NUPEH CZ s.r.o.

Prospectus of fixed rate bonds in the anticipated total nominal value of CZK700,000,000 with the possibility to increase the total nominal value up to CZK1,050,000,000 due in 2025

This document constitutes the prospectus (the **Prospectus**) in respect of fixed rate bonds issued under Czech law in the anticipated total nominal value of CZK700,000,000 (in words: seven hundred million Czech Koruna) with the possibility to increase the total nominal value up to CZK1,050,000,000 (in words: one billion fifty million Czech Koruna) due in 2025 (the **Bonds** or the **Issue**) issued by NUPEH CZ s.r.o., with its registered office at Antala Staška 1859/34, Krč, 140 00 Prague 4, Identification No.: 077 57 662, LEI: 3157002FXYZ444Q6BD33, registered with the Commercial Register kept by the Municipal Court in Prague, File No. C 307124 (the **Issuer**).

The Bonds bear a fixed interest rate as further described in the Chapter *Terms and Conditions of the Bonds*. The issue date of the Bonds is 30 October 2020 (the **Issue Date**).

The issue price of all the Bonds issued as of the Issue Date is 100% of their nominal amount. The issue price of any Bonds issued after the Issue Date will be determined by the Manager (as such term is defined below) on the basis of the current market conditions. Where relevant, a corresponding accrued interest will be added to the amount of the issue price of any Bonds issued after the Issue Date. For the avoidance of doubt, the Manager does not have any obligation to any Bond investor to buy back any Bonds.

Unless redeemed early or purchased by the Issuer and cancelled as described below, the Bonds will be redeemed in accordance with the terms and conditions of the Bonds (the **Terms and Conditions**) included in the Chapter *Terms and Conditions of the Bonds* on 30 October 2025 as the redemption date of the Bonds. The Bondholders (as such term is defined in the Chapter *Terms and Conditions of the Bonds*) may request early redemption of the Bonds in accordance with the conditions contained in the Chapter *Terms and Conditions of the Bonds,* provided that the Issuer breaches its obligations included therein or in cases where the law allows such early redemption. The Issuer may, at its discretion, redeem the Bonds early in accordance with the conditions contained in the Chapter *Terms and Conditions of the Bonds*.

The Bonds constitute direct, general, unconditional and unsubordinated liabilities of the Issuer secured by the Financial Guarantee (as such term is defined below) arising from the Financial Guarantee Deed (as such term is defined below) granted by New Ukraine PE Holding Limited, with its registered office at 16 louniou 1943, 9 AREA A, Flat/Office 202, 3022, Limassol, Cyprus, incorporated and registered in Cyprus under the Companies Law, Cap 113 of Cyprus with registered number HE 358309, LEI: 254900ID57LI5XI5KI72 (the **Guarantor**) and Security (as such term is defined below), which rank and will rank *pari passu* among themselves and at least *pari passu* with any present and future unsubordinated and in the same or similar manner secured liabilities of the Issuer, with the exception of liabilities treated preferentially under applicable mandatory laws.

In all cases, payments under the Bonds will be made in accordance with the laws applicable in the Czech Republic as at the moment such payment is made. Where it is required by the laws of the Czech Republic applicable as at the moment a payment of nominal amount or interest is made, applicable tax and other fees will be withheld or deducted. If any deduction or withholding is required at the time of such payment, the Issuer shall not be obligated to pay to the Bondholders any additional amounts. Subject to certain conditions, the Issuer is a taxpayer of a tax withheld or deducted from the interest on the Bonds. For further information, please see the Chapter *Taxation*.

The investors should consider the risk factors associated with the investment in the Bonds. The risk factors which the Issuer deems to be material are included in the Chapter *Risk Factors*.

This Prospectus has been prepared and published for the purposes of an offer of the Bonds to the public pursuant to Article 2(d) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 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 (the **Prospectus Regulation**). The offer of the Bonds to the public will be made by the Issuer through the manager of the Issue, J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, 18600 Prague 8, Identification No.: 471 15 378, LEI: 31570010000000043842, registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 1731 (the **Manager** or **J&T BANKA**). The Issuer will apply for admission of the Bonds to trading on the regulated market (in Czech, *Regulovaný trh*) of Burza cenných papírů Praha, a.s., with its registered office at Rybná 14/682, 110 05 Prague 1, Identification No.: 471 15 629, registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 1773 (**PSE** and the **Regulated Market of the PSE**).

The distribution of this Prospectus and the offer, sale or purchase of the Bonds may be restricted by law in certain jurisdictions. Neither the Prospectus nor the Bonds have been authorized or approved by any administrative authority of any jurisdiction, with the exception of the Czech National Bank (**CNB**). This does not preclude the right of the Issuer to subsequently ask the CNB to notify the approval of the Prospectus to the National Bank of Slovakia (**NBS**) for the purposes of an offer of the Bonds to the public in Slovakia.

The Prospectus, which includes the wording of the Terms and Conditions, was approved by the CNB in its decision ref. no. 2020/122025/CNB/570, file no. S-Sp-2020/00047/CNB/572 dated 30 September 2020, which became final and effective on 1 October 2020. The CNB has approved the Prospectus in its capacity as the competent authority under the Prospectus Regulation and only to the extent that the Prospectus meets the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. By approving the Prospectus the CNB certifies that the Prospectus contains all information required by law necessary for the investor to take an investment decision. The CNB assesses neither the financial results nor the financial situation of the Issuer and by approving the Prospectus it does not guarantee the quality of the security or the Issuer's future profitability or its ability to pay the interest on, and the principal of, the Bonds. Potential investors should make their own assessment as to the suitability of investing in the Bonds. The ISIN of the Bonds allocated by Centrální depozitář cenných papírů, a.s., with its registered office at Rybná 682/14, Old Town, 110 00 Prague 1, Identification No.: 250 81 489 (the **Central Depository**) is CZ0003524795.

This Prospectus was made on 29 September 2020. If there is any significant new factor, material mistake or material inaccuracy relating to the information included in the Prospectus which may affect assessment of the Bonds and which arises or is noted between the time when the Prospectus is approved and the end of the offer of the Bonds to the public or the time when trading of the Bonds on the regulated market begins whichever occurs later, the Issuer will update the Prospectus in the form of supplements to the Prospectus. Each such supplement will be approved by the CNB.

For the purposes of the offer of the Bonds to the public and the admission of the Bonds to trading on the regulated market, this Prospectus will be valid for twelve months from the date on which its approval by the CNB became final and effective. The validity of the Prospectus will expire on 30 September 2021. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid or conditions set out in Article 23 of the Prospectus Regulation are not met.

After the end of the offer of the Bonds to the public or after the admission of the Bonds to trading on the Regulated Market of the PSE, potential investors must base their investment decisions not only on the Prospectus as amended by any supplements, but also on other information published by the Issuer after the date of the Prospectus or other publicly available information.

The Prospectus, any supplements to the Prospectus, other published documents, historic financial information and audit reports are available electronically on the website of the Issuer nupeh-cz.com (for more information please see the Chapter *IMPORTANT NOTICE*).

Manager

J&T BANKA, a.s.

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IMPORTANT NOTICE

This document is a prospectus of bonds pursuant to Article 6 of the Prospectus Regulation and Article 24 of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the ***Implementing Regulation****).*

The distribution of the Prospectus and the offer, sale or purchase of the Bonds may be restricted by law in certain jurisdictions. Neither the Prospectus nor the Bonds will be allowed, approved or registered by any administrative authority or other authority of any jurisdiction, with the exception of the CNB. In particular, the Bonds will not be registered under the United States Securities Act of 1933 (the ***U.S. Securities Act****) and therefore cannot be offered, sold or transferred within the United States or to U.S. residents (as defined in Regulation S implementing the U.S. Securities Act) except pursuant to an exemption from the registration duty under the U.S. Securities Act or in transactions not subject to registration under the U.S. Securities Act. The persons who get hold of the Prospectus are responsible for compliance with the restrictions applicable in individual states to the offer, purchase or sale of the Bonds or the holding and distribution of the Prospectus and any other materials relating to the Bonds.*

The potential investors in the Bonds should make their own assessment as to the suitability of investing in the Bonds. In particular, each interested party should (i) have sufficient knowledge and experience to efficiently assess the Bonds, the benefits and risks of investing in the Bonds, and to evaluate the information contained in this Prospectus (including any supplements thereto);(ii) have the knowledge of, and access to, appropriate analytical instruments for the valuation, always in the context of their particular financial situation, investment in the Bonds and its impact on their overall investment portfolio, (iii) have sufficient funds and liquidity to be prepared to bear all the risks of investing in the Bonds, (iv) fully understand the terms of the Bonds (the Terms and Conditions, this Prospectus and any supplements thereto) and be familiar with the behaviour or development of any relevant indicator or financial market; (v) be able to valuate (either alone or with the help of a financial advisor) possible scenarios for further development of the economy, interest rates or other factors that may affect their investment and ability to bear potential risks.

The potential investors in the Bonds should make their own assessment as to the suitability of investing in the Bonds. The potential investors in the Bonds must base their investment decision on the information contained in the Prospectus as amended by any supplements. In the event of any discrepancies between the information contained in the Prospectus and in any supplements, the latest published information shall prevail. Any investment decision regarding the subscription of the Bonds must be based only on the information contained in these documents as a whole and the conditions of the offer, including individual assessment of the investment risk connected with the Bonds by each potential investor.

Neither the Issuer nor the Manager has authorised any representation or information regarding the Issuer or the Bonds other than those contained in the Prospectus and any supplements. No such other representation or information may be relied on as having been authorised by the Issuer or the Manager. Unless stated otherwise, all information contained in the Prospectus is valid as of the date of the Prospectus. The delivery of the Prospectus after the date of the Prospectus does not mean that the information contained in the Prospectus is correct after the date of the Prospectus.

The Issuer, the Manager or any of their successors do not make any representation to any addressee of the offer or purchaser of the Bonds regarding the lawfulness of the investment of such addressee or purchaser in accordance with the relevant investment or other laws. Each investor should consult with its advisors the legal, tax, commercial, financial and other relevant aspects of the purchase of the Bonds. TheManager has not independently verified the information contained in the Prospectus. Therefore, the Manager makes no explicit or implicit representation or warranty nor accepts any responsibility or liability as to the accuracy or completeness of the information contained or incorporated in the Prospectus or any other information provided by the Issuer in connection with the Issue. The Manager does not assume any liability in relation to the information contained or incorporated in the Prospectus or any other information provided by the Issuer in connection with the offer or distribution of the Bonds. The Manager expressly represents that the Manager does not undertake to review the financial condition or affairs of the Issuer during the validity of the Bonds or to provide any investor in the Bonds with any information coming to their attention.

Information contained in the Chapters Taxation and Enforcement of Civil Liabilities Against the Issuer are of a general nature and they do not represent an exhaustive overview. The information in these Chapters is based on the facts as of the date of the Prospectus and they have been obtained from publicly available sources that have not been processed or independently verified by the Issuer. The potential Bonds investors should rely only on their own analysis of factors mentioned in these Chapters and on their own tax, legal and other advisors. Potential foreign purchasers of the Bonds are advised to consult their legal and other advisors on the provisions of the relevant laws, in particular the foreign exchange and tax regulations of the Czech Republic, the countries of their residence and other potentially relevant countries, and any relevant international agreements and the impact of such regulations and agreements on specific investment decisions.

The Bondholders, including any foreign investors, are hereby encouraged to keep up to date with all laws and regulations governing the possession of the Bonds, as well as the sale of the Bonds abroad or the purchase of the Bonds from abroad, as well as any other transactions concerning the Bonds, and to comply with these laws and regulations.

Any assumptions and outlooks regarding the Issuer's future development, financial position, business or market position cannot be construed as a representation or binding promise of the Issuer regarding future events or results, as such future events or results depend in whole or in part on circumstances and events that the Issuer cannot directly or fully control. Potential Bonds investors should undertake their own analysis of any development trends or outlooks contained in the Prospectus, and make other separate investigations, and base their investment decisions on the results of such separate analyses and investigations.

*Unless otherwise stated below, all the Issuer's financial information is based on the International Financial Reporting Standards as approved by the European Union that are consistently applied (****IFRS****). Copies of the financial statements and audit reports*

incorporated in the Prospectus by reference are available free of charge for inspection during normal business hours from 9 a.m. to 4 p.m. CET at the Issuer's registered office. Some of the figures in the Prospectus have been adjusted by rounding. Therefore, the values reported for the same information item may vary slightly from one table to another and the values presented as sums in some tables may not be the arithmetic sum of the values on which they are based.

If this Prospectus is translated into another language, the English version of the Prospectus shall prevail in case of any discrepancies between the wording of the Prospectus in English and the wording of the translated Prospectus.

The information contained on the websites' hyperlinks included in the Prospectus, with the exception of the information in the Chapter Information Incorporated by Reference, is not part of the Prospectus and therefore has not been verified or approved by the CNB.

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I. SUMMARY

The summary below sets out the key information that investors need in order to understand the nature and risks of the Issuer and the Bonds. The summary should be read in conjunction with the other parts of this Prospectus. Capitalized terms used in the Summary shall have the meaning assigned to them in the Terms and Conditions or any other part of the Prospectus.

1. Introduction and Warnings

Warnings	This summary should be read as an introduction to the Prospectus, and any decision to invest in Bonds should be based on the investor's analysis of the entire Prospectus including any supplement thereto (if any). The investor may lose a part of or the entire capital invested in the Bonds if the Issuer is unable to pay interest on, or the nominal value of, the Bonds. In the event that an action is brought before a court regarding the information contained in the Prospectus, the claimant investor may be obliged, under the national law, to bear the costs of the Prospectus translation before initiating legal proceedings. The civil liability shall be borne only by the persons who prepared the summary, including any translation thereof, but only if the summary is misleading, inaccurate or contradictory in relation to the other parts of the Prospectus or if it does not provide, when in conjunction with the other parts of the Prospectus, essential information to assist investors in making a decision to invest in Bonds.
Name and international securities identification number (ISIN) of the Bonds	Name of the Bonds is NUPEH CZ 5,90/25. The ISIN of the Bonds allocated by the Central Depository is CZ0003524795.
Identity and contact details of the Issuer	The Issuer of the Bonds is NUPEH CZ s.r.o., with its registered office at Antala Staška 1859/34, Krč, 140 00 Prague 4, Identification No.: 077 57 662, LEI: 3157002FXYZ444Q6BD33, registered with the Commercial Register kept by the Municipal Court in Prague, File No. C 307124. The Issuer can be reached at +420 221 710 383 or via email at info@nupeh-cz.com.
Identity and contact details of the offeror and person asking for admission to trading on a regulated market	The offer of the Bonds to the public will be made by the Issuer through the Manager J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, 18600 Prague 8, Identification No.: 471 15 378, LEI: 31570010000000043842, registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 1731. J&T BANKA, a.s. can be reached at +420 221 710 300 or via email at DealingCZ@jtbank.cz. The Issuer will apply for admission of the Bonds for trading on the Regulated Market of the PSE through the Listing Agent and expects the Bonds to be listed on the Issue Date, i.e. 30 October 2020. J&T BANKA, a.s. is the Listing Agent and can be reached at above addresses.
Identity and contact details of the competent authority approving the Prospectus	The Prospectus has been approved by the CNB as the competent authority under Act No. 6/1993 Coll., on the Czech National Bank, as amended and under article 31 of the Prospectus Regulation. The CNB can be reached at +420 224 411 111 or at +420 800 160 170.
The date of approval of the Prospectus	The Prospectus has been approved by the resolution of the CNB dated 30 September 2020, ref. no. 2020/122025/CNB/570, file no. S-Sp-2020/00047/CNB/572, which came into force on 1 October 2020.

2. Key information on the Issuer

2.1 Who is the Issuer of the Bonds?

Domicile and legal form of the Issuer, its LEI, the law under which it operates and its country of incorporation	The Issuer is a limited liability company incorporated under the laws of the Czech Republic, with its registered office at Antala Staška 1859/34, Krč, 140 00 Praha 4, Czech Republic, Identification No.: 077 57 662, LEI: 3157002FXYZ444Q6BD33, registered with the Commercial Register kept by the Municipal Court in Prague under file No. C 307124. Laws and regulations governing the Issuer are mainly the Civil Code, the Act on Business Corporations and the Trade Licensing Act.
Principal activities of the Issuer	The main activity of the Issuer includes providing financial means acquired through the Issue to the affiliates in the Group by means of a loan, credit facility or other forms of financing. The Issuer does not currently perform any other activities.

Major shareholders of the Issuer and whether it is directly or indirectly owned or controlled and by whom	The Issuer is owned by the Guarantor, which holds shares representing 100% of the Issuer's registered capital and voting rights. The Issuer is therefore directly controlled by the Guarantor. The Issuer is part of group consisting of the Guarantor and its Subsidiaries.
Identity of the key managing directors of the Issuer	The sole managing director of the Issuer is Mrs. Natalia Zolotarova, born on 2 May 1977.
Identity of the statutory auditors of the Issuer	The auditor of the Issuer is KPMG Česká republika Audit, s.r.o., Identification No.: 496 19 187, with its registered office at Pobřežní 648/1a, 18600 Prague 8.

2.2 What is the key financial information regarding the Issuer?

Key financial information regarding the Issuer

Following tables present key financial information regarding the Issuer.

Profit and loss (in thousands of CZK):

	31 December 2019	1 January 2019
Operating profit (loss)	-370	0

Financial position (in thousands of CZK):

	31 December 2019	1 January 2019
Net financial debt (long - term liabilities plus short - term liabilities minus cash)	382	0

Cash flow (in thousands CZK):

	Period from 1 January 2019 to 31 December 2019
Net cash flows from operating activities	-202
Net cash flows from financing activities	2
Net cash flows from investing activities	0

2.3 What are the key risks that are specific to the Issuer?

Major risks that are specific to the Issuer

From the Issuer's perspective, the following are the main risk factors that may adversely impact its financial and economic standing, business and ability to meet its debts arising from the Bonds:

(a) **Risk of a secondary dependence** - The Issuer is part of a group consisting of the Guarantor and its direct or indirect subsidiaries. As such the Issuer is exposed to a secondary risk of dependence on risks relating to the Group whose activities includes investing in real estate sector in Ukraine. Due to the Issuer's dependence on the Group, all risk factors related to the Group may adversely affect the Issuer's ability to repay its debt from the Issue. The risk of secondary dependence may adversely affect the Issuer's ability to pay off the debts arising from the Bonds.

(b) **Risk of a special purpose-established company** - The Issuer is a company established for the purpose of issuing the Bonds and subsequently providing intragroup financing and does not engage in any other business activity and therefore cannot create resources from other business activities to pay off the debts arising from the Bonds. The risk of the Issuer's credit dependence on the Group may therefore adversely affect the Issuer's ability to meet its debt obligations.

3. Key information regarding the Bonds

3.1 What are the main features of the Bonds?

The Bonds

The Bonds are being issued as book-entered securities due in 2025 and will bear a fixed interest rate of 5.9 % p.a.

The nominal amount of each Bond is CZK10,000 (in words: ten thousand Czech Koruna). The anticipated total nominal value of the Issue is CZK700,000,000 (in words: seven hundred million Czech Koruna), with

	the possibility to increase the total nominal value up to CZK1,050,000,000 (in words: one billion and fifty million Czech Koruna). The total number of the Bonds that can be issued is 70,000 in case the total nominal value of the Issue does not exceed CZK700,000,000 Czech Koruna or 105,000 in case the total nominal value of the Issue is increased to CZK1,050,000,000. Date of the Issue is 30 October 2020. The final maturity date of the Bonds is 30 October 2025. The Bonds are issued pursuant to the Czech Bonds Act. The ISIN of the Bonds allocated by the Central Depository is CZ0003524795.
Currency of the Bonds	Czech Koruna (CZK)
Rights attached to the Bonds	The rights and obligations of the Issuer and the Bondholders arising from the Bonds are regulated by the Terms and Conditions. Neither the Guarantor nor any other person has any right of first refusal, pre-emptive or conversion rights in relation to the Bonds or any other priority subscription rights in relation to the Bonds. In particular the Bonds constitute the right for payment of the outstanding principal amount as of the Final Maturity Date of the Bonds and the right for the payment of interest. Unless previously redeemed or purchased by the Issuer and cancelled, each Bond will be redeemed by the Issuer at its outstanding nominal amount in a single payment as of the Final Maturity Date of the Bonds. The Bonds also constitute the right to attend and vote on the bondholders meeting in cases, where the bondholders meeting is summoned in line with the Czech Bonds Act and/or the Terms and Conditions. The bondholders meeting may elect, by resolution, an individual or a legal entity to act as a common representative. In accordance with the Czech Bonds Act, the common representative is authorised (i) to exercise, on behalf of all of the Bondholders, any rights associated with the Bonds to the extent specified in a resolution adopted by the bondholders meeting, (ii) to supervise the compliance with the Terms and Conditions by the Issuer, and (iii) to execute, on behalf of all of the Bondholders, any other acts or protect the Bondholders' interests in the manner and to the extent specified in a resolution adopted by the bondholders meeting. Beginning on the Issue Date (exclusive), the Issuer has the right to redeem early all outstanding Bonds (in part or in full), and may exercise this right only if it notifies the Bondholders no later than 40 (forty) days before the relevant early redemption date. The Issuer may only partially redeem the Bonds on the Early Redemption Date of the Bonds that is an Interest Payment Date. The Issuer shall repay all or part of the outstanding nominal amount of the Bonds, the relevant interest income accruing to the amount of the early repaid nominal amount of the Bonds as of the Early Redemption Date of the Bonds and the extraordinary interest income. If the early redemption at the option of the Issuer occurs between: (a) the Issue Date (inclusive) and the first anniversary of the Issue Date (inclusive), the extraordinary interest income will amount to 5.00% of the total amount of the early (partial or full) repaid nominal amount of all Bonds; (b) the first anniversary of the Issue Date (exclusive) and the second anniversary of the Issue Date (inclusive), the extraordinary interest income will amount to 2.00% of the total amount of the early (partial or full) repaid nominal amount of all Bonds; (c) the second anniversary of the Issue Date (exclusive) and the third anniversary of the Issue Date (inclusive), the extraordinary interest income will amount to 1.00% of the total amount of the early (partial or full) repaid nominal amount of all Bonds; (d) the third anniversary of the Issue Date (exclusive) and the fourth anniversary of the Issue Date (inclusive), the extraordinary interest income will amount to 0.50% of the total amount of the early (partial or full) repaid nominal amount of all Bonds; and (e) the fourth anniversary of the Issue Date (exclusive) and the fifth anniversary of the Issue Date (exclusive), there will be no payment of an extraordinary interest income. The Issuer may purchase the Bonds at any time on the market or otherwise for any price.
Relative seniority of the Bonds in the Issuer's capital structure in the event of insolvency of the Issuer	The Bonds constitute direct, general, unconditional and unsubordinated liabilities of the Issuer secured by the Financial Guarantee and Security which rank and will rank pari passu among themselves and at least pari passu with any present and future unsubordinated and in the same or similar manner secured liabilities of the Issuer, with the exception of liabilities treated preferentially under applicable mandatory laws. Under the same conditions, the Issuer must treat all Bondholders equally.

