Accrued Interest Yield

The Yield is set at 0.8333% of the Nominal Value of a bond per Yield Period. The Yield is fixed for each **complete** Yield Period.

If a Bondholder is entitled to a yield for only part of a Yield Period, in particular upon the issuance of a Bond during a Yield Period, upon the repurchase of the Bonds under Article 8.2, or upon early redemption of the Bonds under Article 10 of these Terms of Issuance, it shall be entitled to a proportionate part of the Yield for the relevant part of the Yield Period (the "**Accrued Interest Yield**").

The Accrued Interest Yield shall be calculated according to the following formula:

<u>Where:</u>

*"**Yield**" means the Yield for a full Yield Period, i.e. 0.8333% of the Nominal Value of a bond;*

*"**D**" means the number of calendar days of the part of the relevant Yield Period for which the Accrued Interest Yield is being determined;*

*"**C**" means the total number of calendar days of the relevant Yield Period.*

The part of the Yield Period for which the Accrued Interest Yield is determined shall be defined as follows:

(a) if the Accrued Interest Yield forms part of the purchase price upon repurchase of the Bonds under Article 8.2, or of the amount payable upon early redemption of the Bonds under Article 10, it is the period from the first day of the current Yield Period (inclusive) until the day as of which the purchase price or the payable amount is determined under the relevant provision of these Terms of Issuance (exclusive of that day);

(b) if a Bond is issued during a Yield Period, the first Bondholder shall be entitled, for that Yield Period, only to the Accrued Interest Yield for the period from the day the subscription or purchase price of the Bond is credited to the Issuer's bank account (inclusive of that day) until the last day of that Yield Period (inclusive of that day); no yield is payable for the part of the Yield Period preceding the crediting of the subscription or purchase price.

The total amount of the Yield, including the Accrued Interest Yield, on all Bonds of a single Bondholder shall be rounded down to whole Czech crowns.

REDEMPTION AND REPURCHASE

Maturity of the Bonds

The nominal value of the Bonds will be repaid in a single instalment no later than the last day of the calendar month immediately following the Final Maturity Day.

Repurchase of the Bonds

The Issuer is entitled, at any time during the existence of the Issue, to call upon any Bondholder to sell all or part of the outstanding Bonds owned by it, and the Bondholder is obliged to sell the relevant Bonds to the Issuer under the conditions set out in this Article.

In the call for sale, the Issuer shall identify the Bondholder and state the number of pieces and the numbers of the Bonds subject to the repurchase. The Issuer shall deliver the call for sale to the Bondholder in writing, by electronic mail to the address stated in the List of Owners. Upon delivery of the call for sale to the Bondholder, an agreement on the repurchase of the relevant Bonds is concluded between the Issuer and the Bondholder under the conditions set out in these Terms of Issuance; no separate repurchase agreement shall be concluded.

The Bondholder is obliged, within 30 days of delivery of the call for sale, to deliver the relevant Bonds to the Issuer, endorsed in favor of the Issuer, either in person at the Issuer's Place of Business against written confirmation of receipt, or by registered mail sent to that address; in such case, the date of delivery shall be the date the shipment is received by the Issuer.

The purchase price for each repurchased Bond shall equal the sum of the outstanding nominal value of the Bond and the accrued and unpaid Yield, or the Accrued Interest Yield, as applicable, as of the date the relevant Bonds are delivered to the Issuer, but no later than the last day of the delivery period under the preceding paragraph. The purchase price is payable within 10 business days of the date of delivery of the relevant Bonds to the Issuer, by wire transfer to the Bondholder's bank account specified in the Subscription Agreement. The purchase price shall not be paid before the relevant Bonds are delivered to the Issuer.

If a Bondholder fails to deliver the relevant Bonds to the Issuer within the period under this Article, it shall be in default; as of the day following the fruitless expiry of the delivery period, the relevant Bonds shall cease to bear interest, and the Bondholder shall not be entitled to any further Yield on the relevant Bonds. In such case, the Issuer shall pay the purchase price determined as of the last day of the delivery period within 10 business days after the subsequent delivery of the relevant Bonds. This paragraph shall not affect the Issuer's right to seek delivery of the relevant Bonds and compensation for any harm thereby caused.

Cancellation of the Bonds

The Issuer may decide to cancel repurchased Bonds.

Presumption of Repayment

Each relevant monetary obligation of the Issuer arising from the Bonds shall, for the purposes of this Article 8, be deemed fully repaid as of the date on which the relevant amounts of the nominal value of the Bonds and/or the accrued Yield payable under these Terms of Issuance are remitted to the Bondholders and debited from the Issuer's bank account.

PAYMENT TERMS

Currency of Payments

The Issuer undertakes to pay the Yield and repay the nominal value of the Bonds exclusively in Czech crowns.