Transferability of the the Bonds	The transferability of the Bonds is not restricted.
Payout policy	The Bonds will bear a fixed interest rate of 5.9 % p.a. The interest will accrue evenly from the first day of each Interest Period to the last day included in such Interest Period. The interest will be paid for each Interest Period half-yearly in arrears, always as of 30 April and 30 October of each year.

3.2 Where will the Bonds be traded?

Admission to trading on a regulated market or other market	The Issuer will apply for admission of the Bonds for trading on the Regulated Market of the PSE through the Listing Agent and expects the Bonds to be listed on the Issue Date.

3.3 Is there a guarantee attached to the Bonds?

Brief description of the nature and scope of the guarantee	The liabilities of the Issuer under the Bonds will, in accordance with the Terms and Conditions, be secured by a financial guarantee constituted by a financial guarantee deed within the meaning of Section 2020 et seq. of the Civil Code, granted by the Guarantor. Liabilities of the Issuer arising from the Bonds and the liabilities of the Guarantor arising from the Financial Guarantee are further, in line with the Terms and Conditions, secured by a first ranking security established in favour of the Bondholders, and the Security Agent, in respect of: (a) WGL Shares; (b) EGL Shares; (c) APV Shares; (d) PMS 1 Shares; (e) PMS 2 Shares; (f) ServiceCo Shares; (g) WGL Property; (h) Piramida Property; (i) EGL Property; (j) PMS 1 Property; (k) PMS 2 Property; (l) NUPEH Receivables 1; (m) NUPEH Receivables 2; (n) NUPEH Receivables 3; (o) NUPEH Receivables 4; (p) NUPEH Receivables 5; (q) WGL Bank Accounts Receivables; (r) APV Bank Account Receivables; (s) EGL Bank Account Receivables; (t) PMS 1 Bank Account Receivables; (u) PMS 2 Bank Account Receivables; (v) ServiceCo Bank Account Receivables; (w) Participation; (x) Guarantor Bank Accounts Receivables; (y) Issuer Bank Accounts Receivables; (z) Charged Assets; and (aa) Intragroup Receivables.
Brief description of the Guarantor, including its LEI	The Guarantor is New Ukraine PE Holding Limited, with its registered office at 16 louniou 1943, 9 AREA A, Flat/Office 202, 3022, Limassol, Cyprus, incorporated and registered in Cyprus under the Companies Law, Cap 113 of Cyprus with registered number HE 358309, LEI: 254900ID57LI5XI5KI72. The Guarantor is a holding company, established to manage commercial real estate assets. As at the date of this Prospectus, the Guarantor's investments were represented by the following projects:

(a) Piramida: shopping center with the gross leasing area equal to 12,817 square meters;

(b) East Gate Logistic: A-class warehouse with the gross leasing area equal to 49,198 square meters;

(c) West Gate Logistic: A-class warehouse with the gross leasing area equal to 96,221 square meters and associated land plot of 15 ha.;

(d) Property Management Solutions One: A-class business center Eurasia with the gross leasing area equal to 27,996 square meters; and

(e) Property Management Solutions Two: A-class business center Prime with the gross leasing area equal to 8,853 square meters and associated land plot of 0.15 ha.

Identity of the statutory auditors of the Guarantor

The auditor of the Guarantor is KPMG Limited, incorporated and registered in Cyprus under the Companies Law, with registered number HE 132822.

Relevant key financial information for the purpose of assessing the Guarantor's ability to fulfil its commitments under the guarantee

Following tables present key financial information regarding the Guarantor.

Individual profit and loss (in thousands of USD)

	Year ended 31 December 2019	Year ended 31 December 2018
Operating profit (+/-)	34,161	22,465

Balance sheet (in thousands of USD)

	Year ended 31 December 2019	Year ended 31 December 2018
Total assets	185,505	167,546
Total equity	150,835	120,526
Net financial debt (long-term liabilities plus short-term liabilities minus cash)	29,613	43,530

Cash flow (in thousands of USD):

	Year ended 31 December 2019	Year ended 31 December 2018
Net cash flows from operating activities	17,864	101
Net cash flows from financing activities	(16,297)	(6,002)
Net cash flows from investing activities	0	0

The Financial Statements of the Guarantor for the Year 2019 and the Financial Statements of the Guarantor for the Year 2018 were verified by the Auditor of the Guarantor, who issued an unqualified opinion regarding the financial statements mentioned above. To the best of the Guarantor's knowledge, no material adverse changes occurred in the Guarantor's outlook and no material changes occurred in the financial or business situation of the Guarantor between the date of the most recent audited financial statements, i.e. 31 December 2019, and the date of this Prospectus except as specified in this Prospectus.

Brief description of the most material risk factors pertaining to the Guarantor and the Group

The Guarantor is an investment and holding company, which means that if the Subsidiaries fail to make a profit, they will not be able to pay the Guarantor a share of the profits in the form of dividends or repayment of the intragroup loan. The Guarantor is therefore indirectly affected by the risk factors affecting the business of the Subsidiaries.

The following are the main risk factors that may adversely impact the financial and economic standing and business of the Guarantor and the Group:

(a) **The recent outbreak of COVID-19 could adversely affect the Group's business** - The recent outbreak of the COVID-19 and its development into a global pandemic has and certainly further will have major economic consequences for the Ukrainian economy.

(b) **The Group is dependent on external contractors to develop and enlarge the projects** - The Group's reliance on general contractors and individual contractors also exposes the Group to risks associated with any poor performance or work ethic of such contractors and their subcontractors and employees, construction defects and financial instability of the contractors and their subcontractors.

(c) **Credit Risk** - The Guarantor provides unsecured loans to its Subsidiaries. Recoverability of these loans depends on operation results of the Guarantor's investees owning the income generating real

		estate. If the investees are unable to repay the loans provided by the Guarantor, it would ultimately afect the business of the Guarantor and the Group.
	(d)	**The legislative steps taken by the Ukrainian Government in response to the COVID-19 outbreak affect the Group's business** - In response to the COVID-19 outbreak, the Parliament of Ukraine adopted a number of laws supporting the tenants during the lockdown period by allowing them to demand a rent reduction from the lessors, provided that the tenants had no objective possibility to use the leased real estate. As a result, the Group experienced decrease in NOI in 1H 2020 by 9.0% year-on-year[1]. In addition to the COVID 19´s related restrictions that were imposed by the Ukrainian local authorities in March 2020 this decrease was also driven by the devaluation of Ukrainian hryvnia by 13% in 1H 2020.
	(e)	**The Group's ownership interests or lease rights in land may be challenged** - There is a risk that the state registrars or a third party may challenge ownership interests or lease rights in land because of their origin or former registration or for other reasons. This may lead to additional expenses and title risks for the Group**.**
	(f)	**Property Risk** - Property and property related assets are inherently difficult to value due to the individual nature of each property and the fact there may not be a liquid market or pricing mechanism available. As a result, valuations may be subject to substantial uncertainty.

3.4 What are the key risks that are specific to the Bonds?

Major risks that are specific to the Bonds.	There exist, in particular, the following risk factors relating to the Bonds:	
	(a)	**Risk of default and risk related to the redemption of the Bonds by the Issuer** - Much like any other monetary debt, the Bonds are exposed to the risk of default.
	(b)	**Risk of the interest rate on the Bonds** - The holder of a bond with a fixed interest rate is exposed to the risk of a decrease in the price of such a Bond as a result of changes in the market interest rates. While the nominal interest rate is fixed for the term of the existence of the Bonds, the current interest rate on the capital market (market interest rate) usually changes daily.
	(c)	**Risk of Early Redemption** - In case of a full or partial early redemption of the Bonds, including where this takes place without the consent of the particular Bondholder, in accordance with the Terms and Conditions prior to their redemption date, the Bondholder is exposed to the risk of the yield being lower than expected due to such early redemption.
	(d)	**Liquidity risk on the Regulated Market of the PSE -** The Issuer will apply for the Bonds to be listed for trading on the Regulated Market of the PSE. Regardless of the listing of the Bonds on a regulated market, there can be no assurance that a sufficiently liquid secondary market in the Bonds will be created or, if it is, that such a secondary market will continue to exist. The fact that the Bonds may be listed on a regulated market may not necessarily lead to the higher liquidity of such Bonds in comparison with the Bonds not listed on a regulated market. Bonds which are not listed on a regulated market may be difficult to value, which may have an adverse impact on their liquidity. On a potentially non-liquid market, the investor may not be able to sell the Bonds at an adequate market price at any time.
	(e)	**Fees -** The overall return on the investment in the Bonds may be affected by the level of fees which are charged by the securities trader or another intermediary of the purchase or sale of the Bonds or by the relevant clearing system used by the investor.
	(f)	**Bond purchase lawfulness risk -** The prospective buyers of the Bonds (especially foreign persons) should be aware of the fact that the purchase of the Bonds may be subject to legal restrictions affecting the validity of the acquisition.

4. Key information on the Offer of the Bonds to the public and admission to trading on a regulated market

4.1 Under which conditions and timetable can I invest in the Bonds?

General conditions of the public offer	The Bonds will be offered by the Issuer through the Manager under a public offering to the domestic and foreign qualified and other than qualified (in particular, retail) investors in the Czech Republic and the Slovak Republic (if the Issuer decides to ask the CNB to notify the approval of the Prospectus to the NBS), and to selected qualified investors and other potential investors abroad, subject to the conditions which do not impose the obligation on the offeror to prepare and publish a prospectus in accordance with the laws applicable in that jurisdiction. The investors may also subscribe for the Bonds directly from the Issuer. As part of the public offering, the investors will be approached by the Manager, in particular by means of distance communication, and invited to place an order for the purchase of the Bonds (the Order), provided that the investor must present a valid identity document in order to participate in the public offering.

[1] Based on unaudited data of the Issuer.

Expected timetable for the public offer	The public offering of the Bonds by the Manager may last from 1 October 2020 to 30 September 2021 (this date included). In connection with the placement of the Order, the investors must conclude, or have concluded, an agreement with the Manager for purposes such as opening the asset account in the investment instrument register kept by the Central Depository (if they do not already have an opened asset account with a different Central Depository participant) or detailed securities records by the Manager and giving the instruction to arrange the purchase of the Bonds under such an agreement, or they may be invited to present the required documents and identification details by the Manager. The purchase of the Bonds from the Manager is conditional upon the conclusion of an investment service provision agreement between the investor and the Manager and upon giving the instruction to arrange the purchase of the Bonds under that agreement. As part of the public offering in the Czech Republic, the Manager will receive the instructions through its headquarters in Prague and, in case of the public offering in the Slovak Republic, through its branch J & T BANKA, a.s., pobočka zahraničnej banky, Dvořákovo nábrežie 10, 811 02 Bratislava, Slovak Republic.
Information on admission to trading on a regulated market	The Issuer will apply for admission of the Bonds for trading on the Regulated Market of the PSE through the Listing Agent and expects the Bonds to be listed on the Issue Date, i.e. 30 October 2020. When admitted to trading on the Regulated Market of the PSE, the Bonds will be traded at the PSE and the transactions will be settled in CZK. The settlement will be performed as DVP (delivery versus payment) through the Central Depositary or through persons keeping the related records following the standard practices in accordance with the rules and operating procedures of the PSE and the Central Depositary and within the deadlines set by the applicable rules. The subscription of the Bonds in the Central Depositary can only be settled through a member of the Central Depositary.
Bond Distribution Plan	The Bonds will be offered by the Issuer through the Manager under a public offering to the domestic and foreign qualified and other than qualified (in particular, retail) investors in the Czech Republic and the Slovak Republic (if the Issuer decides to notify the Prospectus (passport) to the NBS), and to selected qualified investors and other potential investors abroad, subject to the conditions which do not impose the obligation on the offeror to prepare and publish a prospectus in accordance with the laws applicable in that jurisdiction. The public offering of the Bonds by the Manager may last from 1 October 2020 to 30 September 2021 (this date included). As part of the public offering, the investors will be approached by the Manager, in particular by means of distance communication, and invited to place an order for the purchase of the Bonds (the Order), provided that the investor must present a valid identity document in order to participate in the public offering. The minimum amount for which a single investor is to be entitled to subscribe for the Bonds has not been determined. The maximum amount for which an individual investor is to be entitled to subscribe for the Bonds will be limited by the projected total nominal value of the Issue. If the volume of the Orders exceeds the volume of the Issue, the Manager may reduce the investor's Orders at its discretion (provided that any surplus will be immediately returned in the investor's account). The final nominal value of the Bonds assigned to the individual investor will be stated in the transaction clearing confirmation, which will be delivered to the investor by the Manager without unreasonable delay after the execution of the instruction. The investor may not trade in the subscribed Bonds before this confirmation is delivered. The issue price of all Bonds issued as of the Issue Date is 100%. The Issue Price of any Bonds issued after the Issue Date will be determined by the Manager on the basis of the current market conditions. Where relevant, a corresponding accrued interest will be added to the amount of the Issue Price of any Bonds issued after the Issue Date.
Estimate of the total costs associated with the Issue or Offer	The Issuer expects that the total costs of the preparation of the Issue, i.e. the cost of the Manager's remuneration, the Issuer's auditor's fees, the Central Depository's fees, the CNB's fees and some other costs related to the Issue or its placement on the market will not exceed (i) 3.3% of the anticipated total nominal value of the Issue (i.e. CZK23,000,000). The net proceeds of the Issue for the Issuer (if the anticipated total nominal value of the Issue is issued) will be approximately CZK677,000,000. Investors who subscribe for or purchase the Bonds through the Manager in the Czech Republic, respectively its headquarters in Prague, pay fees associated with acquiring the Bonds according to the Manager's fee list as applicable on the date of the transaction. These costs amount to 0.15% of the transaction volume, but no less than CZK2,000. The standard current fee list of the Manager is published on its website www.jtbank.cz, in the section marked as "Užitečné informace", under the subsection "Sazebník poplatků" (fee list applicable from 14 September 2020). The investor may be obliged to pay additional fees charged by the intermediary for the purchase or sale of the Bonds, the person keeping the records of the Bonds, the person settling the trade of the Bonds or another person (e.g. fees for the establishment and maintenance of an investment account, for arranging the transfer of the Bonds, services connected with the safekeeping of the Bonds and their records etc.).

	An investor who will subscribe for or purchase the Bonds through J&T BANKA in the Slovak Republic will pay the fees in accordance with the current pricelist of the Slovak branch of J&T BANKA applicable on the date of the transaction. On the date of this Prospectus, the fees amount to 0.60% of the transaction volume. If the transaction is settled using an account other than the holder's account, this fee is 1% of the transaction volume and at least EUR480. The current standard pricelist of the Slovak branch of J&T BANKA is published on its website at www.jtbanka.sk in the section marked as "Užitočné informace" under the subsection "Úrokové sadzby a poplatky", version *Sadzobník poplatkov časť I - fyzické osoby nepodnikatelia, účinný od 15. 8. 2020 and Sadzobník poplatkov časť II - právnické osoby a fyzické osoby podnikatelia, účinný od 15. 8. 2020*.

4.2 Who is the Offeror and the person asking for admission to trading?

Description of the Offeror of the securities	The offer of the Bonds to the public will be made by the Issuer through the Manager: J&T BANKA, a.s., with its registered office at Sokolovská 700/113a, 18600 Prague 8, Identification No.: 471 15 378, LEI: 31570010000000043842, registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 1731. J&T BANKA, a.s. can be reached at +420 221 710 300 or at email DealingCZ@jtbank.cz.
Description of the person asking for admission to trading on a regulated market	The Issuer will apply for admission of the Bonds for trading on the Regulated Market of the PSE through the Listing Agent and expects the Bonds to be listed on the Issue Date, i.e. 30 October 2020. J&T BANKA, a.s. with its registered office at Sokolovská 700/113a, 18600 Prague 8, Identification No.: 471 15 378, LEI: 31570010000000043842, registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 1731 is the Listing Agent. J&T BANKA, a.s. can be reached at +420 221 710 300 or at email DealingCZ@jtbank.cz.

4.3 Why is this prospectus being produced?

Use and estimated net amount of the proceeds	The net proceeds of the Issue will be used for the purpose of intra-group loan provided by the Issuer to the Guarantor, whereas the Guarantor will subsequently use the proceeds from the intra-group loan for dividend pay-outs.
Indication of whether the offer is subject to an underwriting agreement on a firm commitment basis	The Bonds will be placed by the Manager. The Manager is committed to make every effort that can be reasonably expected of him to search for the prospective investors in the Bonds and place the Bonds with and sell them to such investors. The offer of the Bonds issued in tranches after the Issue Date will thus be made on the "best efforts" basis. Neither the Manager nor any other person in relation to the Issue has undertaken an obligation to subscribe for or purchase any of the Bonds.
Indication of the most material conflicts of interest pertaining to the offer or the admission to trading	The Issuer is not aware of any interest of persons involved in the Issue or offer of the bonds which would be material to the Issue or offer of the Bonds, except for the interests of the Manager, which places the Bonds on the market, and the Arranger. J&T BANKA also acts as Fiscal and Paying Agent, Listing Agent and Security Agent.

II. RISK FACTORS

Investors considering the subscription or purchase of the Bonds should carefully read this Prospectus in its entirety. The information presented by the Issuer to the potential subscribers or purchasers of the Bonds as well as any other information provided in this Prospectus should be carefully examined and considered by each party interested in the subscription or purchase of the Bonds.

The subscription, purchase, holding and potential resale of the Bonds are associated with a number of risks (including the risk of losing the entire investment), and the risks considered material by the Issuer are specified below in this Chapter. The text below does not substitute any professional analysis or any provision of the Terms and Conditions or data provided in this Prospectus, does not limit any rights or obligations arising from the Terms and Conditions and in no case is it an investment recommendation of any nature. Any decision to subscribe and/or purchase the Bonds should be based on the information contained in this Prospectus, on the terms and conditions of the offering of the Bonds and, in particular, on the analysis of the risks and benefits of the investment in the Bonds by the prospective investor and/or the investor's legal, tax and other professional advisors.

Risk factors are ranked in the individual categories and sub-categories from the most to the least significant.

Capitalised terms used below shall have the meanings assigned to them in the Terms and Conditions or any other part of the Prospectus.

1 Risk Factors Related to the Issuer

From the Issuer's perspective, there are the following main risk factors that may adversely impact its financial and economic standing, business and ability to meet its debts arising from the Bonds:

Risk of a secondary dependance

The Issuer is part of group consisting of the Guarantor and its direct or indirect subsidiaries (the **Group** and the subsidiaries as the **Subsidiaries**). As such the issuer is exposed to a secondary risk of dependence on risks relating to the Group whose activities includes investing in real estate sector in Ukraine. Due to the Issuer's dependence on the Group, all risk factors related to the Group described below may adversely affect the Issuer's ability to repay its debt from the Issue. The risk of secondary dependence may adversely affect the Issuer's ability to pay off the debts arising from the Bonds.

Risk of a special purpose-established company

The Issuer is a company established for the purpose of issuing the Bonds and subsequently providing intra-group financing and does not engage in any other business activity and therefore cannot create resources from other business activities to pay off the debts arising from the Bonds. The risk of the Issuer's credit dependence on the Group may therefore adversely affect the Issuer's ability to meet its debt obligations.

2 Risk Factors Related to the Guarantor and the Group

The Guarantor is an investment and holding company, which means that if the Subsidiaries fail to make a profit, they will not be able to pay the Guarantor a share of the profits in the form of dividends or repayment of the intragroup loan. The Guarantor is therefore indirectly affected by the risk factors affecting the business of the Subsidiaries.

From the Guarantor's perspective, there are the following main risk factors that may adversely impact its financial and economic standing, business and ability to meet its debts arising from the Financial Guarantee:

Operational risks

The recent outbreak of COVID-19 could adversely affect the Group's business

The recent outbreak of the coronavirus SARS-CoV-2 (the **COVID-19**) and its development into a global pandemic will certainly have major economic consequences for the Ukrainian economy. Even though the full impact of the COVID-19 outbreak is, at the moment, very difficult to assess, it has already damped economic activity and eroded financial conditions across the European countries, including Ukraine. Measures implemented by state and local authorities of Ukraine to discourage or prohibit the movement of people, such as closing of public services, travel restrictions, border controls and other measures to discourage or prohibit the movement of people, are severely affecting many sectors and also largely contributes to the negative impact that the COVID-19 outbreak has on financial markets and level of economic activity in Ukraine. If the impact is severe or prolonged, it may result in reduced income of the Group due to vacancy of the real estate projects operated by the Group.

The possible economic downturn can have a significant negative effect on the real estate sector in Ukraine, including the Group. This may take the form of a reduction in the income generated from rents or reduction of profit due to increased vacancy in the real estate projects operated by the Group, therefore adversely affect the source of income of the Group and, as a result, adversely affect the Group's business and economic situation.

As of the date of this Prospectus, the COVID-19 has had no material impact on the vacancy of the real estate projects operated by the Group. However, the Group experienced decrease in NOI (as defined below) in 1H 2020 by 9.0% year-on-year[2]. In addition to the COVID 19´s related restrictions that were imposed by the Ukrainian local authorities in March 2020, this decrease was also driven by the devaluation of Ukrainian hryvnia by 13% in 1H 2020.

Besides that, there can be no guarantee that any similar pandemics or outbreaks will not occur in the future or that the effects of the current global pandemic will not deteriorate further. If such pandemics or outbreaks occur in the future, these may result in similar or more adverse effects as the COVID-19 pandemic, and could result in similar or further adverse effects on the Ukrainian economy.

The Group is dependent on external contractors to develop and enlarge the projects

The successful potential enlargement of the Group's projects depends on the Group's ability to hire general contractors and individual contractors (specialized e.g. in electricity, plumbing, etc.) to enlarge projects to international standards of quality and safety on commercially reasonable terms. Competition for the services of high quality general contractors and individual contractors and other factors may make it difficult to enter into contracting arrangements on commercially acceptable terms, within the required time frame, or at all. The replacement perior of any individual contractor is about 20 days whereas the term of change of a general contractors is 45-60 days. The Group's reliance on general contractors and individual contractors also exposes the Group to risks associated with any poor performance or work ethic of such contractors and their subcontractors and employees, construction defects and financial instability of the contractors and their subcontractors.

Any failure of general contractors to meet international standards of high quality and safety could result in increased costs and may result in delays and cancellations, which could affect the marketability of the property. If the Group is unable to enter into contracting arrangements with high quality general contractors or subcontractors on commercially reasonable terms or their performance is substandard, the Group may be subject to increased costs or its projects may be delayed or cancelled, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The development of the Group's properties is subject to a number of permits and administrative approvals and failure to comply with these requirements could adversely affect its business

In Ukraine certain planning approvals are necessary to receive a land lease or to purchase a land plot from public ownership. Certain development approvals are necessary to design, construct and put into operation shopping malls and other real property.

[2] Based on unaudited data of the Issuer.

The profitability of the Group will be in part dependent upon the continuation of a favourable regulatory climate with respect to its investments. Any failure to obtain or to continue to comply with all necessary approvals, licences or permits, including renewals thereof or modifications thereto, may adversely affect the Group's performance, as could delays caused in obtaining such consents due to objections from third parties. This, in turn, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group relies on certain key personnel

The Group's success depends to a significant extent upon the abilities and experience of the Group's executive officers and certain other key persons, whose continued service may not be guaranteed. As of the date of this Prospectus, the Issuer considers the following persons as the Group's key personnel: Mrs. Natalia Zolotarova, Mrs. Olha Turyk, Mr. Dmytro Kalinichev, Mr. Vasyl Bendas, Mr. Oleksandr Shmourgun and Mrs. Natalia Kravets. The departure of one or more key executives or other key personnel of the Group could have a material and adverse effect on the Group's business, results of operations, financial condition and prospects. In the event that key personnel choose not to remain with the Group, there is a risk that these key personnel may participate in a competing business. The Group's ability to recruit, motivate and retain personnel will be important to its development and there can be no assurance that the Group will be able to do so given the market in which the Group operates. As a consequence, any failure of the Group to attract, hire or retain suitable employees could have a material adverse effect on the Group's business, financial condition and results of operations.

Because the valuations of the Group´s properties rely on certain assumptions and valuation models, it may not accurately reflect the actual proceeds that could be achieved upon a sale of the valued properties, and a material decline in future valuations could adversely affect the Group's financial results

The valuations of the Group's properties were made as at 31 December 2019, and the relevant figures do not reflect any changes in the value of the properties or market conditions since that time. In addition, certain assumptions and valuation models were used in the determination of the property values, and the use of different assumptions or models would likely produce different valuation results. As a result, the valuations represent best estimate of the value of Group's properties. However, there can be no assurance that they accurately reflect the actual proceeds that could be achieved upon a sale of the valued properties, particularly if, due to unforeseen circumstances, the Group were forced to sell investment properties prior to completion of their development. The Group's financial results are significantly influenced by the revaluation of its investment properties, which the Group intends to undertake at least once a year unless the directors decide otherwise. Any gains or losses arising from changes in the fair value of these properties are required to be included in the Group's income statement for the period in which they arise. As a result, any material decline in the value of the Group's investment properties could materially adversely affect the Group's results of operations and financial condition.

Corporate structure risk

The Group is structured as an investment holding with a concentration of interests at the ultimate holding company. Distribution of profits is currently maintained through a quasi-equity loan structure, given through a facility to the operating properties. Upon dividend pay-back different approaches may be taken to channel profits back to the holding level, through either the repayment of quasi-equity loans or by simple dividend repayments up to the ultimate holding level. According to effective legislation the Group uses the reduced rate of withholding tax on dividends and interest payments from operating Subsidiaries to the Guarantor. The Group may not be able to predict whether a favourable taxation or regulatory environment will exist at the time of dividend payments or be able to ensure that the dividend payments benefit from a low tax burden.

Difficulty of identifying and securing suitable disposals in the future

The Group could experience competition with other property owners in its efforts to dispose of assets, which may result in lower sales prices. Any such increase in prices for acquired properties or a decrease in prices for properties to be sold by the Group could impair its growth prospects or reduce available capital, either of which could adversely affect the Group's results of operations and financial condition. Because real estate investments are relatively illiquid, the Group may not be able to sell properties when appropriate and real estate investments generally cannot be sold quickly. As the Group's properties are subject to tax laws and financing covenants and the Group may encumber new or existing properties as a result of raising additional financing, the transfertability of which may be further restricted. As a result, the Group may not be able to vary its portfolio promptly in response to economic or other conditions, which could have an adverse effect on the Group's business, financial condition and results of operations.

The Group's future rental revenues will depend on the financial stability of its tenants

The financial stability of the Group's tenants may affect the financial performance of its properties. Tenant defaults could result in a significant reduction in rental revenues, which could require the Group to contribute additional capital or obtain alternative financing to meet obligations under any financing arrangements relating to such properties. In addition, the costs and time involved in enforcing rights under the lease with a defaulting tenant, including eviction and re-leasing costs, may be significant. The financial stability of tenants may change over time.

The predominant lease period in the real estate market in the Kyiv region is 1 year for retail premises and 2-3 years for offices and warehouses, wheras leases over 3 years must be registered and stamped by a notary. Although the notarial fee is paid by the tenant and its cost is marginal compared to the total lease value, it requires substantial efforts in collecting necessary paperwork and parties' transparency before one another. Larger tenants may receive a 5-year lease period, whilst leases over 5 years are rare and generally provided to large international tenants.

The overview of key tenants of each real estate project of the Group together with the lease periods is described in detail in Chapter X (*Information about the Guarantor*), Section 4.2 (*Overview of the real estate projects operated by the Group*) of this Prospectus.

Any adverse change in the financial condition of the tenants may negatively affect the value of property in which such tenants lease space and the amount of rental income from such property, which could materially adversely affect the Group's business, financial condition and results of operations.

The Group's properties face competition

The Group faces competition from other owners and operators of retail and commercial properties. Substantially all of the Group's properties face competition from similar properties in the same markets. Such competition may affect its ability to attract and retain tenants and reduce the rents the Group is able to charge. These competing properties may have vacancy rates higher than the Group's properties, which may result in their owners being willing to make space available at lower rental rates than the space in the Group's properties. In addition, the Group's retail properties compete with other retail distribution channels in attracting customers, including discount centres, outlet shopping centres, discount shopping clubs, direct mail, telemarketing and e-commerce, which could reduce demand for the Group's retail space. This combination of circumstances could adversely affect the Group's business, financial condition and results of operations.

The overview of key competitors of each real estate project of the Group is described in detail in Chapter X (*Information about the Guarantor*), Section 4.2 (*Overview of the real estate projects operated by the Group*) of this Prospectus.

The Group's business may be affected by relationships with state and local authorities

Historically, land in Ukraine was owned by the state and in most regions, including Kyiv, the state and local governments are still the main landowners who decide when and how to sell or to lease out land. Ukrainian state and local authorities have a high degree of discretion when selling land and allocating real estate projects. The Group's business therefore depends on maintaining positive relationship with the relevant state and local authorities. The Guarantor believes that the Group currently has good constructive professional relationship with the relevant state and local authorities. However, the business, financial condition and results of operations could be materially adversely affected if the Group's relationships with the relevant state and local authorities deteriorate in the future.

This factor relates both to the real estate owned by the Group and potential future acquisitions (if any). Three out of five the real estate projects currently being operated by the Group are located on municipal land. Shopping center Piramida and warehouse East Gate Logistic enjoy a twenty-five year lease valid until April 2025 and April 2030 respectively on the basis of the lease agreements entered with the local authorities. Rights to the land plot on which business center Eurasia is located is under the process of their formalization.

The Group may not be able to renew leases or re-lease space on favourable terms, or at all, as leases expire

Once completed, the financial performance of the Group's office and retail properties will depend on the Group's ability to lease available space. If tenants decide not to renew their leases upon expiry, the Group may not be able to re-lease their space on terms as favourable as those contained in the expired leases, if at all. This is especially relevant in respect of the significant tenants who produces significant portion of the Group´s revenue. As of June 2020, Deloitte & Touche was the most significant tenant of the business center Prime owned by the Group (producing around 38% of the rental income[3] from this project), EPAM, Lohika (IT company) and PricewaterhouseCoopers were the most significant tenants of the business center Eurasia owned by the Group (producing around 24%, 20% and 10% of the rental income from this project), Auchan and Fiege were the most significant tenants of the warehouse East Gate Logistic owned by the Group (producing around 79% and 21% of the rental income from this project respectively), Ekol Logistics, Lohistyk-Plius and Watsons were the most significant tenants of the warehouse West Gate Logistic owned by the Group (producing around 34%, 22% and 20% of the rental income from this project respectively) and Silpo was the most significant tenant of the shopping center Piramida owned by the Group (producing around 11% of the rental income from this project).

If tenants do not renew their leases, the Group may need to expend significant time and money to attract new tenants. If the Group cannot promptly renew the leases or re-lease the relevant space, or if the rental rates upon renewal or re-leasing are significantly lower than the expected rates, then the Group's business, results of operations, financial condition and prospects may be materially adversely affected.

In addition, in connection with any renewal or re-leasing, the Group may incur costs to renovate or remodel the space. Consequently, the Group's operating income could be reduced, which could materially adversely affect the Group's business, results of operations, financial condition and prospects.

<u>Financial risks</u>

Credit risk

Credit risk is the risk of financial loss to the Guarantor if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Guarantor's receivables from customers and investments in debt securities. The carrying amounts of financial assets represent the maximum credit exposure.

[3] The term rental income used in this Prospectus means a sum of fixed rental income (rental income from offices, warehouse, retail premises and parking) and rent income paid from turnover (if applicable).

The Guarantor provides unsecured loans to its Subsidiaries. Recoverability of these loans depends on operation results of the Guarantor's investees owning the income generating real estate. If the investees are unable to repay the loans provided by the Guarantor, it would ultimately afect the business of the Guarantor and the Group.

The below table summarizes the intragroup loans of the Group as of 21 September 2020:

Debtor	Creditor	Contract type	Date	Amount (as per 21 September 2020)
West Gate Logistic LLC	Guarantor	Loan agreement	26 July 2007 (last amendment at 7 August 2020)	USD30,207,527 (principal) + USD15,189,875 (interest)
East Gate Logistic LLC	Guarantor	Loan agreement	12 September 2006 (last amendment at 7 August 2020)	USD7,983,052 (principal) + USD72,897 (interest)
Property Management Solutions One	Guarantor	Loan agreement	18 September 2017 (last amendment at 5 February 2020)	USD12,465,194 (principal) + USD64,546 (interest)
Property Management Solutions Two	Guarantor	Loan agreement	18 September 2017 (last amendment at 5 February 2020)	USD7,371,161 (principal) + USD38,245 (interest)
Atlantic-Pacific Ventures	Guarantor	Loan agreement	30 August 2019	USD5,000 (principal of lending limit – 10,000,000) + USD256 (interest)
Property Management Solutions One	Guarantor	Loan agreement	20 December 2019	USD5,000 (lending limit – 2,000,000) + USD75 (interest)
Property Management Solutions One	Atlantic-Pacific Ventures	Refundable financial aid agreement	6 March 2020	UAH34,500,000 (principal)
Property Management Solutions One	Atlantic-Pacific Ventures	Refundable financial aid agreement	15 Apr 2020	UAH19,500,000 (principal)

Only the following intragroup loans are overdue: (i) loan provided by the Guarantor to Property Management Solutions One entered into on 18 September 2017 (last amendment dated 5 February 2020) (the overdue amount is USD3,365,194) and (ii) loan provided by the Guarantor to Property Management Solutions Two entered into 18 September 2017 (last amendment dated 5 February 2020) (the overdue amount is USD2,871,161).

Some intragroup loans will be serving as a Security as described in Chapter XII (*Security*) of this Prospectus.

Despite all measures taken by the Guarantor to limit the consequences of credit risk, the failure of the counterparty or counterparties of the Guarantor may result in losses that could adversely affect the business

of the Guarantor and the Group, its economic results, financial situation and ultimately the Issuer's ability to properly fulfill its obligations under the Bonds.

Liquidity risk

Liquidity risk is the risk that the Guarantor will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Guarantor's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Guarantor's reputation.

The following are the maturities of contractual financial liabilities of the Guarantor as at 31 December 2019. The amounts are gross and undiscounted, and include estimated interest payments:

		Contractual cash flows			
	Carrying amount	**Total**	**Within one year**	**2-5 years**	**More than 5 years**
(in thousands of USD)					
Loans and borrowings from J&T BANKA[4]	34,505	41,050	12,811	28,239	-
Trade and other payables	165	165	165	-	-
	34,670	**41,215**	**12,976**	**28,239**	**-**

The following table represents an overview of current assets of the Guarantor as at 31 December 2019:

	Current assets
	31 December 2019
(in thousands of USD)	
Cash and cash equivalents	5,057
Trade and other receivables	81
Refundable tax	86
	5,224

The following are the maturities of contractual financial liabilities of Atlantic Pacific Ventures LLC (i.e. Material Subsidiary) as at 31 December 2019. The amounts are gross and undiscounted, and include estimated interest payments

		Contractual cash flows		
	Carrying	**Total**	**Up to 1 year**	**2-5 years**
(in thousands of USD)				
Loans from the Guarantor	5	5	5	-

[4] These loans will be refinanced through a banking loan subordinated to the Bonds provided by J&T BANKA on or about the Issue Date.

Tenants' security deposit	629	629	623	6
Trade and other accounts payable	155	155	155	-
	789	**789**	**783**	**6**

The following table represents an overview of current assets of Atlantic Pacific Ventures LLC (i.e. Material Subsidiary) as of 31 December 2019:

(in thousands of USD)	**Current assets**
	31 December 2019
Cash and cash equivalents	1,669
Trade and other receivables	2,231
Prepayments made	116
	4,016

The following are the maturities of contractual financial liabilities of West Gate Logistik LLC (i.e. Material Subsidiary) as at 31 December 2019. The amounts are gross and undiscounted, and include estimated interest payments.

		Contractual cash flows			
	Carrying	**Total**	**Up to 1 year**	**2-5 years**	**Over 5 years**
(in thousands of USD)					
Loans from related party[5]	44,714	56,365	6,000	50,365	-
Trade and other accounts payable	55	55	55	-	-
Tenants' security deposit	247	318	99	219	-
	45,016	**56,738**	**6,154**	**50,584**	**-**

The following table represents an overview of current assets of the West Gate Logistik LLC ((i.e. Material Subsidiary) as of 31 December 2019:

(in thousands of USD)	**Current assets**
	31 December 2019
Cash and cash equivalents	537
Trade and other receivables	42
Prepayments made	132
	711

[5] This is an intragroup loan.

The following are the maturities of contractual financial liabilities of East Gate Logistik LLC (i.e. Material Subsidiary) as at 31 December 2019. The amounts are gross and undiscounted, and include estimated interest payments.

		Contractual cash flows		
	Carrying	**Total**	**Up to 1 year**	**2-5 years**
(in thousands of USD)				
Loans from parent company[6]	9,996	10,640	10,640	-
Trade and other accounts payable	16	16	16	-
	10,012	**10,656**	**10,656**	**0**

The following table represents an overview of current assets of the East Gate Logistik LLC (i.e. Material Subsidiary) as of 31 December 2019:

	Current assets
	31 December 2019
(in thousands of USD)	
Cash and cash equivalents	282
Trade and other receivables	10
Prepayments made	76
	368

The following are the maturities of contractual financial liabilities of Property Management Solutions One LLC (i.e. Material Subsidiary) as at 31 December 2019. The amounts are gross and undiscounted, and include estimated interest payments.

		Contractual cash flows		
	Carrying	**Total**	**Up to 1 year**	**2-5 years**
(in thousands of USD)				
Loans and borrowings[7]	17,164	18,709	18,709	-
Financial aid received	1,752	1,752	1,752	-
Tenants' security deposits, excluding deferred income	773	1,118	116	1,002
Trade and other accounts payable	98	98	98	-
	19,787	**21,677**	**20,675**	**1,002**

[6] This is an intragroup loan.
[7] This is an intragroup loan.

The following table represents an overview of current assets of the Property Management Solutions One LLC (i.e. Material Subsidiary) as of 31 December 2019:

	Current assets
	31 December 2019
(in thousands of USD)	
Cash and cash equivalents	1,504
Trade and other accounts receivables	15
Prepayments made	109
Taxes receivable	3
	1,631

The following are the maturities of contractual financial liabilities of Property Management Solutions Two LLC (i.e. Material Subsidiary) as at 31 December 2019. The amounts are gross and undiscounted, and include estimated interest payments.

		Contractual cash flows		
	Carrying	**Total**	**Up to 1 year**	**2-5 years**
(in thousands of USD)				
Loans and borrowings[8]	8,469	9,190	9,190	-
Tenants' security deposits	82	143	-	143
Trade and other accounts payable	20	20	20	-
	8,571	**9,353**	**9,210**	**143**

The following table represents an overview of current assets of the Property Management Solutions Two LLC (i.e. Material Subsidiary) as of 31 December 2019:

	Current assets
	31 December 2019
(in thousands of USD)	
Cash and cash equivalents	416
Trade and other accounts receivables	18
Prepayments made	41
	475

[8] This is an intragroup loan.

Foreign currency risk

The majority of the Guarantor's income, expenses, assets and liabilities are denominated in USD. However, part of the underlying cash flows of the Subsidiaries are denominated in Ukrainian hryvnias. In June 2020, 86% of rental income from the shopping center Piramida owned by the Group, 21% of rental income from the warehouse East Gate Logistic owned by the Group, 37% of rental income from the warehouse West Gate Logistic owned by the Group, 99% of rental income from the business center Eurasia owned by the Group and 99% of rental income from the business center Prime owned by the Group was pegged to USD or EUR (sometimes with Exchange rate corridors or maximal foreign Exchange rate), whereas expenses related to these projects are denominated almost exclusively in Ukrainian hryvnias.

Though the Guarantor attempts to fix its revenues to USD, in the depressed economy it is not always possible to recover in full the effect of Ukraininan hryvnia devaluation. Weakening of the Ukrainian hryvnia could adversely affect the business of the Guarantor and the Group, its economic results, financial situation and ultimately the Issuer's ability to properly fulfill its obligations under the Bond.

Legal risks

The legislative steps taken by the Ukrainian Government in response to the COVID-19 outbreak affect the Group's business

In response to the COVID-19 outbreak, the Parliament of Ukraine adopted a number of laws supporting the tenants during the lockdown period by allowing them to demand a rent reduction from the lessors, provided that the tenants had no objective possibility to use the leased real estate. The rent reduction is not automatic and should be agreed on by the lessor. If the parties fail to agree on reducing the rent, the dispute may be referred to a court for its resolution.

The rent may be reduced for the whole period that the tenants could not use the leased real estate to the full extent due to restrictive quarantine measures. Although it might be treated as unconstitutional, it appears that such provision has a retroactive effect.

Implementation of quarantine measures resulted in governmental restriction, according to which, starting from March 2020 most of the Guarantor‘s tenants were unable to operate. The Guarantor provided such tenants with rent-free period until the quarantine period is over keeping the reimbursement of utilities and operational expenses. The government started gradual removal of restrictions at the end of May 2020. As of the date of this Prospectus, most of the Guarantor's tenants were able to continue their operational activities.

As a result, the Group experienced decrease in NOI in 1H 2020 by 9.0% year-on-year[9]. In addition to the COVID 19´s related restrictions that were imposed by the Ukrainian local authorities in March 2020 this decrease was also driven by the devaluation of Ukrainian hryvnia by 13% in 1H 2020.

The rent, which is subject to reduction under the law, shall be equal to and may not exceed the total amount of the utilities cost, land tax and real estate tax incurred by the lessors. As the Group generates income through leases of its real estate projects, such measurements effectively reduce the income of the Group and if such measurements are prolonged, renewed or hardended, it could negatively affect the Group's business.

The Group's ownership interests or lease rights in land may be challenged

The Group acquired some of its ownership interests and lease rights prior to 1 January 2013. With effect from 1 January 2013, the Ukrainian government modified its state land registration system by introducing the unified State Register of Property Rights to Real Estate. Although the law formally acknowledges titles to property acquired and registered prior to 1 January 2013, such titles are not automatically registered in the

[9] Based on unaudited data of the Issuer.

State Register of Property Rights to Real Estate. A landowner can apply voluntarily to register its title in the new register. There is a risk that the state registrars or a third party may challenge ownership interests or lease rights in land because of their origin or former registration or for other reasons. This may lead to additional expenses and title risks for the Group. The new system is not yet fully operational with regard to the registration of land lease rights to the land plots in public ownership. Any such challenge could materially adversely affect the Group's business, results of operations, financial condition and prospects.

If the Group's ownership interests or lease rights in land are challenged, its construction projects may be delayed or cancelled

The Group's business includes the acquisition of ownership or lease interests in land plots and buildings in and around Kyiv and other major cities in Ukraine with a view to further development or redevelopment. Ukrainian land and property legislation is complicated and often ambiguous and/or contradictory. In particular, construction approval procedures are complicated and prone to challenge or reversal, and construction and environmental rules often contain requirements that are difficult or even impossible to comply with in practice. As a result, the Group's ownership interests and lease rights to land may be challenged by state or municipal authorities or third parties, which could result in the Group's construction projects being delayed or cancelled or the suspension of operations at completed properties in the future. Any such event could materially adversely affect the Group's business, results of operations, financial condition.