The Yield will be paid, and the nominal value of the Bonds will be repaid, to the Entitled Persons (as defined below) under the conditions set out in these Terms of Issuance and the tax and other applicable legal regulations of the Czech Republic in effect at the time the relevant payment is made, and in accordance therewith.

Payment Dates

Payments of the Yield and repayment of the nominal value of the Bonds will be made within the periods set out in these Terms of Issuance.

If the end of a period falls on a day other than a Business Day, the Issuer's obligation to pay the relevant amounts shall arise on the next following Business Day, without the Issuer being obliged to pay any interest or any other additional amounts for such delay. For the avoidance of doubt, if a payment is postponed to the next following Business Day pursuant to the preceding sentence, this shall not result in a postponement of the relevant Record Date.

"**Business Day**" means, for the purposes of these Terms of Issuance, any day (other than Saturday and Sunday) on which banks are open in the Czech Republic and interbank settlements in Czech crowns are carried out.

Persons Entitled to Receive Payments on the Bonds

Yields

Unless otherwise provided in these Terms of Issuance, the persons entitled to receive Yield payments on the Bonds from the Issuer are the persons recorded as Bondholders in the List of Owners at the end of the Record Date for payment of the yield (each such person also an "**Entitled Person**").

Nominal Value

Unless otherwise provided in the Terms of Issuance, the persons to whom the Issuer will repay the nominal value of the Bonds are the persons recorded as Bondholders in the List of Owners at the end of the Record Date for repayment of the nominal value (each such person also an "**Entitled Person**").

Making of Payments

The Issuer shall be responsible for making payments. The Issuer will make payments to Entitled Persons by wire transfer to their bank account specified in the Subscription Agreement. The specification of a bank account is a mandatory particular of the Subscription Agreement. For foreign bank accounts, the account number must be provided in IBAN format.

Any change of the bank account of an Entitled Person for the making of payments in accordance with these Terms of Issuance must take the form of an instruction, which the relevant Entitled Person shall deliver to the Issuer at the address of the Issuer's Place of Business or by electronic mail no later than the Record Date for payment of the yield or the Record Date for repayment of the nominal value. The instruction must be in the form of a signed written notice containing sufficient information about the above-mentioned account to enable the Issuer to make the payment, and, in the case of legal entities, shall be supplemented with a copy of a valid extract from the commercial register of the payment recipient and any other relevant attachments (also the "**Instruction**"). The Instruction must bear the officially certified signature of the Entitled Person and, if delivered by electronic mail, must be converted into electronic form by authorized document conversion. The Instruction must be in content and form satisfying the reasonable requirements of the Issuer, and the Issuer may require sufficiently satisfactory evidence that the person who signed the Instruction is authorized to sign such Instruction on behalf of the Entitled Person. Such evidence must likewise be delivered to the Issuer no later than the Record Date for payment of the yield or the Record Date for repayment of the nominal value. In this regard, the Issuer may in particular require (i) submission of a power of attorney if the Entitled Person is to be represented by a proxy, and/or (ii) additional confirmation of the Instruction from the Entitled Person.

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

The Issuer may further request that any documents drawn up in a foreign language be accompanied by an official translation into Czech.

Timeliness of Non-Cash Payments

The Issuer's obligation to pay any amount owed in connection with the Bonds shall be deemed duly and timely fulfilled (a) if the relevant amount is remitted to the Entitled Person to the bank account specified in the Subscription Agreement pursuant to Article 9.4 of the Terms of Issuance, or in the Instruction and in accordance with the payment terms stated in such notice, and (b) if such amount is debited from the Issuer's bank account no later than the end of the relevant period set out in these Terms of Issuance.

If any Entitled Person has provided the Issuer with payment details that do not enable the payment to be duly made, or has not provided any such details, the Issuer's obligation to pay any amount owed shall be deemed, as against such Entitled Person, to be duly and timely fulfilled if the relevant amount is debited from the Issuer's bank account within 15 (fifteen) Business Days from the date the Issuer received from the Entitled Person such payment details as enable the payment to be duly made; in such case, such Entitled Person shall not be entitled to any interest or other yield or additional payment for such delay.

The Issuer shall not be liable for any delay in payment of any amount caused by the fact that (a) an Entitled Person failed to timely provide documents or information required from it under Article 9.4 of these Terms of Issuance, (b) such information or documents were incomplete or incorrect, or (c) such delay was caused by circumstances beyond the Issuer's control. In such case, the Entitled Person shall not be entitled to any additional payment or interest for the delay in payment.

Change in the Method of Making Payments

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

EARLY REDEMPTION OF THE BONDS

Early Redemption of the Bonds at the Issuer's Decision

Decision on Early Redemption by the Issuer

The Issuer is **entitled** to decide on the early redemption of all, or part, of the outstanding Bonds of the relevant issue. If the Issuer decides on the early redemption of only part of the Bonds, the Bonds that become subject to early redemption shall be determined proportionately among all Bondholders according to the number of pieces of the Bonds recorded in their name in the List of Owners as of the date of the decision, rounded down to whole pieces; any Bonds that cannot be so allocated as a result of rounding shall be determined by a draw conducted by the Issuer.