3 Risks Factors Related to Investments in Real Estate

Property risk

Property and property related assets are inherently difficult to value due to the individual nature of each property and the fact there may not be a liquid market or pricing mechanism available. As a result, valuations may be subject to substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual selling price even when such sale occurs shortly after the valuation date. The performance of the Group and the value of its assets would be adversely affected by a downturn in the relevant property market. The market values of and the rental income from properties owned by the Group will generally be affected by the supply and demand for properties, which in turn may be affected by overall conditions in Ukraine, such as growth in GDP, employment trends, inflation and changes in interest rates. Changes in GDP may also impact employment levels and incomes, which in turn may impact the demand for premises.

Both property values and rental income may also be affected by other factors specific to the real estate market, such as (i) competition from other property owners; (ii) covenants, conditions, restrictions and easements relating to properties; (iii) the perceptions of prospective buyers or tenants of the attractiveness, convenience and safety of properties; or acts of nature, such as earthquakes and floods, which may damage properties. The value of the Group's properties may also be affected by the Group's ability to pay for adequate maintenance, insurance and other operating costs, including taxes, which could increase over time. In circumstances in which a member of the Group provides a deposit in respect of a property purchase (or an option to purchase property), the member of the Group may be liable to forfeit such deposit to the extent that it is not able to pay the outstanding balance in relation to the purchase. Any such forfeiture may adversely affect the Group's results of operations, financial condition.

Lack of liquidity in the property market

The property market is affected by many factors, such as general economic conditions, the availability of financing, interest rates and other factors, including investor/buyer supply and demand, which are beyond the Guarantor's control. Investments in real estate are relatively illiquid and are generally more difficult to realise than other investments. The Group cannot predict whether it will be able to sell that property for the price or on the terms set by it, or whether the price or other terms offered by a prospective purchaser would be acceptable to it. Nor can the Group predict the length of time needed to find a willing purchaser and to complete the sale of a property. The Group may be required to expend funds to refurbish or to make

improvements before a property can be sold. The Group cannot be certain that it will have funds available to correct such defects or to make such improvements. This may affect the Group's ability to dispose of or liquidate all or part of its projects in a timely manner and at satisfactory prices in response to changes in the economic or political environment, the real estate market or other conditions which could materially adversely affect the Group's business, results of operations, financial condition and prospects.

Potential environmental liability

Under various laws and regulations and based on available jurisprudence, an owner of property may be liable for the costs of the removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for the presence or removal of, these substances. The owner's liability in relation to any property is generally hard to predict, and could potentially exceed the value of the property and/or the aggregate assets of the owner. These laws typically impose clean-up responsibility and liability on the party that caused the contamination of the site. Even if more than one person may have been responsible for the contamination each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages and costs resulting from environmental contamination emanating from that site. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on any return from such investment.

Real estate market in Ukraine has been affected by COVID-19

The Group operates in three segments of the real estate market in Ukraine, retail real estate market, office real estate market and warehouse real estate market. Each of these segments has been affected by the COVID-19 outbreak.

Retail real estate market entered lockdown in late March of 2020 with generally solid fundamentals across subsectors. Retail real estate market has been negatively affected the most by the COVID-19 outbreak, with weaker consumption sentiment and a number of non-essential category shops closed from 17 March 2020 due to quarantine, whereas the gradual reopening of shops began taking place from 30 May 2020. Shopping centers felt the most severe impact of lockdown due to closure of non-essential category stores, restaurants, all food & beverage occupiers, entertainment zones and other public venues from 17 March 2020. Most retailers halted their expansion plans or market entry. Strong demand remained only in food, electronics and pharma sectors, while fashion retailers felt the largest drop in sales. COVID-19 outbreak weighed on retail sales and operational results of shopping centers, whereas tenants from non-essential categories of shop received a rent relieve due to closure of their shops or slow recovery of turnover, and many tenants received temporary rental discounts in renegotiations of their leasing terms on individual basis. Future market dynamics will be largely dependent upon the pace of consumer demand recovery and any further measures imposed by the Ukrainian government.

Office and warehouse real estate market sectors remained less susceptible to lockdown effect, however, the general macroeconomic uncertainty and limited business activity had negative implications in terms of slowdown of occupier demand. At the same time, the market conditions before the quarantine with low vacancy and large pent-up demand made the downside pressure on markets less severe.

Office market remained relatively less affected by the lockdown measures, posting solid market fundamentals until late March of 2020 before the onset of the COVID-19 outbreak. Leasing demand lost momentum in the the first 6 months of 2020 due to uncertainty associated with the COVID-19 outbreak. Many corporate occupiers halted their decision on relocations and expansions or reconsidered their current footprint. With lockdown measures being introduced, some tenants started negotiations with property owners on temporary rent reductions. As a result, some occupiers were temporarily granted rent discounts, deferred payments or short-term rent-free periods on individual basis.

Warehouse market suffered the least from quarantine measures. Food retailers and E-commerce continued to operate at full capacity partly counterbalancing the negative impact of lockdown on the market and increasing their requirements for storage. In addition, remarkable deficit of warehouse space being recorded over the course of 5 preceding years made the warehouse market more sustainable to the COVID-19 outbreak. Rental discounts were rare oaproxsions, and mostly represented marked-to-market renegotiations for overrented premises. However, due to most rents being denominated in UAH, the market is still imposed to the devaluation risks in case of national currency fluctuations.

As of the date of this Prospectus, the COVID-19 has had no material impact on the vacancy of the real estate projects operated by the Group. However, the Group experienced decrease in NOI[10] in 1H 2020 by 9.0% year-on-year[11]. Among the COVID´19 related restrictions that were imposed by the Ukrainian local authorities in March 2020 this decrease was also driven by the devaluation of Ukrainian hryvnia by 13% in 1H 2020.

If the COVID-19 outbreak effects become more severe or its effects become prolonged, the lockdown imposed by Ukrainian authorities may be restated and/or other measurements may be imposed, which would further affect the Ukrainian real estate market and he Group's business, results of operations, financial condition and prospects.

4 Risk Factors Related to Ukraine

Civil disturbances, the evolving political situation and military action have negatively impacted and may continue to affect the Group's business, results of operations, financial condition and prospects

The Group operates only in the territory of Ukraine, and all of its assets are located in Ukraine. Ukraine has experienced significant civil disturbances, political instability, military action and territorial losses since 2013. These factors have had and continue to have a negative impact on Ukraine's economy and relations between the Russian Federation and Ukraine.

Following the disputed referendum held in Crimea and the city of Sevastopol and the acceptance of Crimea and the city of Sevastopol into the Russian Federation in March 2014 (referred to herein as the **illegal occupation of Crimea**), geopolitical tensions between Ukraine and the Russian Federation escalated. These and other actions led to disturbances in certain areas of Donetsk and Luhansk regions of Ukraine resulting in military clashes between the Ukrainian armed forces and local militias (supported by Russia). On 18 January 2018, the Ukrainian parliament adopted the law to regain control over the temporarily occupied territories in Donetsk and Luhansk regions, which came into force on 24 February 2018. On 30 April 2018 the President of Ukraine changed the format of military operations in the Donetsk and Luhansk regions of Ukraine from anti-terrorist operation to military operation of the Ukrainian armed forces. On 25 November 2018, Ukrainian Navy vessels attempting to pass from the Black Sea into the Sea of Azov were captured by the Russian Federal Security Service in the Kerch Strait. Following this a period of martial law was introduced in 10 regions of Ukraine for 30 days starting from 26 November 2018. Although the period of martial law ended in December 2018, there can be no assurances that it will not be introduced in the future. The illegal occupation of Crimea has given Russia a strategically important position at the mouth of the Sea of Azov. This strategic position enabled Russia to build a bridge across the Kerch Strait which has strengthened Russian control of the illegally-occupied territory of Crimea as well as strengthening its strategic control of access to the Sea of Azov. Control of the Russian authorities over access to the Kerch Strait has had the practical effect of restricting maritime traffic to and from Ukrainian ports in the Sea of Azov. Ukraine has brought an arbitral claim against Russia with respect to its actions in the Sea of Azov claiming a violation of the UN Convention on the Law of the Sea and the 2003 Treaty between the Russian Federation and Ukraine on cooperation in the use of the Sea of Azov and the Kerch strait.

[10] Based on unaudited data of the Issuer.
[11] Based on unaudited data of the Issuer.

Further future civil disturbances, political instability, military actions or similar developments in Ukraine could have a material adverse effect on political and economic conditions in Ukraine and, as a result, on the Group's business, results of operations, financial condition and prospects.

The Ukraininan economy has been affected by the COVID-19 outbreak and its deteroriation might affect the Group's business, results of operations, financial condition and prospects

After a relatively solid start to 2020 Ukraine faced the negative impact of significant global market turmoil, triggered by the COVID-19 outbreak, which started in late February 2020. Together with other factors, this has resulted in a sharp decrease in the oil price and the stock market indices, as well as a depreciation of the Ukrainian Hryvnia. These developments are further increasing the level of uncertainty in the Ukrainian business environment.

Ukraine's real GDP dropped by 11.4% year-on-year in 2Q 2020[12], reflecting the negative impact of the 2-month long nationwide quarantine and social distancing measures on consumer sectors and household income. The dynamics of real estate sector indicators continued to recover in May-June 2020 after significant deterioration in March-April 2020, as the COVID-19 containment measures remained in force for a part of March, the full month of April and part of May, including a near halt to public transportation, closure of non-essential retail stores, open food markets, hotels and restaurants, entertainment and sports facilities, and individual service providers. However, according to the macroeconomic indicators available on a monthly basis, industrial output slowed its pace of decline to -5.6% year-on-year in June 2020 after bottoming out at -16% in April, bringing the 1H 2020 drop to -8.3%.[13] Retail turnover began to recover as well following the end of a strict lockdown in May 2020, having risen by 1.4% year-on-year in June after -3.1% in May and -15% in April, bringing the 1H 2020 tally to +3.0% year-on-year,[14] while the Consumer Confidence Index stood at a 2-year low of 65.1 points in June (on a 0-200 scale), erasing its 10-point rebound in May, mostly on worsened economic expectations rather than consumers' assessment of the current situation[15].

Ukrainian Hryvnia plunged by 12% month-on-month to UAH28.2 in exchange for USD in March 2020, driven by the upsurge in demand for foreign currency in response to increased uncertainty and crisis expectations. However, Ukrainian Hryvnia started to recover some of its losses in April 2020 (UAH27.0 in exchange for USD) and remained relatively stable close to that level till the end of 1H 2020, reaching UAH26.7 in exchange for USD at the end of June 2020, and bringing its year-to-date decline to 11%.[16] Headline inflation accelerated to 2.4% year-on-year in June From a multi-year low of 1.7% in May[17], mainly due to the low comparison base in raw food prices last year, but remained low as the impact of Ukrainian Hryvnia devaluation on prices of imported goods was offset by rhe relatively weak consumer demand.

To support the economy, the Ukrainian Parliament approved an increase in the 2020 budget deficit to 7.5% of GDP, from 2.1% targeted before[18], while the central bank cut its key rate by 750bp year-to-date, to 6.0% p.a. at the end of June 2020.[19]

Whilst the Group believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances, a continuation of the current unstable business environment could negatively affect the Group's results and financial position in a manner not currently determinable.

[12] Source: http://ukrstat.gov.ua/Noviny/new2020/zmist/novini/vvp_II_2020_e.htm
[13] Source: http://ukrstat.gov.ua/operativ/operativ2014/pr/ipp/ipp_e/ipp_e14.htm
[14] Source: http://ukrstat.gov.ua/operativ/operativ2020/sr/roz/roz_e/arh_roz20_e.html
[15] Source: https://sapiens.com.ua/en/publication-single-page?id=129
[16] Source: https://bank.gov.ua/en/markets/exchangerates?date=2020-06-30&period=daily
[17] Source: http://ukrstat.gov.ua/operativ/operativ2020/ct/is_c/xls/isc2020mpr1_ue.xls,
[18] Source: https://zakon.rada.gov.ua/laws/show/294-20#Text
[19] Source: https://bank.gov.ua/en/monetary/stages/archive-rish

5 Risk Factors Related to the Financial Guarantee and the Security

Risk relating to the value of the Security

The value of individual Security assets will depend on market and economic conditions, including the availability of suitable buyers. The Security asset may be illiquid, may not have readily identifiable market value and its value to third parties may be less than its value to the security provider. The value of the Security asset may decrease over time, and any adverse development in the financial performance of the Group will also affect the value of some of the Security assets. As a result, Bondholders may not be fully satisfied in the event of performance of the Security.

Below is a list of values[20] of the Group´s project serving as a Security as at 31 December 2019 determined by CBRE Ukraine (Expandia LLC): (i) Piramida shopping center – USD50,300,000; (ii) West Gate Logistic warehouse – USD39,800,000; (iii) East Gate Logistic warehouse – USD22,600,000; (iv) Eurasia business center – USD54,300,000; and (v) Prine business center – USD16,800,000.

Absence of application practice

Potential buyers or sellers of the Bonds should be aware that the security of debt claims through a financial guarantee has not yet been tested before Czech courts. It cannot be guaranteed that the court hearing the action of Bondholders against the Guarantor arising from the Financial Guarantee will recognize this Financial Guarantee and to what extent.

Cross - border enforcement

Potential buyers or sellers of the Bonds should be aware that the Financial Guarantee claims procedure will take place before the courts of the Czech Republic, but the Guarantor's assets are located outside the Czech Republic. Any recognition of a decision of a court of the Czech Republic and its subsequent enforcement in a third country would therefore be carried out according to the local legislation, which could affect the success of the enforcement of the claim.

Potential buyers or sellers of the Bonds should also be aware that the security documents relating to the Security are, in certain cases, governed by other than Czech law and similarly the enforcement of such Security may be governed by other than Czech law. This may affect success of the enforcement of the Security.

Limitation of the amount of secured liabilities

The Guarantor's liability under the Financial Guarantee is limited to CZK1,750,000,000. Potential buyers or sellers of the Bonds should therefore be aware that this restriction could have an adverse effect on the satisfaction of the Bondholder under the Financial Guarantee if the Issuer is unable to meet its obligations under the Bonds.

Risk of default under the Financial Guarantee

Potential buyers or sellers of the Bonds should be aware that the Guarantor may not be able to settle all of its debts to the Bondholders arising from the Financial Guarantee if exercising the rights under the Financial Guarantee.

[20] Respectively market values. Market value is defined as "the estimated amount for which an asset or liability should Exchange on the valuation fate between a willing buyer and a willing seller in arm´s length transaction after proper marketing and where the parties had each acted knowledgeably, prudenty and without compulsion".

Commencement of the time limits within which the ineffectiveness of legal acts may be raised

The provision of the Security may result in the commencement of the time limits within which the ineffectiveness of the Security may be argued. These periods start to run from the moment of provision or perfection of the relevant Security. Under the Act No. 182/2006 Coll., on Bankruptcy and Settlement (Insolvency Act), as amended (the **Insolvency Act**), the insolvency administrator may oppose the debtor's legal acts within one year from the date on which the insolvency decision took effect and these legal acts were performed within 1 year to 5 years from the initiation of insolvency proceedings (according to the nature of the objected legal act). If the Security was enforced before the end of the applicable period, this could be declared invalid or ineffective and such Security could not be performed.

Risk that the Junior Creditor will instruct the Security Agent as to the enforcement and method of enforcement of the Security

The intercreditor agreement entered into between the Issuer, J&T BANKA, the Guarantor and J & T PRIVATE EQUITY GROUP LIMITED (the **Intercreditor Agreement**) sets out specific conditions as to who may instruct the Security Agent to enforce the Security (and decide on a method of such enforcement of the Security). As a general rule, the Bondholders are the primary instructing group. However, if the Bondholders would not instruct the Security Agent to act within 40 days from the date when the Bondholders have been asked by J&T BANKA (as a junior creditor under the the loan facility agreement entered into on or before the Issue Date between the Guarantor and J&T BANKA (the **Junior Creditor** and the debt provided thereunder as the **Junior Debt**)) to instruct the Security Agent to enforce the Security, the Junior Creditor may instruct the Security Agent instead of the Bondhodlers. The conditions contained in the Intercreditor Agreement will be used to the extent described above as long as (at least) any Junior Debt will exist.

Security may secure (pari passu) also other debts of the Issuer and the Guarantor

The Security may secure (pari passu) also other debts than the debts of the Issuer arising from the Bonds and the debts of the Guarantor arising from the Financial Guarantee. Namely, the Security may secure (pari passu) also debts of the Issuer and the Guarantor to the extent anticipated and permitted in the Intercreditor Agreement in connection with any master agreement for financial transactions (or similar agreement under any law, including the Czech Master Agreement or ISDA Master Agreement) entered into in order to hedge against fluctuation of foreign exchange rates and/or interest rates in the form of cross currency swaps, interest rate swaps or financial instruments having similar effect up to the amount corresponding to the anticipated total nominal value of the Issue. Each Security will secure the Issuer's and Guarantor's liabilities up to the amount of CZK5,000,000,000 only. If the aggregate amount of debts of all the secured creditors, ranking pari passu with each other, exceeds such limit, the Bondholders may not be fully satisfied in the event of performance of the Security.

6 Risk Factors Related to the Security Agent

Security is provided for the benefit of the Bondholders, but their rights to Security will be exercised by the Security Agent in its own name

Any Security will be provided to the Bondholders, but the Security Agent will exercise, in its own name, the rights of the Bondholders under the Security. Each Bondholder is in the position of a joint and several creditor with regard to the Security Agent. The Security Agent will thus be the only party to the security documents in addition to the relevant security provider, as a result of which only the Security Agent may claim and exercise any rights under Additional Security. No Bondholder will be authorised to exercise these rights separately.

The legal concept of a security agent was included in the Act No. 190/2004 Coll., on Bonds, as amended (the **Czech Bonds Act**) by its amendment, No. 307/2018 Coll., effective from 4 January 2019. As this is the first enactment of this concept in Czech law, there is currently no decision-making practice of the courts or a

generally accepted legal interpretation available. This legal uncertainty may have a negative impact on the satisfaction of the Bondholders from Additional Security.

Risks related to the appointment or replacement of the Security Agent

The Issuer cannot ensure that, when appointing or replacing a Security Agent, a Security Agent who has sufficient experience in performing the duties of the Security Agent or a similar role is available, although it will proceed in good faith and with due diligence in its selection. This problem is due to the fact that this institute is anchored in the Czech Republic by the latest amendment to the Czech Bonds Act, for which there is no judicial review or market practice. According to the Issuer's experience in dealing with financial institutions in financial markets, this may lead to institutions that normally perform this role in the international capital market not willing to accept the role of the Security Agent.

Failure to select a Security Agent with sufficient experience may result in its potential inability to perform the Security on time or other delays in its activities due to its lack of expertise or experience and may have a negative impact on the satisfaction of Bondholders from the Security, which could be less successful in such a situation, and ultimately Bondholders may derive less benefit from the performance of Security.

7 Risk Factors Related to the Bonds

Risk of default and risk related to the redemption of the Bonds by the Issuer

Much like any other monetary debt, the Bonds are exposed to the risk of default. Under certain circumstances, the Issuer may be unable to pay interest on, or the nominal value of, the Bonds. In case of the redemption of the Bonds by the Issuer on the market, the price paid to the Bondholders for the Bonds may be lower than their original investment and, under certain circumstances, the price may even be zero.

Risk of the interest rate on the Bonds

The holder of a bond with a fixed interest rate is exposed to the risk of a decrease in the price of such a Bond as a result of changes in the market interest rates. While the nominal interest rate is fixed for the term of the existence of the Bonds, the current interest rate on the capital market (**market interest rate**) usually changes daily. As the market interest rate changes, the price of the fixed-rate Bond changes too, but it does so inversely. If the market interest rate increases, the price of the fixed-rate Bond usually drops to a level where the yield of such a Bond roughly equals the market interest rate. On the contrary, if the market interest rate decreases, the price of the fixed-rate Bond usually rises to a level where the yield of such a Bond roughly equals the market interest rate. This fact may have an adverse impact on the value and development of the investment in the Bonds.

Risk of Early Redemption

In case of a full or partial early redemption of the Bonds, including where this takes place without the consent of the particular Bondholder, in accordance with the Terms and Conditions prior to their redemption date, the Bondholder is exposed to the risk of the yield being lower than expected due to such early redemption.

Liquidity risk on the Regulated Market of the PSE

The Issuer will apply for the Bonds to be listed for trading on the Regulated Market of the PSE. Regardless of the listing of the Bonds on a regulated market, there can be no assurance that a sufficiently liquid secondary market in the Bonds will be created or, if it is, that such a secondary market will continue to exist. The fact that the Bonds may be listed on a regulated market may not necessarily lead to the higher liquidity of such Bonds in comparison with the Bonds not listed on a regulated market. Bonds which are not listed on a regulated market may be difficult to value, which may have an adverse impact on their liquidity. On a potentially non-liquid market, the investor may not be able to sell the Bonds at an adequate market price at any time. This fact may have an adverse impact on the value of the investment in the Bonds.

Fees

The overall return on the investment in the Bonds may be affected by the level of fees which are charged by the securities trader or another intermediary of the purchase or sale of the Bonds or by the relevant clearing system used by the investor. Such a person or institution may charge fees for opening and maintaining the investment account, transfers of securities, services associated with the custody of securities, etc. The Issuer therefore recommends the future investors in the Bonds to become familiar with the documents on the basis of which fees will be charged in connection with the Bonds. This fact may have an adverse impact on the value of the Bonds.

Bond purchase lawfulness risk

The prospective buyers of the Bonds (especially foreign persons) should be aware of the fact that the purchase of the Bonds may be subject to legal restrictions affecting the validity of the acquisition. The Issuer has and assumes no liability for the lawfulness of the acquisition of the Bonds by a prospective buyer of the Bonds whether under the laws of the state (jurisdiction) of its establishment or those of the state (jurisdiction) where it operates (if different). The prospective buyer must not rely on the Issuer or any member of the Group in connection with his/her decision-making regarding the lawfulness of the acquisition of the Bonds. If a potential acquirer of the Bonds were to purchase the Bonds in violation of the statutory restrictions applicable to it, it could ultimately invalidate such acquisition and the Issuer would be obliged to return to that acquirer the amount for which that person intended to purchase the Bonds as unjust enrichment. Depending on the laws (jurisdiction) applicable to the person, other legal consequences may be associated with such acquisition of the Bonds in violation of statutory restrictions.

Risk of shortening of the orders of the Bonds

Potential buyers of the Bonds should be aware that the Manager will be entitled to shorten the Bonds' orders at its own discretion, and any overpayment, if any, will be returned to the investor's account without undue delay. In the event of a shortening of the order, the potential investor will not be able to make an investment in the Bonds in the originally intended volume or at all. Therefore, shortening of the order may have a negative effect on the value of the investment in the Bonds.

Risk of different terms and prices for the Bonds in concurrent initial / secondary public offering through the Manager

The terms and conditions of the initial public offering (made by the Issuer through the Manager) and of the secondary public offering (made by the Manager and other selected financial intermediaries), if made concurrently, may differ (including the price and fees charged to the investor). If the investor subscribes/buys Bonds at a higher price (with price meaning the issue price in the initial offering, or the purchase price in a secondary offering), the investor bears the risk that the overall return on the investment will be lower than if the Bonds were subscribed/purchased at a lower price. The price and its total amount may also reflect any fees charged to the investor by the Manager or third parties in connection with the public offering (initial or secondary) and the registration of the Bonds, potentially resulting in different costs the investor may have to incur in order to purchase one Bond from the Manager.

Inflation risk

Prospective investors in the Bonds should be aware that the fair value of the investment in the Bonds may decline as inflation decreases the value of the currency. As the Bonds do not contain an anti-inflation clause, inflation causes a decline in real Bond yields. According to the latest CNB forecast published on 6 August 2020, the year-on-year overall inflation at 2.2% is expected on the monetary policy horizon of the 3rd and 4th quarter of 2020. If, however, a situation occurs where this forecast is not fulfilled and inflation exceeds the level of the nominal yield on the Bonds, the value of the real yield on the Bonds will be negative.

Risk of acceleration of other loans

The Terms and Conditions contain provisios as a result of which the Bonds may be repaid early and the Acceleration associated with the eventual performance of the Security may occur in the event that the Junior Debt becomes prematurely due before its original maturity date other than at the option of the Guarantor or, subject to certain conditions, at the the option of the Junior Debt creditor and is not paid within 10 (ten) Business Days or is not paid when it becomes due and such delay lasts more than 10 (ten) Business Days, unless (in both cases) the Junior Debt ceases to exist in the meantime.

III. INFORMATION INCLUDED BY REFERENCE

Information about the Issuer	Pages	Hyperlink
Audited financial statements of the Issuer according to IFRS for the year 2019	1-12	https://nupeh-cz.com/wp-content/uploads/2020/09/NUPEH-CZ-FS-2019-audited.pdf
Independent auditor's report on the financial statements of the Issuer for the year 2019	13-15	https://nupeh-cz.com/wp-content/uploads/2020/09/NUPEH-CZ-FS-2019-audited.pdf

Information about the Guarantor	Pages	Hyperlink
Audited financial statements of the Guarantor according to IFRS for the year 2019	7-40	https://nupeh-cz.com/wp-content/uploads/2020/09/NUPEH-FS-2019-audited.pdf
Independent auditor's report on the financial statements of the Guarantor for the year 2019	4-6	https://nupeh-cz.com/wp-content/uploads/2020/09/NUPEH-FS-2019-audited.pdf
Audited financial statements of the Guarantor according to IFRS for the year 2018	7-44	https://nupeh-cz.com/wp-content/uploads/2020/09/NUPEH-FS-2018-audited.pdf
Independent auditor's report on the financial statements of the Guarantor for the year 2018	4-6	https://nupeh-cz.com/wp-content/uploads/2020/09/NUPEH-FS-2018-audited.pdf
Valuation Report of Prime prepared by CBRE Ukraine (Expandia LLC)	1-47	https://nupeh-cz.com/wp-content/uploads/2020/09/ValReport_Prime_31.12.2019.pdf
Valuation Report of Piramida prepared by CBRE Ukraine (Expandia LLC)	1-42	https://nupeh-cz.com/wp-content/uploads/2020/09/ValReport_Piramida_31.12.2019.pdf
Valuation Report of Eurasia prepared by CBRE Ukraine (Expandia LLC)	1-49	https://nupeh-cz.com/wp-content/uploads/2020/09/ValReport_Eurasia_31.12.2019.pdf
Valuation Report of West Gate Logistic prepared by CBRE Ukraine (Expandia LLC)	1-43	https://nupeh-cz.com/wp-content/uploads/2020/09/ValReport_WGL_31.12.2019.pdf
Valuation Report of East Gate Logistic prepared by CBRE Ukraine (Expandia LLC)	1-42	https://nupeh-cz.com/wp-content/uploads/2020/09/ValReport_EGL_31.12.2019.pdf

Parts of the above documents that have not been incorporated into the Prospectus by reference are not material to the investor, or the information collected from these parts is directly mentioned in other parts of this Prospectus.

IV. RESPONSIBLE PERSON

The person responsible for the accuracy and completeness of the information contained in this Prospectus is the Issuer, i.e. NUPEH CZ s.r.o., with its registered office at Antala Staška 1859/34, Krč, 140 00 Prague 4, Identification No.: 077 57 662, registered with the Commercial Register kept by the Municipal Court in Prague, File No. C 307124. The Issuer hereby represents that the information contained in the Prospectus is, to the best of its knowledge, in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

In Prague on the date of this Prospectus

NUPEH CZ s.r.o.

Name: Natalia Zolotarova
Position: Executive Director

V. SUBSCRIPTION AND SALE

1 General Information about the Offering, the Authorised Person and the Method of Subscription

On the basis of the mandate agreement for the arrangement of the issue of bonds, dated 25 September 2020, as amended (the **Mandate Agreement**), under which the Issuer has mandated J&T IB and Capital Markets, with its registered office at Pobřežní 297/14, 186 00 Prague 8, registered with the Commercial Register kept by the Municipal Court in Prague, File No. B 16661, as arranger (the **Arranger**) with arrangement of the Issue and preparation of the documents related to the Issue. The Issuer has also entered into an agency agreement dated 25 September 2020, under which the Issuer has mandated J&T BANKA with, among other things, the listing of the Bonds for trading at the Regulated Market of the PSE (the **Agency Agreement**). Before the Issue Date, the Issuer will also enter into a subscription agreement under which the Issuer will mandate J&T BANKA with, among other things, public offering and placing the Bonds with the end investors (the **Subscription Agreement**). The Bonds may be offered exclusively through the Manager. The Manager will subscribe for the Bonds from the Issuer and then sell them to the investors as described below. The investors may also subscribe for the Bonds directly from the Issuer.

The Issuer intends to issue the Bonds in the anticipated total nominal value of the Issue of CZK700,000,000 (in words: seven hundred million Czech Koruna) with the possibility to increase the total nominal value up to CZK1,050,000,000 (in words: one billion fifty million Czech Koruna). The Bonds may be issued individually or in tranches, whereas no tranche will be reserved exclusively for the purpose of a public offering in the Slovak Republic (if the Issuer decides to notify the Prospectus (passport) to the NBS). All the Bonds issued as a part of the Issue will be subject to the public offering.

The Manager is committed to make every effort that can be reasonably expected of him to search for the prospective investors in the Bonds and place the Bonds with and sell them to such investors. The offer of the Bonds issued in tranches after the Issue Date will thus be made on the "*best efforts*" basis. Neither the Manager nor any other person in relation to the Issue has undertaken an obligation to subscribe for or purchase any of the Bonds.

This Prospectus has been prepared and published for the purpose of the public offering of the Bonds and for the purpose of admission of the Bonds for trading on the Regulated Market of the PSE.

2 Placement and Offering of the Bonds

The Bonds will be offered by the Issuer through the Manager under a public offering to the domestic and foreign qualified and other than qualified (in particular, retail) investors in the Czech Republic and the Slovak Republic (if the Issuer decides to to notify the Prospectus (passport) to the NBS), and to selected qualified investors and other potential investors abroad, subject to the conditions which do not impose the obligation on the offeror to prepare and publish a prospectus in accordance with the laws applicable in that jurisdiction. The public offering of the Bonds by the Manager may last from 1 October 2020 to 30 September 2021 (this date included).

As part of the public offering, the investors will be approached by the Manager, in particular by means of distance communication, and invited to place an order for the purchase of the Bonds (the **Order**), provided that the investor must present a valid identity document in order to participate in the public offering.

In connection with the placement of the Order, the investors must conclude, or have concluded, an agreement with the Manager for purposes such as opening the asset account in the investment instrument register kept by the Central Depository (if they do not already have an opened asset account with a different Central Depository participant) or detailed securities records by the Manager and giving the instruction to arrange the purchase of the Bonds under such an agreement, or they may be invited to present the required documents and identification details by the Manager.

The purchase of the Bonds from the Manager is conditional upon the conclusion of an investment service provision agreement between the investor and the Manager and upon giving the instruction to arrange the purchase of the Bonds under that agreement. As part of the public offering in the Czech Republic, the Manager will receive the instructions through its headquarters in Prague and, in case of the public offering in the Slovak Republic, through its branch J & T BANKA, a.s., pobočka zahraničnej banky, Dvořákovo nábrežie 10, 811 02 Bratislava, Slovak Republic.

The minimum amount for which a single investor is to be entitled to subscribe for the Bonds has not been determined. The maximum amount for which an individual investor is to be entitled to subscribe for the Bonds will be limited by the projected total nominal value of the Issue. If the volume of the Orders exceeds the volume of the Issue, the Manager may reduce the investor's Orders at its discretion (provided that any surplus will be immediately returned in the investor's account). The final nominal value of the Bonds assigned to the individual investor will be stated in the transaction clearing confirmation, which will be delivered to the investor by the Manager without unreasonable delay after the execution of the instruction. The investor may not trade in the subscribed Bonds before this confirmation is delivered.

Investors who subscribe for or purchase the Bonds through the Manager in the Czech Republic, respectively its headquarters in Prague, pay fees associated with acquiring the Bonds according to the Manager's fee list as applicable on the date of the transaction. These costs amount to 0.15% of the transaction volume, but no less than CZK2,000. The standard current fee list of the Manager is published on its website www.jtbank.cz, in the section marked as "*Užitečné informac*e", under the subsection "*Sazebník poplatků*" (fee list applicable from 14 September 2020). The investor may be obliged to pay additional fees charged by the intermediary for the purchase or sale of the Bonds, the person keeping the records of the Bonds, the person settling the trade of the Bonds or another person (e.g. fees for the establishment and maintenance of an investment account, for arranging the transfer of the Bonds, services connected with the safekeeping of the Bonds and their records etc.).

An investor who will subscribe for or purchase the Bonds through J&T BANKA in the Slovak Republic will pay the fees in accordance with the current pricelist of the Slovak branch of J&T BANKA applicable on the date of the transaction. On the date of this Prospectus, the fees amount to 0.60% of the transaction volume. If the transaction is settled using an account other than the holder's account, this fee is 1% of the transaction volume and at least EUR480. The current standard pricelist of the Slovak branch of J&T BANKA is published on its website at www.jtbanka.sk in the section marked as "*Užitočné informace*" under the subsection "*Úrokové sadzby a poplatky*", version *Sadzobník poplatkov časť I - fyzické osoby nepodnikatelia, účinný od 15. 8. 2020* and *Sadzobník poplatkov časť II - právnické osoby a fyzické osoby podnikatelia, účinný od 15. 8. 2020*.

On the relevant settlement date in accordance with the Subscription Agreement, the Bonds will be subscribed for by the Manager against payment of the Issue Price in the manner specified in the Subscription Agreement. On the same day, the Bonds, with the exception of those Bonds which will continue to be held and offered by the Manager, will be sold by the Manager to investors. The total amount of the commission for the subscription and placement of the Bonds will correspond to 2.45% of the total subscribed nominal amount of the Bonds.

The Manager will satisfy the Orders placed by the end investors and it will transfer the relevant bonds in the asset accounts of the individual investors maintained in the relevant records regarding investment instruments. Trading may not start before the notification of the amount allocated to investors. At the same time, the Manager will collect the amount corresponding to the purchase price of the Bonds from the cash accounts of the end investors.

The purchase price of the Bonds issued on the Issue Date will be the same as the Issue Price.

The purchase price of any Bonds issued in tranches after the Issue Date will be determined by the Manager on the basis of the current market conditions and the accrued interest, if any, and it will be published on the website of the Manager www.jtbank.cz in the section *Information duty, Securities issuance* (in Czech original: *Informační povinnost, emise cenných papírů)*.

The final results of the public offering, containing also the total nominal amount of all the Bonds that the Issue consists of, will be published on the Issuer's website nupeh-cz.com and on the website of the Manager www.jtbank.cz in the section *Information duty, Securities issuance* (in Czech original: *Informační povinnost, emise cenných papírů),* always immediately after its termination.

3 MiFID II Monitoring of the Creation and Distribution of a Financial Instrument

Target market of eligible counterparties, professional clients and non-professional clients

For the sole purpose of the inernal approval process by reviewing the target market in relation to the Bonds, the Manager has assessed that (i) the target market for the Bonds are eligible counterparties, professional clients within the meaning of Directive 2014/65/EU, as amended (the **MiFID II**) as well as non-professional clients from among the clients of the Manager and (ii) when distributing the Bonds in this target market, all distribution channels are selected, through the sales without advisory service, or the portfolio management service.

Any person subsequently offering, selling or recommending the Bonds subject to MiFID II rules is responsible for conducting its own target market analysis in relation to the Bonds (either by adopting or improving a target market assessment) and identifying its own appropriate distribution channels. The Manager and the Issuer are always responsible for determining the target markets and distribution channels only in relation to the primary offer of the Bonds, respectively to the offer made by the Manager himself.

4 Listing

The Issuer will apply for admission of the Bonds for trading on the Regulated Market of the PSE through the Listing Agent and expects the Bonds to be listed on the Issue Date, i.e. 30 October 2020. The estimated amount of fees associated with the listing of the Bonds on the regulated market is CZK50,000 as the listing fee and CZK10,000 as the annual trading fee.

When admitted to trading on the Regulated Market of the PSE, the Bonds will be traded at the PSE and the transactions will be settled inCZK. The settlement will be performed as DVP (*delivery versus payment*) through the Central Depositary or through persons keeping the related records following the standard practices in accordance with the rules and operating procedures of the PSE and the Central Depositary and within the deadlines set by the applicable rules. The subscription of the Bonds in the Central Depositary can only be settled through a member of the Central Depositary.

No person has accepted the obligation to act as a market maker. Neither the Issuer nor the Manager can rule out that the Bonds may become non-tradable on any market(s) and that the Bondholders will thus be unable to sell the Bonds on such a market or on such markets before maturity.

The Issuer is not aware of any regulated markets or third country markets, SME growth markets or multilateral trading facilities where securities of the same class as the Bonds are to be offered to the public or admitted to trading or where such securities are already admitted to trading.

5 Restrictions on the Distribution of the Prospectus and the Offer and Sale of the Bonds

The distribution of this Prospectus and the offer, sale or purchase of the Bonds is restricted by the law in certain jurisdictions. The Issuer has not applied for approval or recognition of this Prospectus in another state and the Bonds are not authorised or approved by any administrative or other authority in any jurisdiction except for the approval of this Prospectus by the CNB and the potential subsequent application of the Issuer to the CNB for the notifying the NBS of the approval of the Prospectus and, without further steps, these Bonds may only be offered in the Czech Republic and Slovak Republic (if the Issuer decides to notify the Prospectus (passport) to the NBS) as described herein (except where the offering of the Bonds meets all the requirements of the applicable laws and regulations of the state where the offer is made).

The persons in possession of this Prospectus are responsible for observing the restrictions related to the offer, purchase or sale of the Bonds or to holding and distributing any materials related to the Bonds, including this Prospectus, in the individual countries.

In addition to the above, the Issuer and the Manager request that all the acquirers of the Bonds comply with all the applicable laws and regulations in each country (including the Czech Republic) where they purchase, offer, sell or transfer the Bonds issued by the Issuer or where they distribute, make available or otherwise put into circulation this Prospectus, including any amendments hereto, or any other offering or promotional material or information related to the Bonds, and that they always do so at their own costs and regardless of the printed, electronic or other intangible nature of this Prospectus and the amendments hereto or any offering or promotional material or information related to the Bonds.

Each person who acquires any Bond will be considered to have declared and agreed that (i) this person acknowledges all the applicable limitations regarding the offer and sale of the Bonds that relate to this person and the relevant method of offer or sale, in particular in the Czech Republic; that (ii) this person will not sell or offer to sell the Bonds without complying with all the applicable restrictions concerning the person and the relevant method of offer or sale; and that (iii) before reselling or offering to resell the Bonds, this person should inform the prospective buyers that the further offer or sale of the Bonds may be subject to statutory limitations that must be observed in different countries.

The Issuer informs the prospective Bondholders that the Bonds are not and will not be registered in accordance with the U.S. Securities Act or by any securities commission or another regulatory body of any state of the United States of America and therefore cannot be offered, sold or transferred in the territory of the United States of America or to U.S. residents (as these terms are defined in Regulation S issued to implement the U.S. Securities Act) other than on the basis of an exemption from the registration obligation according to the U.S. Securities Act or as a part of a transaction that is not subject to mandatory registration according to the U.S. Securities Act.

The Issuer also notes that the Bonds may not be offered or sold in the United Kingdom of Great Britain and Northern Ireland (the **UK**) by disseminating any material or notice, except for sale to persons authorised to deal in securities in the UK on own account or on behalf of others or under circumstances which do not constitute a public offering of securities within the meaning of the Companies Act 1985, as amended. Any legal acts regarding bonds performed in, from, or otherwise in connection with the UK must also be performed in accordance with the Financial Services and Markets Act 2000 (FSMA 2000), as amended, the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, and the Prospectus Regulations 2005, as amended.

6 Granting of Consent to the Use of the Prospectus

The Issuer consents to the use of the Prospectus for the resale or final placement of the Bonds by selected financial intermediaries exclusively in the Czech Republic and the Slovak Republic for the period started on 1 October 2020 and ended on 30 September 2021 (this date included).

The above consent is subject to the conclusion of a written agreement between the Issuer and the relevant financial intermediary regarding the resale or placement of the Bonds.

The Issuer uses and will use the Issuer's website nupeh-cz.com to publish the list and identity of all the financial intermediaries who have been granting consent to the use of the Prospectus for resale or final placement of the Bonds.

Offering period: 1 October 2020 – 30 September 2021 (this date included).

The Issuer also assumes responsibility for the contents of the Prospectus with regard to the resale or final placement of the Bonds by any financial intermediary who has been granted consent to the use of the Prospectus.

INVESTOR NOTICE:

If an offer is presented by a financial intermediary, the financial intermediary will also provide the investors information about the terms of the offering of the Bonds applicable at the time when the offer is presented.

A financial intermediary who uses the Prospectus must specify on his website that the Prospectus is being used with the Issuer's consent.

VI. TERMS AND CONDITIONS OF THE BONDS

The bonds issued under the Czech law by NUPEH CZ s.r.o. a limited liability company incorporated under the laws of the Czech Republic, with its registered office at Antala Staška 1859/34, Krč, 140 00 Praha 4, Czech Republic, registered with the Commercial Register kept by the Municipal Court in Prague under file No. C 307124 (the **Issuer**), in the anticipated total nominal value of up to CZK700,000,000 (in words: seven hundred million Czech Koruna), with the possibility to increase the total nominal value up to CZK1,050,000,000 (in words: one billion fifty million Czech Koruna), bearing a fixed interest rate of 5,9 % p.a., due in 2025 (the **Issue** and the individual bonds issued under the Issue as the **Bonds**), are governed by these terms and conditions (the **Terms and Conditions**) and by Czech Act No. 190/2004 Coll., on Bonds, as amended (the **Czech Bonds Act**).

The ISIN of the Bonds allocated by the Central Depositary (as defined below) is CZ0003524795.

In connection with the Bonds, the Issuer prepared, in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 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 (the **Prospectus Regulation**), a prospectus for the Bonds (the **Prospectus**) that will include these Terms and Conditions. The Prospectus was approved by the decision of the Czech National Bank ref. no. 2020/122025/CNB/570, file no. S-Sp-2020/00047/CNB/572 dated 30 September 2020, which became final and effective on 1 October 2020, and was published in accordance with the relevant legal regulations. These Terms and Conditions were published as part of the Prospectus and are available on the Issuer's Website (as this term is defined below). If the Bonds are offered to the public in the Slovak Republic, the Issuer will request the Czech National Bank to notify the approval of the prospectus to the National Bank of Slovakia.

The Issuer will apply for admission of the Bonds for trading on the Regulated Market of the PSE (as this term is defined below) and expects that the Bonds will be accepted for trading on the issue date, i.e. 30 October 2020 (the **Issue Date**). The Issuer cannot guarantee that the application will be accepted and that the Bonds will actually be admitted to trading.

The final maturity date of the Bonds is 30 October 2025 (the **Final Maturity Date of the Bonds**).

The activities of a fiscal and paying agent associated with the payment of interest on, and repayment of, the Bonds will be ensured by J&T BANKA (the **Fiscal and Paying Agent**). The relationship between the Issuer and the Fiscal and Paying Agent in relation to the making of payments to the Authorised Persons (as this term is defined below) and in connection with certain other administrative acts in connection with the Issue is governed by an agreement between the Issuer and the Fiscal and Paying Agent (the **Agency Agreement**). A copy of the Agency Agreement is available for inspection to the Bondholders during regular business hours at the Specified Office as set out in Condition 12.1.1.