The Issuer shall notify the Bondholders of the decision on early redemption in the manner prescribed for the publication of notices under these Terms of Issuance and, at the same time, in writing, by electronic mail to the address stated in the List of Owners, at least 30 days before the date as of which the Bonds are to become subject to early redemption (the "**Early Redemption Date**"). The notice of early redemption must contain the determination of the Early Redemption Date, an indication of whether the early redemption relates to all or only part of the Bonds (in which case also the numbers of the relevant Bonds and the number of pieces attributable to each Bondholder), and the determination of the place and method of presentation of the Bonds. The notice of early redemption is irrevocable and binds the Issuer to redeem the relevant Bonds in accordance with these Terms of Issuance.

As of the Early Redemption Date, the relevant Bonds shall become payable in the outstanding part of the nominal value together with the accrued and unpaid Yield, or the Accrued Interest Yield, as applicable, as of the Early Redemption Date. As of the Early Redemption Date, the relevant Bonds shall cease to bear interest.

The Bondholder shall present the relevant Bonds to the Issuer for redemption in person at the Issuer's Place of Business against written confirmation of receipt or shall send them by registered mail to that address. The amount payable will be paid to the Bondholder within 10 business days of the date the relevant Bonds are presented to the Issuer, but not earlier than the Early Redemption Date, by wire transfer to the Bondholder's bank account specified in the Subscription Agreement. If the Bondholder fails to present the relevant Bonds by the Early Redemption Date, the Issuer shall deposit the relevant amount and pay it without undue delay after their subsequent presentation; for the duration of the Bondholder's delay in presenting the Bonds, the Bondholder shall not be entitled to any further Yield, interest, or default interest on the unpaid amount.

A decision on early redemption under this Article shall not affect the Bondholder's right to request the repurchase of the Bonds under the Subscription Agreement, nor the Issuer's right to proceed under Article 8.2; however, a Repurchase Request may not be submitted in respect of Bonds for which the Issuer has already decided on early redemption, and a call for sale may not be made in respect of Bonds for which the Issuer has already decided on early redemption or in respect of which a Repurchase Request has already been submitted. A Bondholder is not entitled to request early redemption of the Bonds before the Final Maturity Day of the Bonds, unless these Terms of Issuance or the law provide otherwise.

Early Redemption in the Event of Breach by the Issuer

Events of Default

An Event of Default means any of the following events (each an "**Event of Default**"):

a) **Default in monetary performance**: the Issuer is in default in paying the Yield or repaying the nominal value of the Bonds for a period longer than 10 business days from the date of their maturity under these Terms of Issuance;

b) **Breach of other obligations**: the Issuer breaches another material obligation arising from these Terms of Issuance or from the Bonds Act, and fails to remedy such breach within 30 days of the date on which it was served with a written notice from any Bondholder of such breach requiring remedy;

c) **Insolvency**: (i) the Issuer files an insolvency petition against itself, (ii) the insolvency court decides on the Issuer's bankruptcy, (iii) an insolvency petition against the Issuer is dismissed for lack of the Issuer's assets, or (iv) the insolvency court declares bankruptcy over the Issuer's assets;

d) **Liquidation**: a decision is adopted to dissolve the Issuer with liquidation;

e) **Termination of business**: the Issuer ceases to carry on a material part of its business or loses the business authorizations necessary for its operation;

f) **Transformation contrary to a resolution of the Meeting**: the Issuer carries out a transformation or other act within the meaning of Article 12.1.2 of these Terms of Issuance despite the Meeting having expressed its disagreement therewith, or in breach of a resolution of the Meeting adopted under Article 12.4.3.

Bondholder's Right to Request Early Redemption

If an Event of Default occurs and continues, each Bondholder is entitled, by a written notice delivered to the Issuer at the address of the Issuer's Place of Business, or by electronic mail in accordance with this Article (the "**Early Redemption Notice**"), to request the early redemption of all or part of the outstanding Bonds owned by it. The Early Redemption Notice must contain the identification of the Bondholder to the extent of the data recorded in the List of Owners, the number of pieces and the numbers of the relevant Bonds, and a brief description of the Event of Default relied upon; an officially certified signature of the Bondholder is not required, unless the Early Redemption Notice simultaneously changes the bank account number of the Bondholder recorded in the List of Owners, in which case Article 9.4 of these Terms of Issuance shall apply.

The relevant Bonds shall become payable upon the expiry of 30 days from the date the Early Redemption Notice is delivered to the Issuer (such day, in addition to any other days so designated in these Terms of Issuance, also the "**Early Redemption Date**"). This shall not apply if the Event of Default relied upon in the Early Redemption Notice ceases to continue before the expiry of that period; in such case, the Early Redemption Notice shall be disregarded, without prejudice to the Bondholder's right to submit a new Early Redemption Notice if another Event of Default occurs or continues.

Amount Payable and Payment

The relevant Bonds are payable in the outstanding part of the nominal value together with the accrued and unpaid Yield, or the Accrued Interest Yield, as applicable, as of the Early Redemption Date; as of the Early Redemption Date, the relevant Bonds shall cease to bear interest. Article 10.1.1 and Article 9 of these Terms of Issuance shall apply mutatis mutandis to the presentation of the Bonds, the payment of the amount payable, and the Bondholder's delay in presenting the Bonds.

LIMITATION OF RIGHTS

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

MEETING OF BONDHOLDERS, AMENDMENTS TO THE TERMS OF ISSUANCE

Jurisdiction and Convening of the Meeting of Bondholders

Right to Convene a Meeting of Bondholders

The Issuer, a Bondholder, or the Common Representative (if appointed) may convene a meeting of Bondholders (the "**Meeting**") if necessary to decide on matters of common interest to the Bondholders, in accordance with the Terms of Issuance.

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

If the convener is a person other than the Issuer (a Bondholder, or the Common Representative, if appointed), such person is obliged, with sufficient advance notice, but no less than 30 (thirty) calendar days before the intended date of the Meeting, to deliver to the Issuer, by registered mail to the address of the Issuer's Place of Business, a notice of the holding of the Meeting, together with (a) a request that the Issuer notify the Bondholders of the holding of the Meeting at the expense of the person convening the Meeting, and arrange for evidence of the total number of Bonds entitling participation in the Meeting convened by it (or them), and (b) where relevant, pay the Issuer an advance for the costs associated with the Meeting. A convener other than the Issuer who has convened the Meeting is obliged to send, together with the notice of convening the Meeting, the agenda of the Meeting, including the proposed changes and requirements. The Issuer is obliged to provide reasonable cooperation to the convener for the due convening of the Meeting, or to arrange for the notice of convening the Meeting to be given to the Bondholders in accordance with Article 12.1.3 of these Terms of Issuance, no later than 5 days from the date of delivery of the request to notify the Bondholders of the holding of the Meeting.

Due and timely delivery of the request under point (a) above and payment of the advance for costs under point (b) above are conditions for the valid convening of the Meeting.

Meeting Convened by the Issuer

The Issuer is obliged to promptly convene a Meeting in the cases set out below in this Article 12.1.2 and in other cases established by applicable generally binding legal regulations ("**Fundamental Changes**"):

a) a proposal to amend the Terms of Issuance, if the consent to the amendment of the Terms of Issuance is required under legal regulations;

b) a proposal for the transformation of the Issuer;

c) a proposal to conclude a control agreement or an agreement on the transfer of profit, regardless of which contracting party the Issuer is;

d) a proposal to conclude an agreement under which the Issuer's business, or part thereof, is disposed of, regardless of which contracting party the Issuer is, provided that the due and timely repayment of the Bonds or the payment of the yield on the Bonds may thereby be jeopardized;

e) if the Issuer is in default in satisfying rights attached to the Bonds for more than 7 (seven) calendar days from the date on which the right could have been exercised;

f) other amendments to the Terms of Issuance that may materially impair the Issuer's ability to perform the obligations arising from the Bonds.

Notice of Convening the Meeting

The convener is obliged to give notice of convening the Meeting in the manner set out in Article 13 of these Terms of Issuance, no later than 30 (thirty) calendar days before the date the Meeting is held.

If the convener is a person other than the Issuer (a Bondholder, or the Common Representative, if appointed), it is obliged to deliver the notice of convening the Meeting in accordance with Article 12.1.1 of these Terms of Issuance. The Issuer is obliged to attend the Meeting and provide the information necessary for the Meeting to decide or adopt a position.

If the convener is the Issuer, it is obliged to give notice of convening the meeting by sending an invitation by e-mail, or by registered mail to the address of permanent residence stated by the Bondholder in the List of Owners, no later than 30 (thirty) calendar days before the date the Meeting is held. The notice of convening the Meeting must contain at least (a) the Issuer's business name, registration number and registered office, (b) identification of the Bonds to the extent of at least the name of the Bond, the Issue Date, and the ISIN of the issue, and, in the case of a joint meeting of bondholders, such data for all issued and outstanding issues, (c) the place, date and time of the Meeting, whereby the place of the Meeting may only be the Issuer's Place of Business, the date of the Meeting must fall on a day that is a Business Day, and the time of the Meeting must fall between 10 a.m. and 4 p.m., (d) the agenda of the Meeting and, if a change within the meaning of Article 12.1.2 of these Terms of Issuance is proposed, also the proposal for such change and its justification, and (e) the day that is the Record Date for participation in the Meeting.