The liabilities of the Issuer from the Bonds will be unconditionally and irrevocably guaranteed by the Financial Guarantee arising from the Financial Guarantee Deed (as such terms are defined in Condition 3.3 of these Terms and Conditions) granted by New Ukraine PE Holding Limited (the **Guarantor**), which is available for inspection to the Bondholders during regular business hours at the Specified Office as set out in Condition 12.1.1 and the wording of which is also included in the Prospectus.

The activities of a security agent within the meaning of Section 20(1) *et seq.* of the Czech Bonds Act and Condition 3.4 will be performed by J&T BANKA (the **Security Agent**). The relationship between the Issuer and the Security Agent is governed by an agreement between the Issuer and the Security Agent (the **Security Agent Appointment Agreement**), which will, among other things, regulate their mutual rights and obligations. A copy of the Security Agent Appointment Agreement is available for inspection to the Bondholders during regular business hours at the Specified Office as set out in Condition 12.1.1 and is also published on the Issuer's Website.

The activities of the listing agent (the **Listing Agent**) consisting in listing the Issue on the Regulated Market of the PSE (as this term is defined below) will be performed by J&T BANKA.

The Czech National Bank performs oversight over the Issuer and the Issue in the scope stipulated under the Capital Market Act, Czech Bonds Act and Act No. 6/1993 Coll., on the Czech National Bank, as amended and the Prospectus Regulation including delegated regulation thereof.

The Czech National Bank only asseses the completeness of the information given in the Prospectus. During the approval process of the Prospectus, the Czech National Bank does not evaluate financial results nor financial position of the Issuer. By approving the Prospectus, the Czech National Bank neither guarantees future profits of the Issuer nor his ability to pay the interests and/or the nominal value of the Bonds.

Unless otherwise stated in these Terms and Conditions, capitalised terms have the meanings assigned to them in Condition 17. In these Terms and Conditions, the reference to any provision of law or regulation is a reference to that provision as extended, amended or re-enacted.

1 General Characteristics of the Bonds

1.1 Nominal Value, Form, Anticipated Total Nominal Value of the Issue

The Bonds are being issued as book-entered securities in accordance with the Czech Bonds Act. The nominal amount of each Bond is CZK10,000 (in words: ten thousand Czech Koruna). The anticipated total nominal value of the Issue is CZK700,000,000 (in words: seven hundred million Czech Koruna), with the possibility to increase the total nominal value up to CZK1,050,000,000 (in words: one billion fifty million Czech Koruna).

1.2 Separation of the Right to Interest

There will be no separation of the right to receive interest payable under the Bonds through an issue of coupons as separate securities or otherwise.

1.3 Bondholders

A bondholder is any person on whose owner's securities account (within the meaning of the Capital Market Act) with the Central Depositary or in follow-up records linked to the Central Depositary a Bond is recorded (the **Bondholder**). Until it has been convincingly proven to the Issuer and the Fiscal and Paying Agent that the crediting to the owner's securities account in the Central Depositary or the entry in the follow-up records linked to the Central Depositary does not correspond to reality, and that there is another person on whose owner's securities account in the Central Depositary or in the follow-up records linked to the Central Depositary the Bond should be registered, the Issuer and the Fiscal and Paying Agent will consider each Bondholder as the authorised bondholder in all respects and make payments to that Bondholder in accordance with these Terms and Conditions. Persons on whose owner's securities accounts in the Central Depositary or in the follow-up records linked to the Central Depositary their Bonds are not registered for any reason, even though such persons should be the Bondholders, are obliged to immediately inform the Issuer and the Fiscal and Paying Agent of this fact and of their ownership title of the Bonds and prove these facts to them in a convincing manner.

1.4 Transfer of the Bonds

The transferability of the Bonds is not restricted.

The transfer of the Bonds will be effective upon the crediting thereof to the owner's securities account with the Central Depositary in accordance with the rules and regulations of the Central Depositary and applicable law. In the event that the Bonds are recorded in the client's securities account in the Central Depositary, the transfer of the Bonds will be effective (i) upon crediting of the transferred Bond to the client's securities

account in accordance with the rules and regulations of the Central Depositary and applicable law, and the owner of the client's securities account is obliged to promptly register such transfer in the owner's securities account as of the moment of registration thereof in the client's securities account, or (ii) in the event of any transfer between the Bondholders within one client's securities account, upon the registration of such transfer in the owner's securities account in the follow-up records linked to the Central Depositary.

1.5 Rating

As at the Issue Date, the Issuer has not been assigned any rating by any company registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council, as amended, or by any other company. No separate rating of the Issue has been made as at the Issue Date, therefore the Issue has no separate rating.

2 Issue Date, Subscription Period, Issue Price, Method and Place of Subscription

2.1 Issue Date, Subscription Period

The Bonds may be issued (i) at once on the Issue Date or (ii) in tranches at any time after the Issue Date until 30 September 2021 (including). If, upon agreement with the Manager, the Issuer decides to issue Bonds in a higher total nominal value than the anticipated total nominal value of the Issue, the total nominal value of all the issued Bonds must not exceed CZK1,050,000,000 (in words: one billion fifty million Czech Koruna). The subscription period will start on 30 October 2020 and end on 30 September 2021 (inclusive).

The Issuer will notify the Bondholders of the total nominal value of all Bonds issued after their issue and at the latest immediately after the end of the subscription period. Such notifications will be made in the manner as specified in Condition 15.1 without undue delay.

2.2 Issue Price

The issue price (the **Issue Price**) of all Bonds issued as of the Issue Date is 100%.

The Issue Price of any Bonds issued after the Issue Date will be determined by the Manager on the basis of the current market conditions. Where relevant, a corresponding accrued interest will be added to the amount of the Issue Price of any Bonds issued after the Issue Date. For the avoidance of doubt, the Manager does not have any obligation to any Bond investor to buy back any Bonds.

2.3 Method and Place of Subscription

Further information on the method and place of subscription for Bonds is stated in the Prospectus (see section *Subscription and Sale*).

3 Status of the Bonds

3.1 Ranking

The Bonds constitute direct, general, unconditional and unsubordinated liabilities of the Issuer secured by the Financial Guarantee (as defined in Condition 3.3) and Security (as defined in Condition 3.5) which rank and will rank *pari passu* among themselves and at least *pari passu* with any present and future unsubordinated and in the same or similar manner secured liabilities of the Issuer, with the exception of liabilities treated preferentially under applicable mandatory laws. Under the same conditions, the Issuer must treat all Bondholders equally.

3.2 No Pre-emptive or Priority Rights

Neither the shareholders of the Issuer nor any other person has any right of first refusal, pre-emptive or conversion rights in relation to the Bonds or any other priority subscription rights in relation to the Bonds.

3.3 Financial Guarantee

The liabilities of the Issuer under the Bonds are unconditionally and irrevocably secured by a financial guarantee (the **Financial Guarantee**) constituted by a financial guarantee deed (the **Financial Guarantee Deed**) within the meaning of Section 2029 *et seq.* of Act No. 89/2012 Coll., the Czech Civil Code, as amended (the **Civil Code**) granted by the Guarantor, which is available for inspection to the Bondholders during regular business hours at the Specified Office as set out in Condition 12.1.1 and the wording of which is also included in the Prospectus. The exercise of the right of the Bondholders to require the repayment of the Issuer's debts arising from the Bonds from the Guarantor is independent of the enforcement of the Security (as defined in Condition 3.5) by the Security Agent.

3.4 Security Agent

The Security Agent exercises the rights of the creditor and the pledgee or the recipient of other security, including the rights arising from or related to the Security Documents and the Intercreditor Agreement (as these terms are defined in Condition 3.5), in its own name for the benefit of the Bondholders, also in the event of insolvency proceedings, enforcement of a decision or distrainment concerning the Pledgor and the Issuer. The relationship between the Issuer and the Security Agent is governed by the Security Agent Appointment Agreement and the Intercreditor Agreement (as defined in Condition 3.5).

The funds obtained under the Security that the Security Agent receives, among other things, in accordance with the Intercreditor Agreement (as defined in Condition 3.5) belong to the Bondholders (proportionately to the number of the Bonds held by them) and the Security Agent as provided for in these Terms and Conditions, whereas in accordance with Section 20(2) of the Czech Bonds Act, such funds are considered to be the customer's property under the Capital Market Act. In exercising the rights under the Security, the Security Documents, the Security Agent Appointment Agreement, the Intercreditor Agreement and the Terms and Conditions and other rights under the Czech Bonds Act relating to the Security, the Security Agent is considered to be the creditor of each secured receivable in accordance with Section 20a(6) of the Czech Bonds Act. To the extent that such rights (including those referred to in Section 20a(5) of the Czech Bonds Act) are exercised by the Security Agent, no Bondholder is entitled to exercise such rights separately. In cases where the Security Agent is in delay with the exercise of the applicable rights or the performance of its duties for more than 40 days, this constitutes a reason for which the Security Agent may be dismissed under the Security Agent Appointment Agreement and the Issuer is obliged to convene a Meeting on this event under Condition 13.1.2.

Essential documents relating to the Security, including the Security Documents, the Security Agent Appointment Agreement and the Intercreditor Agreement, will be available for inspection to the Bondholders or investors in the Bonds prior to subscription for or purchase of the Bonds during regular business hours at the Specified Office as set out in Condition 12.1.1.

By subscribing for or purchasing the Bonds, each Bondholder agrees to the appointment of the Security Agent as a security agent under Section 20 *et seq.* of the Czech Bonds Act. Each Bondholder further agrees that the Security Agent may, in its name and on behalf of the Bondholders, exercise all rights of a creditor, pledgee or recipient of any other security arising from the Security, the Security Documents, the Intercreditor Agreement, the Terms and Conditions, the Security Agent Appointment Agreement and the Czech Bonds Act or other applicable legislation under the terms and conditions set forth therein.

The Security Agent agrees to its appointment as a security agent and other authorisations under the Terms and Conditions, the Intercreditor Agreement and Section 20 *et seq.* of the Czech Bonds Act in connection with the Bonds and the Security contained in the Security Agent Appointment Agreement and the Security Documents. The Security Agent Appointment Agreement, the Security Documents and the Intercreditor Agreement may include additional details regarding the rights and obligations of the Security Agent, including, where applicable, the enforcement of the Security for the benefit of the Bondholders and the Security Agent.

3.5 Establishment and Maintenance of the Security and Procedures in the Event of the Issuer's Default in Connection with the Security

The Issuer shall ensure, under the conditions specified in Condition 4.13, that the liabilities of the Issuer arising from the Bonds and the liabilities of the Guarantor arising from the Financial Guarantee are secured by a Security (as defined below) established in favour of the Bondholders, and the Security Agent, respectively, under the following pledge or other security agreements concluded between the Security Agent as a pledgee and the relevant pledgor or other security provider (the **Pledgor**):

(a) Ukrainian law share pledge agreement in respect of 100% of shares in WGL between the Security Agent as pledgee and the Guarantor as pledgor;

(b) Ukrainian law share pledge agreement in respect of 100% of shares in EGL between the Security Agent as pledgee and the Guarantor as pledgor;

(c) Ukrainian law share pledge agreement in respect of 100% of shares in APV between the Security Agent as pledgee and the Guarantor as pledgor;

(d) Ukrainian law share pledge agreement in respect of 100% of shares in PMS 1 between the Security Agent as pledgee and the Guarantor as pledgor;

(e) Ukrainian law share pledge agreement in respect of 100% of shares in PMS 2 between the Security Agent as pledgee and the Guarantor as pledgor;

(f) Ukrainian law share pledge agreement in respect of 100 % shares in ServiceCo between the Security Agent as pledgee and the Guarantor pledgors;

(the share pledge agreements listed above in (a) to (f) together as the **Ukrainian Share Pledge Agreements**);

(g) Czech law participation pledge agreement in respect of 100% participation in the Issuer between the Security Agent as pledgee and the Guarantor as pledgor;

(the participation pledge agreement listed above in (g) the **Czech Participation Pledge Agreement**)

(h) Ukrainian law mortgage agreement in respect of WGL Property between the Security Agent as mortgagee and WGL as mortgagor;

(i) Ukrainian law mortgage agreement in respect of Piramida Property between the Security Agent as mortgagee and APV as mortgagor;

(j) Ukrainian law mortgage agreement in respect of EGL Property between the Security Agent as mortgagee and EGL as mortgagor;

(k) Ukrainian law mortgage agreement in respect of PMS 1 Property between the Security Agent as mortgagee and PMS 1 as mortgagor;

(l) Ukrainian law mortgage agreement in respect of PMS 2 Property between the Security Agent as mortgagee and PMS 2 as mortgagor;

(the agreements listed above in (h) to (l) together as the **Mortgage Agreements**);

(m) Czech law intragroup receivables pledge agreement in respect of 100% of receivables due from the Guarantor to the Issuer between the Security Agent as pledgee and the Issuer as pledgor;

(the Czech law intragroup receivables pledge agreement listed above in (m) the **Czech Receivables Pledge Agreement**)

(n) Ukrainian law intragroup receivables pledge agreement in respect of 100% of receivables due from WGL to the Guarantor between the Security Agent as pledgee and the Guarantor as pledgor;

(o) Ukrainian law intragroup receivables pledge agreement in respect of 100% of receivables due from EGL to the Guarantor between the Security Agent as pledgee and the Guarantor as pledgor;

(p) Ukrainian law intragroup receivables pledge agreement in respect of 100% of receivables due from PMS 1 to the Guarantor between the Security Agent as pledgee and the Guarantor as pledgor;

(q) Ukrainian law intragroup receivables pledge agreement in respect of 100% of receivables due from PMS 2 to the Guarantor between the Security Agent as pledgee and the Guarantor as pledgor;

(r) Ukrainian law intragroup receivables pledge agreement in respect of 100% of receivables due from APV to the Guarantor between the Security Agent as pledgee and the Guarantor as pledgor;

(the agreements listed above in (n) to (r) together as the **Ukrainian Receivables Pledge Agreements**);

(s) Ukrainian law bank account pledge agreement in respect of WGL bank accounts (including capex account, but excluding special VAT and social security accounts) with OTP Bank JSC and Oschadbank JSC between the Security Agent as pledgee and WGL as pledgor;

(t) Ukrainian law bank account pledge agreement in respect of APV bank accounts (excluding special VAT and social security accounts) with Alfa Bank JSC and Oschadbank JSC between the Security Agent as pledgee and APV as pledgor;

(u) Ukrainian law bank account pledge agreement in respect of EGL bank accounts (excluding special VAT and social security accounts) with Raiffeissen Bank Aval JSC and Oschadbank JSC between the Security Agent as pledgee and EGL as pledgor;

(v) Ukrainian law bank account pledge agreement in respect of PMS 1 bank accounts (excluding special VAT and social security accounts) with Ukrsibbank JSC and Oschadbank JSC between the Security Agent as pledgee and PMS 1 as pledgor;

(w) Ukrainian law bank account pledge agreement in respect of PMS 2 bank accounts (excluding special VAT and social security accounts) with Ukrsibbank JSC and Oschadbank JSC between the Security Agent as pledgee and PMS 2 as pledgor;

(x) Ukrainian law bank account pledge agreement in respect of ServiceCo bank accounts (excluding special VAT and social security accounts) with Ukrsibbank JSC and Ukrgasbank JSC between the Security Agent as pledgee and ServiceCo as pledgor;

(the agreements listed above in (s) to (x) together as the **Ukrainian Bank Accounts Pledge Agreements**);

(y) Cypriot law charge and assignment over bank accounts agreement in respect of the Guarantor's bank accounts with Eurobank Cyprus Ltd between the Security Agent as pledgee and the Guarantor as pledgor;

(the agreement listed above in (y) as the **Guarantor's Cypriot Charge and Assignment over Bank Accounts Agreement**);

(z) Czech law bank account pledge agreement in respect of the Guarantor's bank accounts with J&T BANKA between the Security Agent as pledgee and the Guarantor as pledgor;

(aa) Czech law bank account pledge agreement in respect Issuer's bank accounts with J&T BANKA between the Security Agent as pledgee and Issuer as pledgor;

(the agreements listed above in (z) to (aa) together as the **Czech Bank Accounts Pledge Agreements**), the agreements listed in (a) to (aa) above together as the **Security Documents**, the pledges, mortgages and assignments set out in this Condition 3.5 together as **Security** and the assets listed above together as the **Security Assets**).

The Issuer is obliged to enter into the Security Documents or, as the case may be, arrange for the relevant Pledgor to enter into the Security Documents in accordance with the intercreditor agreement (the **Intercreditor Agreement**) that the Security Agent entered into, among other things, in relation to the exercise of rights or the performance of duties under the Bonds, the Security or the Security Documents, with (i) other creditor or creditors of the Guarantor, (ii) other creditor or creditors of the relevant Pledgors or (iii) authorised representative or representatives of such creditor or creditors (the **Secured Creditors**), to ensure that the relevant Security is established and created within the period set out in Condition 4.13.

The Security may secure also:

(a) debts of the Issuer and the Guarantor (*pari passu* with the debts under the Bonds) to the extent anticipated and permitted in the Intercreditor Agreement in connection with any master agreement for financial transactions (or similar agreement under any law, including the Czech Master Agreement or ISDA Master Agreement) entered into in order to hedge against fluctuation of foreign exchange rates and/or interest rates in the form of cross currency swaps, interest rate swaps or financial instruments having similar effect up to the amount corresponding to the increased total nominal value of the Issue (the **Hedging**); and

(b) debts of the Issuer and the Guarantor (subordinated to the debts under the Bonds) in the extend anticipated and permitted in the Intercreditor Agreement in connection with the Junior Debt.

The Issuer will, and will ensure that each relevant Pledgor will, properly maintain the Security in full in accordance with the relevant Security Documents, the Intercreditor Agreement and the Security Agent Appointment Agreement until all of the Issuer's liabilities arising from the Bonds or other secured liabilities under the Security Documents have been paid.

The Intercreditor Agreement may regulate, among other things, the terms of performance or exercise of rights or the performance of duties under the Security by the Security Agent as well as any terms of and limitations on any enforcement of the Security. The Intercreditor Agreement will be entered into as a separate agreement.

If the Security is not established within the period specified in Condition 4.13, or if any Security ceases to exist in whole or in part in violation of these Terms and Conditions, the Issuer will be obliged to notify the Security Agent thereof within five (5) Business Days and, without delay within the periods set out in the Czech Bonds Act and these Terms and Conditions convene a Meeting (as this term is defined in Condition 13.1.1), at which the Issuer will justify that. The Meeting will subsequently decide by a Simple Majority on further actions, including the possible extension of the time limit for the establishment of the Security, the setting of the time limit for the establishment of another security in favour of the Bondholders or the Security Agent as a pledgee or beneficiary of another security (if this is in accordance with the Intercreditor Agreement) or the setting of an early repayment of the Bonds, unless the Security is established before the date of the Meeting. The Security Agent shall be obliged to cooperate with the Issuer or the respective pledgor in connection with establishment of such Security.

If the Meeting, under its decision taken in accordance with the preceding paragraph, has not decided on an early repayment of the Bonds, the procedure set out in Condition 13.4.1 will apply unless the Meeting also decides to extend the time limit for establishing the Security.

3.6 Position of the Security Agent

The Security Agent is obliged to act with due care, in particular, to act in a qualified, honest and fair manner and in the best interests of the Bondholders, and is always bound by the instructions validly given by the

Meeting. The Security Agent exercises the rights and obligations contained in these Terms and Conditions, the Security Documents, the Intercreditor Agreement, the Security Agent Appointment Agreement and Section 20 and following of the Czech Bonds Act, always in accordance with and under the conditions specified in the Intercreditor Agreement. In accordance with Section 20a(8) of the Czech Bonds Act, the provisions of the Civil Code on the management of someone else's assets will not apply to the activities of the Security Agent. The Security Agent is not obliged to review the accuracy of any documents or any calculations made by the Issuer or the Guarantor or the Chosen Auditor under these Terms and Conditions.

In the event there are any reasons for the termination of the activities of the Security Agent under the Security Agent Appointment Agreement or any other reasons under the Czech Bonds Act, including Section 21(1)(c), the Issuer is obliged to convene a Meeting (as defined below) without undue delay in accordance with Condition 13.1.2 to decide on the appointment of a new security agent (the **New Security Agent**). In the event the Issuer does not convene a Meeting, the Security Agent is obliged to convene the Meeting without undue delay and at the Issuer's expense in accordance with Condition 13.1.1. If the Meeting is not convened by either the Issuer or the Security Agent, any Bondholder is authorised to convene the Meeting in accordance with Condition 13.1.1.

The rights and obligations arising from the Security, the Security Documents, these Terms and Conditions and the Security Agent Appointment Agreement pursuant to Section 20(6) of the Czech Bonds Act will automatically be transferred to the New Security Agent and, to the extent the Intercreditor Agreement so permits, the rights and obligations under the Intercreditor Agreement will also contractually pass to the New Security Agent, with effect as of the date on which the Meeting adopted the decision to appoint the New Security Agent, unless a later date is specified in the Meeting's decision. The procedure for changing the Security Agent is further specified in the Security Agent Appointment Agreement and the Intercreditor Agreement. However, the transfer of rights and obligations to the New Security Agent (and the transfer under the Intercreditor Agreement) will not take place before the New Security Agent has consented to its appointment as a security agent in respect of the Bonds. No obligations of the Security Agent arising from a breach of its obligations as a security agent or any liabilities related to the office of the Security Agent that originated before the effective date of appointment of the New Security Agent will be transferred to the New Security Agent. The Issuer will notify the Bondholders of the appointment of the New Security Agent in the manner specified in Condition 15.1 of these Terms and Conditions.

3.7 Actions of the Security Agent

(a) The Security Agent

(i) is obliged, subject to paragraph (d) below, to exercise any right or refrain from exercising any right which it has as the Security Agent, in accordance with any instruction approved by the Meeting by a Simple Majority (the **Meeting Instruction**); and

(ii) is not responsible for any action (or omission) if it acts (or refrains from acting) in accordance with the Meeting Instruction or the Intercreditor Agreement.