The Meeting is entitled to decide only on the draft resolutions specified in the notice of its convening. Deciding on draft resolutions not specified on the agenda of the Meeting in the notice of its convening is permissible only if all Bondholders entitled to vote at that Meeting are present.

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

Persons Entitled to Attend and Vote at the Meeting, Participation of Other Persons

Persons Entitled to Attend and Vote at the Meeting, Record Date for Participation in the Meeting

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

(a) a Bondholder recorded as a Bondholder in the List of Owners at the end of the day falling 7 (seven) calendar days before the day the relevant Meeting is held (the "**Record Date for Participation in the Meeting**"), or

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

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

Voting Rights

Each Bondholder has a number of votes corresponding to the ratio between the nominal value of the Bonds owned by it and the total nominal value of all issued and outstanding or non-cancelled Bonds as of the Record Date for Participation in the Meeting.

Bonds owned by the Issuer as of the Record Date for participation in the meeting, which have not been cancelled at the Issuer's decision within the meaning of Article 8.3 of these Terms of Issuance, shall be disregarded for the purposes of the Meeting.

If the Meeting is deciding on the removal of the Common Representative (if appointed) under Article 12.3.3 of these Terms of Issuance, the Common Representative may not exercise voting rights attached to the Bonds it owns, and its votes shall not be counted towards the total number of votes for the purposes of the quorum of the Meeting.

Participation of Other Persons at the Meeting

The Issuer is obliged to attend the Meeting, and the Common Representative (if appointed), unless otherwise a person entitled to attend the Meeting, and guests invited by the Issuer, are entitled to attend the Meeting. The Meeting shall further be attended by persons ensuring the conduct of the Meeting (e.g. the chairperson of the meeting, the minute-taker, a notary, etc.).

Participation in the Meeting Using Means of Distance Communication

In the notice of convening the Meeting, the Issuer may set out the organizational and technical conditions under which Bondholders may participate in the Meeting using electronic means enabling direct remote transmission of the Meeting by picture and sound and/or direct two-way communication between the Meeting and the Bondholder. In the case of e-mail communication, verification of the Bondholder shall be carried out using the e-mail address specified in the Subscription Agreement or notified to the Issuer for recording in the List of Owners. A Bondholder who exercises its right under the conditions so established shall be deemed present at the Meeting, with all rights arising therefrom.

Conduct of the Meeting, Decision-Making of the Meeting

Quorum

The Meeting has a quorum if it is attended by Bondholders (entitled to vote in accordance with Article 12.2 of these Terms of Issuance) whose nominal value represents more than 30% of the total nominal value of the issued and outstanding or non-cancelled Bonds. Before the Meeting begins, the convener shall provide information on the total number of Bonds whose owners are entitled to attend and vote at the Meeting.

Chairperson of the Meeting

A Meeting convened by the Issuer is chaired by a chairperson appointed by the Issuer. A Meeting convened by a Bondholder is chaired by a chairperson elected by a simple majority of the Bondholders present who are entitled to vote at the relevant Meeting, and until a chairperson is elected, the Meeting is chaired by a person designated by the convener.

Common Representative

As of the date of preparation of the Terms of Issuance, no common representative has been appointed within the meaning of Section 24(1) of the Bonds Act. The Meeting may, by resolution, elect a natural person or a legal entity as the common representative and entrust it with the activities under Section 24 of the Bonds Act (the "**Common Representative**").

The Meeting may remove the Common Representative in the same manner in which it was elected, or elect another Common Representative, whereby the election of a new Common Representative shall have the effect of removing the previous Common Representative (unless it was removed by a separate resolution of the Meeting).

The resolution of the Meeting shall determine the extent to which the Common Representative is authorized to act on behalf of the Bondholders.

Decision-Making of the Meeting

The Meeting decides on the matters submitted to it by way of resolution.

The adoption of a resolution by which (a) a proposal under Article 12.1.2 of these Terms of Issuance is approved, or (b) the Common Representative is appointed or removed, requires the consent of at least ¾ (three quarters) of the votes of the Bondholders present who carry voting rights in accordance with Article 12.2 of these Terms of Issuance.

All other resolutions are adopted if they receive a simple majority of the votes of the Bondholders present who carry voting rights in accordance with Article 12.2 of these Terms of Issuance.

Adjournment of the Meeting and Substitute Meeting

If, within one hour of the scheduled start of the Meeting, the Meeting does not have a quorum, the Meeting shall be dissolved without further ado. This shall not affect the right of the Issuer or the Bondholders to convene a new Meeting, in accordance with these Terms of Issuance.

If the Meeting was convened to decide on an amendment to the Terms of Issuance and, within one hour of the scheduled start of the Meeting, the Meeting does not have a quorum, the Meeting shall be dissolved without further ado. If still necessary, the convener shall convene a substitute Meeting to be held within 6 (six) weeks of the date on which the original Meeting was convened to be held. The holding of the substitute Meeting with an unchanged agenda shall be notified to the Bondholders no later than 5 (five) days from the date on which the original Meeting was convened to be held.

The convener is also entitled to convene a substitute Meeting at the same time as convening the original Meeting, or at any time before the holding of the regular Meeting, so that it is held at least 5 business days from the date on which the original Meeting was convened to be held. No later than the day following the date the original Meeting was held, the convener shall notify the Bondholders that the original Meeting failed to have a quorum, by electronic mail to the address stated in the List of Owners.

A substitute Meeting has a quorum regardless of the conditions set out in Article 12.3 of these Terms of Issuance.

Certain Other Rights of the Bondholders

Amendments to the Terms of Issuance

For the avoidance of doubt, the consent of the Meeting of bondholders is not required (a) for an amendment to the Terms of Issuance directly triggered by a change in legal regulations, (b) for an amendment to the Terms of Issuance that has no negative impact on the position or interests of the Bondholders, or (c) if none of the issued Bonds is owned by a person other than the Issuer.

The Issuer shall, without undue delay after any amendment to the Terms of Issuance, notify investors of the amendment by electronic mail to the address stated in the List of Owners and, at their written request, provide investors with the amendment to the Terms of Issuance and the complete wording of the Terms of Issuance following the amendment.

An investor who, before notice of an amendment to the Terms of Issuance requiring the prior consent of the Meeting of bondholders, agreed to purchase or subscribe for a Bond and has not yet acquired title to that Bond, is entitled to withdraw from the purchase or subscription within 5 (five) business days after the amendment to the Terms of Issuance is made available.

Consequence of Voting Against Certain Resolutions of the Meeting

If the Meeting has consented to Fundamental Changes, then a person who was entitled, as a Bondholder, to attend and vote at the Meeting under Article 12.2 of these Terms of Issuance and who, according to the minutes of that Meeting, voted at the Meeting against the draft resolution of the Meeting or did not attend the relevant Meeting (the "**Applicant**"), may, within 30 (thirty) days of the publication of the resolution of the relevant Meeting, request payment of the outstanding nominal value of the Bonds it owned as of the Record Date for Participation in the Meeting and has not disposed of since that time, including the proportionate yield on those Bonds (determined as the accrued and unpaid Yield, or the Accrued Interest Yield, as applicable, as of the date of maturity under the following paragraph).

This right must be exercised by the Applicant by a written notice in paper form (the "**Request**") addressed to the Issuer at the address of the Issuer's Place of Business.

The above amounts become payable 30 (thirty) days after the date on which the Request was delivered to the Issuer (such day, in addition to any other days so designated in these Terms of Issuance, also the "**Early Redemption Date**").

For the early redemption of the Bonds under Article 12.4.2, the provisions of Article 9 of these Terms of Issuance shall otherwise apply mutatis mutandis.

Resolution on Early Redemption of the Bonds at the Request of the Bondholders

If any of the matters listed in Article 12.1.2(b) to (f) of these Terms of Issuance is on the agenda of the Meeting and the Meeting disagrees with such Fundamental Changes, the Meeting may, even beyond the agenda, resolve that if the Issuer proceeds contrary to the resolution of the Meeting, it is obliged to redeem the nominal value early to those Bondholders who so request (the "**Applicant**"). The Applicant shall exercise this right by a written notice (the "**Request**") addressed to the Issuer and delivered to the address of the Issuer's Place of Business.

The above amounts become payable 30 (thirty) days after the date on which the Request was delivered to the Issuer (such day, in addition to any other days so designated in these Terms of Issuance, also the "**Early Redemption Date**").

For the early redemption of the Bonds under Article 12.4.3, the provisions of Article 9 of these Terms of Issuance shall otherwise apply mutatis mutandis.

Particulars of the Request

The Request within the meaning of Article 12.4.3 of these Terms of Issuance must state the number of pieces of the Bonds for the redemption of which the Applicant requests under this Article. The Request must be in writing, signed by the persons authorized to act on behalf of the Applicant, and their signatures must be officially certified.

The Applicant must, within the same period, also deliver to the Issuer's Place of Business all documents required for making the payment under Article 9 of these Terms of Issuance.

Minutes of the Meeting

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

If the convener of the Meeting is a person other than the Issuer (a Bondholder, or the Common Representative, if appointed), the minutes of the Meeting must also be delivered to the Issuer at the address of the Issuer's Place of Business no later than within 30 (thirty) days of the date the Meeting is held.

The Issuer is obliged to keep the minutes of the Meeting until the limitation of rights under the Bonds. The minutes of the Meeting are available for inspection by the Bondholders during normal business hours at the Issuer's Place of Business.

The Issuer is obliged, within 30 (thirty) days of the date the Meeting is held, to notify the Bondholders of all resolutions of the Meeting, in the manner set out in Article 13 of these Terms of Issuance.