(b) Instruction clarification

The Security Agent is entitled to request

(i) convening a Meeting to issue a Meeting Instruction or to specify the decisions under previous Meeting Instructions, or,

(ii) if the statutory conditions for making a decision on matters that were not included in the proposed agenda of the Meeting are fulfilled, a Meeting Instruction or specifying the Meeting Instruction directly within the Meeting,

as to whether and how it should exercise any right or refrain from exercising any right or authority, and the Security Agent may refrain from acting until it receives such a Meeting Instruction or specification, unless such exercise or refraining from exercising that right is not possible due to a conflict with the terms of the Intercreditor Agreement or due to lack of consent to such exercise or refraining under the terms of the Intercreditor Agreement. This is without prejudice to the right, and not the obligation, of the Security Agent to exercise any right or refrain from exercising any right or authority if the delay in the opinion of the Security Agent could cause serious damage to the Bondholders and such action or refraining is not contrary to the terms of the Intercreditor Agreement, i.e. the Security Agent does not lack the necessary consent thereunder.

(c) Binding nature of instructions

Any Meeting Instructions will be binding on all Bondholders.

(d) In the exercise of any right of the Security Agent under the Security Documents or any related right, including the exercise of the creditor's rights under Section 20a(5) of the Czech Bonds Act, where:

(i) the Security Agent has not received any instruction regarding the exercise of that right; or

(ii) in the opinion of the Security Agent, the Meeting Instruction is in violation of law or good morals,

the Security Agent will act at its discretion, taking into account the interests of all Bondholders and ensuring compliance of such conduct with the terms of the Intercreditor Agreement.

(e) The Security Agent may require that it is in connection with the Meeting Instruction provided with sufficient security or promised indemnification by the Meeting or the Issuer (in the opinion of the Security Agent to a sufficient extent) in the event of any material or non-material damage.

Without prejudice to the provisions of Condition 3.10 or other provisions of this Condition 3.7, in the absence of any Meeting Instructions the Security Agent may act (or refrain from acting) as it deems appropriate, but always in the best interest of the Bondholders and in accordance with the Intercreditor Agreement.

3.8 Conclusion of the Intercreditor Agreement by the Security Agent

The Bondholders authorise the Security Agent to enter into the Intercreditor Agreement and acknowledge that the Security Agent may enter into any amendment to the Intercreditor Agreement that would (i) not have a negative impact on the Bondholders, (ii) be approved by the Meeting or (iii) be necessary to protect the rights of the Bondholders.

The Bondholders acknowledge that the Intercreditor Agreement aims to regulate the conditions for the performance or exercise of the applicable rights or performance of obligations under the Security or the Security Documents or other rights or obligations of the Security Agent set out in the Intercreditor Agreement by the Security Agent, as well as the procedure of the Security Agent in performing the Security and the use of any proceeds from the Security. The Bondholders further acknowledge that the Intercreditor Agreement may set out conditions or restrictions on the immediate exercise of the Security for the benefit of the Bondholders or the Security Agent, whereas such conditions do not in any way restrict the obligations of the Security Agent to follow the respective Meeting Instructions (for detailed information see "*Risk that the Junior Creditor will instruct the Security Agent as to the enforcement and method of enforcement of the Security*" in Chapter II (*Risk Factors*). The Intercreditor Agreement will be used to the extent described above as long as (at least) any Junior Debt will exist.

3.9 Acceleration

If an Event of Default (as defined in Condition 9.1) occurs and is continuing, the Security Agent may, if it is in its opinion necessary to protect the Security, decide that all liabilities from the Bonds, including any unpaid

accrued interest or other yield on these Bonds in accordance with Condition 5.1, become due and payable (the **Acceleration**), whereas the Security Agent must decide on the Acceleration always in the following cases:

(a) if the Bondholders holding at least 30 % of all issued and outstanding Bonds delivered Early Redemption Notice to the Fiscal and Paying Agent in accordance with Condition 9.1 and their receivables from the Issuer arising from the Bonds remain unpaid, or

(b) if an Event of Default occurs in accordance with Condition 9.1(c), (f)(i), (f)(ii), (f)(iv), (g) or (i) and such Event of Default is continuing, or

(c) if the Meeting so decides by a Simple Majority.

If the Acceleration occurs, all amounts payable by the Issuer to the Bondholders shall become payable (unless they have become payable earlier) on the last Business Day of the month following the month in which the Security Agent decided on the Acceleration (the **Early Redemption Date of the Bonds**) and announced this fact to the Issuer in accordance with Condition 15.3 and the Bondholders in accordance with Condition 15.2. In accordance with Condition 3.10, the Meeting may at the same time combine the decision on Acceleration with the Enforcement Decision (as defined in Article 3.10), whereas the decision on Acceleration must be always accepted before the Enforcement Decision and in relation to both of these decisions, the corresponding majorities apply.

3.10 Enforcement of the Security and Other Decisions

Pursuant to Section 20a(7) of the Czech Bonds Act, the Bondholders will not have any direct rights under the Security Documents and will not be able to exercise any separate authorisation, right or remedy regarding any Security or grant consent or waive the right to the Security or make any direct use of any Security if such rights are exercised by the Security Agent. None of the Bondholders will be entitled to ask the Security Agent independently to act in any way in relation to the Security.

In the event of the Acceleration, the Security Agent may, at its discretion, acting in good faith and with due care, select the appropriate mode of enforcement or other appropriate conduct under applicable regulations in relation to the Security in accordance with the terms of the Security Document. Before the Security Agent commences the enforcement of the Security, the Security Agent must convene a Meeting at the Issuer's expense in accordance with Condition 13.1.1 of the Terms and Conditions. The Meeting will decide whether the Security Agent is to commence the enforcement of the Security or take other steps in relation to the Security or the procedures set out in the Intercreditor Agreement (the **Enforcement Decision**). The Enforcement Decision must be approved by a Simple Majority and must contain the manner of enforcement of the Security in accordance with the Security Documents and the applicable regulations. The Enforcement Decision is binding on the Security Agent and all Bondholders. The Meeting may combine the Enforcement Decision with the decision on the Acceleration.

The Security Agent will start to proceed in accordance with the Enforcement Decision without undue delay after the Enforcement Decision has been delivered to it, however will effectively not complete such procedure earlier than after expiration of thirty (30) Business Days following any decision on Acceleration under these Terms and Conditions. The Security Agent will inform the Bondholders about the status of the enforcement of the Security in the manner set out in Condition 15.2 and documents related to the enforcement of the Security will be available for inspection by the Bondholders during regular business hours at the Specified Office as set out in Condition 12.1.1.

3.11 Use of Proceeds

The Security Agent will use (and is obliged to proceed thus under the Security Agent Appointment Agreement, unless the Intercreditor Agreement stipulates otherwise) any proceeds from the Security that it receives, among other things, in accordance with the Intercreditor Agreement, as follows:

(a) first, to cover all payments due to the Security Agent in connection with the performance of its office (excluding the Security Agent's remuneration), including any costs and expenses related to the enforcement of the Security, unless such payments have been made otherwise;

(b) second, to pay the Security Agent's remuneration up to a maximum of 4.00% of the proceeds from the enforcement of the Security;

(c) third, to pay the proportionate amount of any indemnification paid to the Security Agent by the Bondholders;

(d) fourth, to pay the proportionate amount of any (i) due and outstanding principal of, and due and outstanding interest on, the Bonds to the Bondholders and (ii) payment due to the Hedging Counterparty under the Hedging;

(e) fifth, to pay the proportionate amount of any payment due in accordance with the Intercreditor Agreement; and

(f) sixth, to refund any surplus to the relevant Pledgor.

The principal and interest accrued on the Bonds under paragraph (d) above will be paid by the Security Agent through the Fiscal and Paying Agent. The Security Agent will inform the Bondholders of the distribution of these proceeds among the Bondholders in the manner set out in Condition 15.2. In the case of enforcement of the Security as part of the Issuer's insolvency proceedings, the rules for the distribution of the proceeds from the realisation of the Security will be adjusted in accordance with the statutory conditions.

4 Obligations of the Issuer

4.1 Obligation to not Create a Security

So long as any of its liabilities from the Bonds remain outstanding, the Issuer will not, and will ensure that the Guarantor or any of its Subsidiaries will not, create, or enable the creation of, any Other Security of the Indebtedness that would fully or partially restrict the Issuer's, the Guarantor's or any of its Subsidiaries' rights to its current or future assets or income, unless, at the same time or prior to the creation of the Security, it ensures that (i) the Other Security (excluding assets secured by the Security) is created as second in rank after debts from the Bonds and debts from the Financial Guarantee or, provided that such creditors accede at the same time to the Intercreditor Agreement (and in the case of the Junior Debt) created otherwise with ranking after debts from the Bonds and debts from the Financial Guarantee, or secured by such other security as may be approved by the Meeting's resolution; or (ii) the creation of the Other Security is approved by the Meeting by a Simple Majority in accordance with Condition 13.

The preceding paragraph will not apply to any (existing or future) Other Security if, at the time of, or immediately before, the creation of the Other Security there is no Event of Default and no Event of Default occurs or is imminent as a result of the creation of the Other Security (whereas the existence of Event of Default or its imminent occurrence will not be assessed in case of paragraphs (b), (d) and (g)), provided that such Other Security:

(a) is attached to, or has been created over the assets of the Issuer, the Guarantor or any of its Subsidiaries in connection with (i) its ordinary course of business or ordinary banking operations in the aggregate maximum amount of CZK23,000,000; (ii) with maintaining of bank accounts based on the standard terms and conditions of the relevant bank maintaining such bank account; or (iii) trading on the financial markets based on any master agreement for financial transactions (or similar agreement under any law, including the Czech Master Agreement or ISDA Master Agreement) entered into in order to hedge against fluctuation of foreign exchange rates and/or interest rates in the form of cross currency swaps, interest rate swaps or financial instruments having similar effect, including providing of a collateral or other security; or

(b) exists on the Issue Date; or

(c) is attached to, or has been created over, the Guarantor's shares; or

(d) is attached to, or has been created over, the Issuer's, Guarantor's or any of its Subsidiaries' assets in connection with the entering into contractual or other similar arrangements in order to refinance, prepay or duly pay all of the liabilities from the Bonds; or

(e) is attached to, or has been created over, the Issuer's, Guarantor's or any of its Subsidiaries' assets in connection with the Hedging to the extent stated in the Intercreditor Agreement; or

(f) is attached to, or has been created over, the Issuer's, Guarantor's or any of its Subsidiaries' assets in connection with the Junior Debt to the extent stated in the Intercreditor Agreement; or

(g) is created by operation of law or under a judicial or administrative decision or arbitration award, if in the judicial or administrative proceedings leading to the issuance of the judicial or administrative decision the Issuer, the Guarantor or any of its Subsidiaries acted actively and protected its interests in good faith; or

(h) is created in connection with any lease under lease agreement entered into by the respective Property Owner within the ordinary course of business; or

(i) is created in connection with or incurred under a lawful decision of an administrative body or directly under operation of law however in no event as a result of a breach of legal obligations.

4.2 Loan to Value Ratio

The Issuer undertakes and will ensure that, as long as any of its liabilities from the Bonds remain outstanding, the Loan to Value Ratio (as defined below) in relation to the Group will not exceed 40.00 %.

Promptly after the Issuer has learned that the Loan to Value Ratio has been exceeded, the Issuer must notify such fact to the Fiscal and Paying Agent, the Security Agent and the Bondholders. Within 30 days after the Issuer has duly notified such fact pursuant to the preceding sentence, the Ultimate Controlling Person (or any of them) or any of its Subsidiaries may carry out or ensure rectification of the Loan to Value Ratio by (i) increasing the Guarantor's registered capital (with the issuance of shares), (ii) providing a contribution outside the Guarantor's registered capital or (iii) providing subordinated debt in relation to the Bonds (the **Rectification**), whereas in the case of points (ii) and (iii), such person has to at the same time accede to the Intercreditor Agreement or otherwise subordinate such debt. After each Rectification, the Issuer is obliged, without undue delay and no later than 30 days from the day on which it became aware of the breach and notified it to the Fiscal and Paying Agent and the Security Agent to prove rectification of the Loan to Value Ratio to the Fiscal and Paying Agent and the Security Agent, and publish it in the manner set out in Condition 15.1, together with a confirmation issued by persons authorised to act on behalf of the Issuer and the Guarantor to the effect that the Loan to Value Ratio, after the Rectification, comply with the level set out in this Condition; in the confirmation, when determining the Loan to Value Ratio, the Issuer will take into account the Rectification by adding the funds received to the relevant accounting data (and reflect this in the calculation of the Net Indebtedness). The Issuer will not be in breach of this Condition 4.2, if the Rectification is made within the time limits set out therein.

4.3 Indebtedness

The Issuer undertakes and will ensure that, so long as any of its liabilities from the Bonds remain outstanding, the Indebtedness will not increase and no new Indebtedness of the Issuer, the Guarantor or any of its Subsidiaries will be created.

The restriction under this Condition 4.3 does not apply to any (i) Indebtedness that is created by operation of law or under a judicial or administrative decision against the Issuer, the Guarantor or any of its Subsidiaries, if in the judicial or administrative proceedings leading to the issuance of the judicial or administrative decision the Issuer, the Guarantor or any of its Subsidiaries acted actively and protected its interests in good faith, (ii) Indebtedness during the creation of which there are refinanced, prepaid or duly paid all of the liabilities from the Bond by the Issuer; (iii) Indebtedness of a Group Member towards another Group Member, provided that 100 % shares or participation (as applicable) of both Group Members are subject to the Security or such a Group Member is the Guarantor; (iv) Indebtedness of the Issuer in connection with any derivative transaction entered into in connection with the hedging against the fluctuation of a rate or currency (but not for speculative purposes); (v) Indebtedness of the Issuer, the Guarantor or any of its Subsidiaries in the form of a subordinated loan or subordinated borrowing, provided that such creditors accede at the same time to the Intercreditor Agreement; (vi) the Junior Debt; (vii) Indebtedness of the Guarantor permitted in the Condition 4.2; and (viii) any Indebtedness not falling within the above paragraphs, the aggregate outstanding principal amount of which across the Group does not at any time exceed USD500,000.00 (or its CZK equivalent).

4.4 Transactions with Affiliated Persons

So long as any of its liabilities from the Bonds remain outstanding, the Issuer will not, and will ensure that the Guarantor or any of its Subsidiaries will not, enter into any agreement or carry out any transaction with any of its Subsidiaries, with any Subsidiary of the Ultimate Controlling Person or with the Ultimate Controlling Person otherwise than on an arm's length basis, unless explicitly permitted under the Terms and Conditions or the Intercreditor Agreement.

Arm's length basis condition above shall not apply to any Indebtedness of a Group Member from another Group Member (and vice versa) acquired prior to the Issue Date for less than face value of such Indebtedness.

4.5 Disposal of Assets

4.5.1 Restrictions on Disposals of Assets

The Issuer undertakes and ensures that neither it nor the Guarantor or any of its Subsidiaries, before the repayment of all its liabilities under the Bonds in full, sells, invests in the registered or other capital of another company (save for the Group Member), leases (other than in connection with their ordinary course of business), transfers or otherwise disposes of its assets (including any intragroup receivables) in the value of at least CZK23,000,000 within one or more transactions (save for establishment and creation of any security, pledge, mortgage and assignment in relation to the Junior Debt) (the **Disposal**); related Disposals, especially if they are carried out in a single transaction, are counted as one Disposal for the purposes of the limit set out below.

The Issuer, the Guarantor or any of its Subsidiary may execute the Disposal, unless the asset in question is subject to the Security or Other Security securing the Bonds, if (i) the transaction is executed on an arm's length basis, (ii) the transaction is paid in cash or, if the transaction is not fully paid in cash and if the total value of the transaction reaches during a financial year at least CZK46,000,000, then within 10 Business Days after the Disposal is executed, the Issuer must publish and make available to the Bondholders in the manner set out in Condition 15.1 an opinion prepared by the Chosen Auditor or an independent expert determining the value of performance and consideration in the transaction, together with a confirmation that the transaction was executed on an arm's length basis, (iii) the Distribution Loan to Value Ratio is not exceeded as a result of the Disposal, and (iv) there is no Event of Default and no Event of Default is threatened or on-going as a result of that Disposal.

Where the total value of Disposals made during a financial year reaches at least CZK46,000,000, the Issuer is obliged to notify the Fiscal and Paying Agent within 10 Business Days and notify the Bondholders pursuant to Condition 15.1 of the Terms and Conditions, together with a confirmation issued by persons authorised to act on behalf of the Issuer to the effect that the Distribution Loan to Value Ratio has not been exceeded due

to the Disposal. Condition 4.6 will apply to the manner of processing and issuing a confirmation that this obligation has not been breached accordingly.

4.5.2 Disposals of Assets provided as Security

The Issuer, the Guarantor or any of its Subsidiary may execute the Disposal with any asset that is subject to the Security or Other Security provided that requirements of Condition 4.5.1 (with an exception of (ii)) are fulfilled and provided that the Disposal is of the following type:

(a) lease of Properties (or any part thereof) owned by Property Owners in connection with their ordinary course of business;

(b) sale or other disposal of Properties owned by a Property Owner or sale or other disposal of 100% shares in (i) such Property Owner or (ii) a Group Member which owns such Property Owner (together with intragroup receivables(s) owed by such Property Owner) subject to the following conditions:

    (i) the transaction price paid for the Properties or Group Member which directly or indirectly owns such Properties (together with intragroup receivable(s) owed by such Property Owner) is not materially lower than the latest Valuation of such Properties;

    (ii) the entire transaction price is put on accounts of the Issuer or the Guarantor which have to be specified to the Security Agent (the **Disposal Accounts**) or on the Tied Account; and

    (iii) on the Tied Account is put at least such amount of the transaction price so that the Loan to Value Ratio after the Disposal would not be higher than the Loan to Value Ratio before such Disposal. If the Loan to Value Ratio before the Disposal is less than 25% on the Tied Account is put at least such amount of the transaction price so that the Loan to Value Ratio after the Disposal would not exceed 25%. The amounts on the Tied Account shall be used by the Issuer for early repayment of the Bonds (in accordance with the Condition 6.4) or kept on such account until full repayment of all the liabilities under the Bonds;

(c) transactions or disposals permitted under the Intercreditor Agreement.

In case of a Disposal under Condition 4.5.2(b), the Issuer is obliged to notify the Fiscal and Paying Agent on or before the date of such Disposal and notify the Bondholders pursuant to Condition 15.1 of the Terms and Conditions, together with a confirmation issued by persons authorised to act on behalf of the Issuer to the effect that the Distribution Loan to Value Ratio has not been exceeded due to the Disposal and notify the levels of Loan to Value Ratio immediately prior to and after the Disposal. Condition 4.6 will apply to the manner of processing and issuing a confirmation that this obligation has not been breached accordingly.

4.5.3 Intra-group Disposals

The restrictions under Conditions 4.5.1 and 4.5.2 do not apply to any Disposal between the Issuer, the Guarantor and its Subsidiaries or among such Subsidiaries, provided that (i) 100 % shares or participation (as applicable) of such Group Members are subject to the Security or such a Group Member is the Guarantor, (ii) such Disposals do not have any adverse effect on the validity or enforceability of the Security and (iii) that all necessary actions for maintaining and/or retaking the Security are taken.

4.6 Restrictions on Distributions

The Issuer undertakes and ensures that neither it nor the Guarantor or any of its Subsidiaries, before the repayment of all its liabilities under the Bonds in full, (i) makes any direct or indirect payment of any subordinated debt (including interest payments) to any third party (with exception of payments to other Group Members whose shares are pledged as part of the Security), or (ii) approve any resolution on distribution, or distribute or pay any dividend, other share of profit, share in the registered capital or equity, other payment

related to its capital, interest on unpaid dividends, other payment or similar amount (e.g. dividend advance or interest on unpaid dividends), or provide any credit, loan, (obligation or in rem) security or affirmation, or repay debt (the **Distribution**) in favour of any third party if:

(a) obligation under Condition 4.5.2(b)(iii) has not been fulfilled (if applicable); or

(b) as a result of that Distribution, the Distribution Loan to Value Ratio (as this term is defined below) would be exceeded; or

(c) at the time of, or immediately before, the Distribution there is an Event of Default or an Event of Default would occur or would be imminent as a result of the Distribution.

Restrictions under this Condition 4.6 do not apply to:

(a) transactions without any effect on cash, in particular a set-off of dividend against shareholder's receivable or similar transaction, provided that such receivable or other value arisen have arisen after the Issue Date;

(b) Distributions to the Guarantor;

(c) Distributions to another Group Member, whose 100 % shares or participation (as applicable) are subject to the Security;

(d) Distribution in favour of the Junior Debt creditors, provided that such Distribution is made using funds provided by the direct or indirect shareholders (the **Shareholders**) of the Group Members through the Guarantor, provided that at the time of such Distribution there is no Event of Default set out in Condition 9.1(a) or 9.1(b), whereas in relation to this Condition, only Conditions 4.2 and 4.3 are relevant; or

(e) Distributions allowed under the Intercreditor Agreement.

For the purpose of determining whether the Distribution has not breached the obligation referred to in paragraph (a) above, the Issuer is obliged to calculate the Distribution Loan to Value Ratio on the basis of the Guarantor's most recent audited financial statements or the latest unaudited financial statements available as of the Payment Date taking into account any Distributions made from the date of such financial statements on a *pro forma* basis, and the relevant Distribution can be made only if the Issuer, no later than the date of such Distribution, publishes (in the manner specified in Condition 15.1) and makes available to the Fiscal and Paying Agent the relevant accounting statements together with a confirmation showing that the Distribution does not violate the Distribution Loan to Value Ratio (the **Ad Hoc Confirmation**).

4.7 Restrictions on transformations

The Issuer undertakes and ensures that neither it nor the Guarantor or any of its Subsidiaries, before the repayment of all its liabilities under the Bonds in full, participates in a merger, division, transfer of material assets to a shareholder or other transformation, or changes its legal form, or sells or invests in the registered capital of another company or in any way transfers, pledges or leases its enterprise (save for lease of Properties owned by Property Owners in connection with their ordinary course of business) or any part thereof (the **Transformation**), unless (i) Transformation occurs between Group Members whose shares are not subject to the Security; or (ii) such Transformation is otherwise permitted under the Terms and Conditions or the Intercreditor Agreement.