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

NOTICES

Information relating to the exercise of the rights of the Bondholders, notice of the holding of a Meeting, and any other notice to the Bondholders shall be valid and effective if drawn up in the Czech language and sent by registered mail to the address of the Bondholder recorded in the List of Owners, or provided by electronic means.

Information relating to the exercise of the rights of the Bondholders may be provided to the Bondholders by electronic means, in particular by e-mail sent to the e-mail address stated in the Subscription Agreement or in the List of Owners. If mandatory provisions of the relevant legal regulations or these Terms of Issuance prescribe another method for making available or publishing any notice under these Terms of Issuance, such notice shall be deemed validly made available or published upon its being made available or published as prescribed by the relevant legal regulation. If any notice is made available or published by more than one method, the date of such notice shall be deemed to be the date of its first availability or publication.

These Terms of Issuance have been made available free of charge to acquirers of the Bonds, in accordance with the Bonds Act, at the Issuer's Place of Business on a durable medium enabling investors to reproduce the Terms of Issuance unchanged and to retain them so that they may be used at least until the maturity date of the Bonds. The Terms of Issuance will further be published on the Issuer's website https://bricksfunding.cz/, throughout the offer period of the Bonds and for at least 12 months after its end. The foregoing shall also apply to any amendments to the Terms of Issuance and resolutions of the meeting of bondholders.

TAXATION OF THE BONDS IN THE CZECH REPUBLIC

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

The text of this Article is only a summary of certain tax aspects relating to the acquisition, ownership and disposal of the Bonds and does not purport to be a comprehensive summary of all tax considerations that may be relevant to a decision to purchase the Bonds. This summary is based on the legal regulations in effect as of the date of these Terms of Issuance and may be subject to subsequent change (including with possible retroactive effect). The Issuer recommends that prospective acquirers of the Bonds consult their legal and tax advisers regarding the tax consequences of the purchase, sale and holding of the Bonds and the receipt of interest payments on the Bonds under the tax and foreign exchange regulations applicable in the Czech Republic and in the countries in which they are resident, as well as in the countries in which the income from the holding and sale of the Bonds may be taxed.

The following summary does not address the tax implications relating to the holding or sale of the Bonds for investors who, in the Czech Republic, are subject to a special tax regime (e.g. investment, mutual, or pension funds).

General Regulation in the Czech Republic

The Bonds will be offered in the Czech Republic in accordance with the Terms of Issuance, and the tax position of bondholders will be governed by the applicable Czech legal regulations, in particular Act No. 586/1992 Coll., on Income Taxes, as amended (the "**Income Tax Act**"). However, an acquirer of the Bonds may also be a foreign national.

The following brief summary of the taxation of the Bonds in the Czech Republic is based primarily on the Income Tax Act as of the date of preparation of these Terms of Issuance. All information stated below may change depending on changes in the relevant legal regulations that may occur after that date, or in the interpretation of such legal regulations that may be applied after that date.

Repayment of the nominal value of the Bonds will be made without any deduction of taxes or fees. In the event of a change in the relevant legal regulations or their interpretation in the area of taxation of the Bonds as compared to the regime set out below, the Issuer will proceed in accordance with such new regime.

If the Bondholder is a natural person, the Issuer is responsible for making withholding tax deductions and is the payer of the tax withheld from the yields on the Bonds. Payments on the Bonds are made to legal entities without deduction of tax, since legal entities tax the yields on the Bonds together with income from their other activities. The Issuer shall not be obliged to pay any additional amounts to Bondholders as compensation for such deductions or withholdings made in connection therewith.

The Issuer shall further not be obliged to pay Bondholders any additional amounts as compensation for the withholding of taxes or fees if such withholding occurs only because the relevant Bondholder failed to timely provide the Issuer with proper documents proving that the Bondholder is entitled to receive the payment or disbursement referred to in the first sentence of this paragraph without such withholding.

Natural Persons

Gains/Losses from the Sale of Bonds

Gains from the sale of bonds realized by a natural person who is a Czech tax resident, or who is not a Czech tax resident but carries on business in the Czech Republic through a permanent establishment, or who is not a Czech tax resident and receives income from the sale of bonds from a purchaser who is a Czech tax resident or from the Czech permanent establishment of a purchaser who is not a Czech tax resident, are included in the general tax base of non-entrepreneurs or the general tax base of self-employed natural persons who have included these bonds in their business assets, and are subject to personal income tax. Income in the form of the positive difference between the nominal value of a bond paid upon its redemption and the issue price is not a separate tax base subject to a special tax rate (as is generally the case for non-residents and resident natural persons), but taxpayers are generally required to state the difference between the nominal value of the bond upon redemption and the acquisition price in their tax return. There are two personal income tax rates applicable to all income of natural persons: 15% (for the part of the tax base up to 36 times the average wage) and 23% (for the part of the tax base exceeding 36 times the average wage). Losses from the sale of bonds are generally not tax-deductible for non-entrepreneur natural persons, unless taxable gains from the sale of other securities are also reported in the same tax period; in that case, losses from the sale of bonds may be set off against gains from the sale of other securities up to the amount of such gains.

Material Exemptions of Income from Sale for Natural Persons

A Bondholder, who is a natural person, may, under the Income Tax Act, apply a tax exemption for income from the sale of a bond if the period between the acquisition of the bond and its sale exceeds 3 years. This exemption may be applied provided that the selling owner did not and does not have the bonds included in its business assets. If a self-employed natural person included these Bonds in its business assets, it may apply this exemption only after 3 years from the termination of its business activity.

Income of a natural person who has not included these Bonds in its business assets and who, as a Bondholder, does not meet the above-mentioned 3-year holding period test upon their sale, but whose total income (not gains) from the sale of all securities does not exceed the limit of CZK 100,000 in the relevant tax period, will be exempt from personal income tax.

Withholding Tax

The interest yield of a Bondholder who is a Czech tax resident or is not a Czech tax resident and does not carry on business in the Czech Republic through a permanent establishment, is subject to withholding tax upon payment of the interest. The withholding tax rate under Czech tax regulations is 15%. If the recipient of the interest yield is a natural person who is not a Czech tax resident, does not derive the yields through a permanent establishment in the Czech Republic, and is also not a tax resident of another EU Member State or another state forming part of the European Economic Area, or of a third state/jurisdiction with which the Czech Republic has concluded a valid and effective international treaty on the avoidance of double taxation or an international agreement on the exchange of information in tax matters in the area of income taxes, including a multilateral international treaty, the withholding tax rate under Czech tax regulations is 35%. The above withholding tax represents the final taxation of the yield in the Czech Republic. In connection with determining the tax base for the application of withholding tax on interest on bonds, please note that the tax base and the tax withheld are not rounded for individual bonds. Only the total amount of tax withheld on all Bonds owned by a single bondholder is rounded down to whole Czech crowns.

Fiction of Tax Residency

The Issuer treats a natural person as a tax resident of the country in which that natural person has its residence, unless that natural person notifies and substantiates otherwise to the Issuer.

Legal Entities

A legal entity, as a Bondholder, generally accounts, in accordance with applicable accounting regulations, for the accruing Accrued Interest Yield as income and as an increase in the carrying value of the relevant security. The accruing Accrued Interest Yield is thus continuously taxed as part of the general corporate income tax base at a rate of 21%.

Gains from the sale of bonds to third parties or upon repurchase by the issuer realized by a legal entity that is a Czech tax resident, or that is not a Czech tax resident but carries on business in the Czech Republic through a permanent establishment, or that is not a Czech tax resident and receives income from the sale of bonds from a purchaser who is a Czech tax resident or from the Czech permanent establishment of a purchaser who is not a Czech tax resident, are included in the general corporate income tax base and are subject to tax at a rate of 21%. Losses from the sale of bonds are generally tax-deductible for this category of persons.

Specifics for Czech Tax Non-Residents

General Principle

In the case of the sale of bonds by an owner who is not a Czech tax resident and is also not a tax resident of an EU Member State or of the European Economic Area, to a purchaser who is a Czech tax resident, or to a person who is not a Czech tax resident and who carries on business in the Czech Republic through a permanent establishment or employs employees in the Czech Republic for a period longer than 183 days, the purchaser is generally obliged, upon payment of the purchase price of the bonds, to withhold a tax security of 1% of that income. The tax administrator may, but need not, consider the taxpayer's (seller's) tax liability to have been satisfied by the withholding under the preceding sentence. In that case, the seller is generally obliged to file a tax return in the Czech Republic, whereby the tax security withheld is credited against its total tax liability. The amount of the tax security is rounded up to whole Czech crowns.

Buy-Back — Natural Persons

In the case of a buy-back of bonds by an owner — a natural person who is not a Czech tax resident — to the issuer, who is a Czech tax resident, or to an issuer who is not a Czech tax resident but carries on business in the Czech Republic through a permanent establishment or employs employees in the Czech Republic for a period longer than 183 days, the difference upon the buy-back between the buy-back price of the bond and the issue price at its issuance is subject to withholding tax at a rate of 15%.

Double Taxation Treaties

A double taxation treaty between the Czech Republic and the country of which the Bondholder is a resident may exclude the taxation of gains from the sale of bonds in the Czech Republic or reduce the rate of any withholding tax or tax security. Entitlement to apply the tax regime provided for under a double taxation treaty may be conditional upon proof of facts demonstrating that the relevant double taxation treaty actually applies to the recipient of the payment.

GOVERNING LAW AND LANGUAGE

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

The Terms of Issuance are issued in the Czech and English languages. In the event of any discrepancy between the different language versions, the Czech version shall prevail.

The Issuer is entitled to authorize another person to sign the Bonds, or the Collective Bond Certificate, as applicable; this shall not affect the Issuer's liability for the obligations arising from the Bonds.