4.8 Listing of the Bonds

The Issuer undertakes and will ensure that the Bonds will be admitted to trading on the Regulated Market of the PSE or any other regulated market that replaces the Regulated Market of the PSE (or a similar market of any PSE successor) as of the Issue Date at the latest.

4.9 Subordination of the Junior Debt

The Issuer undertakes and will ensure that the Junior Debt will be subordinated to the liabilities from the Bonds and the Financial Guarantee as long as any of the Issuer's liabilities from the Bonds and the Guarantor's liabilities from the Financial Guarantee remain outstanding.

4.10 Subordination of the shareholders' loans

The Issuer undertakes and will ensure that all loans or borrowings acquired by the Issuer, the Guarantor or any Group Member from the Ultimate Controlling Person or any other shareholder will be subordinated to the liabilities from the Bonds and the Financial Guarantee.

4.11 Information Duties

In writing, the Issuer must inform the Fiscal and Paying Agent, the Security Agent and the Bondholders of (i) any Event of Default and (ii) any Change of Control (as the term is defined in Condition 10.1) within five (5) Business Days after the day when it learned about the fact or should and could have learned about it acting with due care.

The Issuer must publish and make available to the Bondholders in the manner stipulated in Condition 15.1 and within the below deadlines the below documents and information in English or Czech:

(a) by 30 April of each year:

(i) the Issuer's annual reports and audited annual financial statements prepared in accordance with IFRS and audited by the Chosen Auditor, starting with the annual report and financial statements prepared as at the last day of the accounting period ending on 31 December 2020.

(b) by 31 May of each year:

(i) the Guarantor's annual audited investment company (or consolidated) financial statements prepared in accordance with IFRS and audited by the Chosen Auditor, starting with the annual financial statements prepared as at the last day of the accounting period ending on 31 December 2020; and

(ii) confirmation of compliance with the covenants (tested as of 31 December of the relevant year) set out in Conditions 4.2, 4.5 and 4.6 issued by a Chosen Auditor based on (i) the relevant annual audited investment company (or consolidated) financial statements set out under point (i) above.

(c) By 30 September of each year:

(i) the Issuer's half-year reports and half-year unaudited financial statements in accordance with at least IAS 34 or otherwise with IFRS, starting with the half-year report and half-year unaudited consolidated financial statements for the half-year ending on 30 June 2021;

(ii) the Guarantor's half-year unaudited investment company (or consolidated) financial statements prepared in accordance with at least IAS 34 or otherwise with IFRS, starting with the half-year unaudited consolidated financial statements for the half-year ending on 30 June 2021; and

(iii) confirmation of compliance with the covenants (tested as of 30 June of the relevant year) set out in Conditions 4.2, 4.5 and 4.6 issued by a management of the Issuer and the Guarantor based on the relevant half-year unaudited investment company (or consolidated) financial statements set out under points (i) and (ii) above, starting with the half-year unaudited financial statements for the half-year ending on 30 June 2021.

4.12 Covenants Testing

The Issuer undertakes and will ensure that the testing of all covenants under Conditions 4.2, 4.5 and 4.6 will be performed on the basis of the relevant annual or half-year financial statements of the Guarantor (as described in detail in Condition 4.11 above) and the results of such testing will be reported in accordance with the deadlines stated in Condition 4.11.

4.13 Obligation to create security

The Issuer undertakes and will ensure that no later than:

(a) as of the Issue Date, the security will be created as a second ranking security under the Ukrainian Share Pledge Agreements

(b) 15 (fifteen) Business Days after the Issue Date, the security will be created as a first ranking security under the Ukrainian Share Pledge Agreements;

(c) as of the Issue Date, the security will be created as a first ranking security under the Czech Participation Pledge Agreement;

(d) as of the Issue Date, the security will be created as a first ranking security under the Mortgage Agreements;

(e) as of the Issue Date, the security will be created as a first ranking security under the Czech Receivables Pledge Agreement;

(f) As of the Issue Date, the security will be created as a second ranking security under the Ukrainian Receivables Pledge Agreements;

(g) 15 (fifteen) Business Days after the Issue Date, the security will be created as a first ranking security under the Ukrainian Receivables Pledge Agreements;

(h) 15 (fifteen) Business Days after the Issue Date, the security will be created as a first ranking security under the Ukrainian Bank Accounts Pledge Agreements;

(i) 15 (fifteen) Business Days after the Issue Date, the security will be created as a first ranking security under the Guarantor's Cypriot Charge and Assignment over Bank Accounts Agreement; and

(j) 15 (fifteen) Business Days after the Issue Date, the security will be created as a first ranking security under the Czech Bank Accounts Pledge Agreements.

4.14 Definitions

The below terms have the below meanings (if a term used in this Condition is not defined, it has the meaning assigned to it in the IFRS or UAS or other relevant accounting standards applicable in relation to the relevant Group Member):

Cash Equivalents and Short-term Financial Assets mean:

(a) direct obligations (or certificates representing a share in such obligations) issued or unconditionally secured by a government of a Member State of the European Union before the enlargement made in 2004, the United States of America, the Czech Republic, the Slovak Republic or Switzerland (in each case including any agency or subordinated governmental body) whose repayment is supported with full faith and confidence of the relevant state and that are not repayable or redeemable early at the option of the relevant person;

(b) overnight bank deposits, term-deposit accounts, deposit certificate, bank acceptances and money-market deposits with agreed maturity (and similar instruments) up to 12 months from the day of their acquisition;

(c) repurchase obligations for a period of up to 30 days for particular types of underlying securities specified in paragraphs (a) and (b) above that have been entered into with any financial institution if the assumptions set out in paragraph (b) above have been met;

(d) commercial paper that has been awarded one of the two highest ratings by Moody's or S&P, in each case with a maturity of up to one year from the day of its acquisition;

(e) money market funds representing at least 95% of the assets included in the relevant types of the above Cash Equivalents and Short-Term Financial Assets;

(f) short-term financial assets in the form of cash deposited on accounts dedicated for payments of debt service to banks, unless a requirement for the collection of the cash has been given by an authorised beneficiary other than a Group Member; and

(g) the Bonds.

Chosen Auditor means any reputable auditor company providing auditor services in accordance with the law of the relevant jurisdiction and belonging to PricewaterhouseCoopers, KPMG, Deloitte or E&Y group, whereas for the purpose of a statutory audit, it is possible to choose also another auditor company providing auditor services in accordance with the law of the relevant jurisdiction.

Distribution Loan to Value Ratio means a Loan to Value Ratio of less than 35.00 %.

IFRS means International Financial Reporting Standards (IFRS and IFRIC Interpretation), as amended and adopted by European Union legislation, which are consistently applied; for the Guarantor's financial statements - International Financial Reporting Standards (IFRS and IFRIC Interpretation), as amended and adopted by European Union legislation, and the requirements of the Cyprus Companies Law, Cap.113, as amended from time to time.

Group means the Guarantor and any of its Subsidiaries.

Group Member means the Guarantor or its Subsidiary.

Indebtedness means any of the below indebtedness of the relevant person that is, except for the indebtedness described in paragraphs (g) and (h) below, considered debt carried in the balance sheet of the relevant person

(if certain indebtedness has characteristics of more than one category of Indebtedness, it will be counted only once):

(a) funds borrowed;

(b) note purchase facility or issue of bonds (including the Bonds), debentures, loan stock, or any other similar instrument;

(c) redeemable preference shares;

(d) factoring or any other assignment of claims in relation to which there may occur the re-assignment of the claims to the assignor or a recourse in the extent of the potential payment or monetary compensation for the re-assignment or recourse (except for claims sold without recourse if there have been met the requirements of elimination from the balance sheet (de-recognition) pursuant to UAS or IFRS);

(e) Leasing;

(f) acquisition price of asset in the extent in which it is paid after its delivery in a period longer than 90 (ninety) days if the deferral of payment is agreed primarily as a method of obtaining financing or financing of acquisition of the assets, unless it is financing by leasing in the sense of the definitions of UAS or IFRS;

(g) any derivative transaction entered into in connection with the hedging against the fluctuation of a rate or price (for the purposes of calculation of the amount of the Indebtedness will be used the marked-to-market value of the derivative transaction);

(h) any counter-indemnity obligation to a third party that met the debt of a debtor (including a recourse claim) under a guarantee, indemnity, bond, stand-by letter of credit, documentary letter of credit, or any other instrument issued by a bank or a financial institution (except for a supplier credit in connection with the ordinary business activities of the relevant person);

(i) any other transaction (including forward purchase or sale contracts) that has the business effect of a simple loan or a loan; or

(j) any guarantee, indemnity or any similar obligation that represents hedging against a monetary loss in transactions stipulated in paragraphs (a) to (i) above.

For the avoidance of doubt, any debt subordinated pursuant to Section 172 of Act No. 182/2006 Coll., on Bankruptcy and its Resolution (the Insolvency Act), as amended (the **Insolvency Act**), Section 300 of the Cypriot Companies Law, Cap. 113, as amended, Section 38 of the Cypriot Bankruptcy Law, Cap. 5, as amended and Section IV of the Bankruptcy Code of Ukraine, as amended, or a debt contractually subordinated to the liabilities under the Bonds (the **Subordinated Debt**), Indebtedness of the Issuer under (g) above, or Indebtedness of the Guarantor under the Junior Debt is not included in the calculation of the Indebtedness of the Group or the Net Indebtedness.

Indebtedness of the Group means and is to be calculated as follows:

(a) if the Guarantor prepares the Group consolidated financial statements, consolidated Indebtedness of the Guarantor; or

(b) if the Guarantor prepares only investment company financial statements (i.e. Group consolidated financial statements are not being prepared), aggregate Indebtedness of all the Group Members excluding internal Indebtedness towards other Group Members.

Leasing means any agreement giving the customer the right to control the use of identifiable assets in a certain period in exchange for a consideration, provided that it is considered with relevant accounting standards to be a finance lease (with an exception of any lease, that was considered to be an operating lease in accordance with the IFRS standard valid before 1 January 2019).

Loan to Value Ratio means, at any time, Net Indebtedness as a percentage of the aggregate market value of the Properties (determined in accordance with the most recent Valuation of the Properties at that time, however not older than 13 months, owned by any Group Member).

Net Indebtedness means Indebtedness of the Group after deducting the total amount of cash (including the amount standing to the credit of the Tied Account, however excluding any amount standing to the credit of the Disposal Accounts) and Cash Equivalents and Short-term Financial Assets of the Guarantor and the Issuer.

Other Security means any pledge, security assignment of a right, lien or any other form of *in rem* security, including (among others) any similar institute under the law of any jurisdiction, save for of the Security.

Tied Account means a tied account of the Issuer which is held with the Security Agent and is part of the Security, whereas the proceeds cannot be released without the Security Agent's permission.

UAS means the Ukrainian accounting standards, as amended.

Valuation means a valuation of a Property or, as the context requires, the Properties by the Valuer, supplied to the Guarantor or at the request of the Security Agent to the Security Agent, and prepared on the basis of the market value as that term is defined in the then current Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors.

Valuer means any of CBRE, Colliers, JLL, C&W, EY or any successor or successors or any other independent and internationally recognized valuer appointed by the Security Agent upon consultation with the Issuer.

In relation to the calculation of all indicators set out in this Condition 4.14, if any value has elements of more than one category of values for the calculation of the relevant indicator coefficient, it will be counted only once.

If the Issuer undertakes in the Terms and Conditions to ensure that a third party meets any obligation, the Issuer undertakes this within the meaning of Section 1769, second sentence, of the Civil Code, i.e. that the Issuer will compensate for any damage incurred by the Bondholders if the third party fails to meet that obligation. For the avoidance of doubt, the first sentence of Section 1769 of the Civil Code will not apply in such an event.

5 Interest

5.1 Interest Rate, Interest Period

The Bonds will bear a fixed interest rate of 5.9 % p.a. (the **Interest Rate**). The interest will accrue evenly from the first day of each Interest Period to the last day included in such Interest Period. The interest will be paid for each Interest Period half-yearly in arrears, always as of 30 April and 30 October of each year (the **Interest Payment Date**), in accordance with Condition 7 and with the Agency Agreement. The first payment of interest will be made as of 30 April 2021.

5.2 End of Interest Accrual

The Bonds will cease to bear interest on the Final Maturity Date of the Bonds or the Early Redemption Date of the Bonds, unless the payment of any due amount is unlawfully retained or refused by the Issuer although all relevant conditions and requirements for payment of the due amount have been complied with. In such an

event, interest will continue to accrue at the interest rate set out in Condition 5.1 until the earlier of (i) the date on which all amounts due and payable as of that date in accordance with these Terms and Conditions are paid to the Bondholders or (ii) the date on which the Fiscal and Paying Agent notifies the Bondholders that it has received all amounts payable in connection with the Bonds, unless any additional unlawful retention or refusal of payments occurs after such a notification.

5.3 Day Count Convention for Interest Calculation

The interest payable on the Bonds for a period of less than one year will be calculated on the basis of the "BCK standard 30E/360" day count convention, (i.e. a year will be deemed to consist of 360 days divided into 12 months of 30 calendar days each, whereas in the event of an incomplete month the number of days actually lapsed will apply).

5.4 Calculation of Interest

The amount of interest accrued on a Bond over any period of less than one standard year will be calculated as the multiple of the outstanding nominal amount of the Bond, the relevant interest rate (expressed in decimal form) and the relevant day-count fraction determined according to the day count convention under Condition 5.3. The total interest amount and any other amount payable under these Terms and Conditions pertaining to one Bond and calculated according to this Condition 5.4 will be rounded by the Fiscal and Paying Agent to two decimal places using mathematical rules and, without undue delay, will be notified to the Bondholders in accordance with Condition 15.1.

6 <u>Redemption and Purchase of the Bonds</u>

6.1 Final Maturity

Unless previously redeemed or purchased by the Issuer and cancelled as specified below, each Bond will be redeemed by the Issuer at its outstanding nominal amount in a single payment as of the Final Maturity Date of the Bonds.

6.2 Purchase of the Bonds

The Issuer may purchase the Bonds at any time on the market or otherwise for any price.

6.3 Cancellation of the Bonds

Bonds purchased by the Issuer will not be cancelled, unless otherwise decided by the Issuer. Unless the Issuer decides to cancel the Bonds purchased by it, it may transfer the Bonds at its own discretion.

6.4 Early Redemption at the Option of the Issuer

Beginning on the Issue Date (exclusive), the Issuer has the right to redeem early all outstanding Bonds (in part or in full), and may exercise this right only if it notifies the Bondholders no later than 40 (forty) days before the intended early redemption date (the **Early Redemption Date of the Bonds**). The Issuer may only partially redeem the Bonds on the Early Redemption Date of the Bonds that is an Interest Payment Date. The Issuer shall repay all or part of the outstanding nominal amount of the Bonds, the relevant interest income accruing to the amount of the early repaid nominal amount of the Bonds as of the Early Redemption Date of the Bonds and the extraordinary interest income specified in this Condition 6.4 below.

If the early redemption at the option of the Issuer occurs between:

(a) the Issue Date (inclusive) and the first anniversary of the Issue Date (inclusive), the extraordinary interest income will amount to 5.00% of the total amount of the early (partial or full) repaid nominal amount of all Bonds;

(b) the first anniversary of the Issue Date (exclusive) and the second anniversary of the Issue Date (inclusive), the extraordinary interest income will amount to 2.00% of the total amount of the early (partial or full) repaid nominal amount of all Bonds;

(c) the second anniversary of the Issue Date (exclusive) and the third anniversary of the Issue Date (inclusive), the extraordinary interest income will amount to 1.00% of the total amount of the early (partial or full) repaid nominal amount of all Bonds;

(d) the third anniversary of the Issue Date (exclusive) and the fourth anniversary of the Issue Date (inclusive), the extraordinary interest income will amount to 0.50% of the total amount of the early (partial or full) repaid nominal amount of all Bonds; and

(e) the fourth anniversary of the Issue Date (exclusive) and the fifth anniversary of the Issue Date (exclusive), there will be no payment of an extraordinary interest income.

The early redemption notice at the option of the Issuer under this Condition 6.4 is irrevocable and obliges the Issuer to redeem the Bonds early in accordance with the provisions of this Condition 6.4.

Provisions of Condition 7 with the necessary modifications will otherwise apply to the early redemption of the Bonds under this Condition 6.4.

6.5 Buy-out of the Bonds by the Junior Debt creditors

In the event of (i) Acceleration, (ii) Enforcement Decision or (iii) occurrence of an Event of Default which is continuing, any Junior Debt creditor may, under the terms of the Intercreditor Agreement and by written notice addressed and delivered to the Security Agent no later than 30 days before the relevant transfer day (**Transfer Date**), request that the Security Agent transfers all outstanding Bonds to it, always at 100 % of the outstanding nominal amount of all Bonds as of the Transfer Date together with accrued interest payable on the Transfer Date. In this context, the Fiscal and Paying Agent will provide the Security Agent with all necessary assistance.

The Security Agent shall notify the Bondholders of the receipt of the notice in accordance with the preceding paragraph, together with information on the relevant Transfer Date in accordance with Condition 15.2.

By subscribing for or purchasing the Bonds, each Bondholder agrees to the terms of the buy-out of the Bonds under this Condition 6.5 and authorizes the Security Agent to transfer the Bonds on behalf of the relevant Bondholder to the relevant Junior Debt creditor in accordance with the first paragraph of this Condition and, if required by the Security Agent, each Bondholder shall grant the Security Agent a special power of attorney authorizing the Security Agent to make such transfer.

Provisions of Condition 7 with the necessary modifications will otherwise apply to the buy-out of the Bonds under this Condition 6.5, whereas the individual steps in connection with the settlement of the buy-out of the Bonds will be taken by the Fiscal and Paying Agent.

6.6 Presumption of Redemption

All the Issuer's liabilities from the Bonds will be considered fully satisfied on the day when the Issuer pays to the Fiscal and Paying Agent all the amounts of the nominal amount of the Bonds and accrued interest (where relevant) payable under Conditions 6, 9 and 13.4.1.

7 <u>Payment Terms</u>

7.1 Currency of Payments

The Issuer undertakes to pay interest on, and repay the nominal amount of, the Bonds solely in the Czech Koruna (CZK), or in any other lawful currency of the Czech Republic that may replace the Czech Koruna.

Interest will be paid to the Bondholders and the nominal amount of the Bonds will be repaid to the Bondholders subject to and in accordance with these Terms and Conditions and the tax, foreign exchange and other applicable laws of the Czech Republic in effect at the time of the relevant payment.

In the event that the Czech Koruna in which the Bonds are denominated and in which the payments relating to the Bonds should be made in compliance with these Terms and Conditions ceases to exist and is replaced by the Euro (EUR), (i) the denomination of the Bonds will be changed to the Euro in conformity with the applicable laws, and (ii) all monetary liabilities arising from the Bonds will automatically and without any further notice to the Bondholders be payable in the Euro, with the official rate (i.e. the fixed conversion ratio) being in accordance with the applicable law being used as the exchange rate between the Czech Koruna and the Euro. Such replacement of the Czech Koruna (i) will not, in any respect, affect the existence or enforceability of the Issuer's liabilities under the Bonds, and (ii) for the avoidance of doubt, will not be deemed to constitute any change of the Terms and Conditions or any Event of Default under these Terms and Conditions.

7.2 Payment Date

The payment of interest on, and the repayment of the nominal amount of, the Bonds will be made by the Issuer through the Fiscal and Paying Agent on the dates specified in these Terms and Conditions, i.e. according to its meaning, as of the Interest Payment Date or the Final Maturity Date of the Bonds or the Early Redemption Date of the Bonds (each of these dates also as the **Payment Date**).

7.3 Business Day Convention

If any Payment Date falls on a day that is not a Business Day, such Payment Date will instead fall on the next following Business Day, and the Issuer will not be obliged to pay any interest or any other additional charges by reason of such delay in payment resulting from the application of any Business Day convention.

7.4 Determination of the Right to Receive Payments Related to the Bonds

Authorised Persons to whom the Issuer will pay interest on the Bonds or the nominal amount of the Bonds are the persons in whose owner's securities accounts in the Central Depositary or records of the person keeping the follow-up records linked to the Central Depositary the Bonds are registered at the end of the relevant Record Date for Payment, unless it is convincingly proven to the Issuer and the Fiscal and Paying Agent, no later than 5 (five) Business Days before the relevant Payment Date, that the entry in the owner's securities account in the Central Depositary or the follow-up records linked to the Central Depositary does not correspond to reality and that there is another person or persons in whose owner's securities accounts in the Central Depositary or the follow-up records linked to the Central Depositary the Bonds should have been registered at the end of the relevant Record Date for Payment. In such a case, the Issuer will pay interest on the Bonds or the nominal amount of the Bonds to such person or persons (the **Authorised Persons**).

For the purposes of determining the recipient of the interest on the Bonds or the nominal amount of the Bonds, neither the Issuer nor the Fiscal and Paying Agent will take into account any transfer of any Bonds registered in the Central Depositary or in the follow-up records linked to the Central Depositary after the Record Date for Payment.

Unless it is contrary to the valid legal regulations, transfers of the Bonds may be suspended for the purposes of payment of the nominal amount of the Bonds beginning on the day immediately following the Record Date for Payment until the relevant Payment Date.

If, according to the entry in the owner's securities account kept with the Central Depositary, or in the register maintained by a person keeping follow-up records linked to the Central Depositary, the Bonds with respect to which the payments of interest or any other amounts will be performed by the Fiscal and Paying Agent are pledged, then the pledgee, recorded in the extract from the register of the Issue, will be considered an Authorised Person in respect of the Bonds, unless (i) it is evident that the person authorised to receive the

payments of interest or any other amounts attached to the pledged Bonds is the respective Bondholder and/or (ii) it is proven to the Fiscal and Paying Agent in other satisfactory manner that the respective Bondholder has the right to receive the payments of interest or any other amounts attached to the pledged Bonds by virtue of an agreement between such Bondholder and the pledgee.

If an Authorised Person requests for the payment to be made through a proxy, the Fiscal and Paying Agent shall make the payment only upon presentation of an original or officially certified copy of the power of attorney and the signature of such Authorised Person on the power of attorney must be officially legalised, unless otherwise provided under generally binding law provisions. Documents issued abroad must be superlegalised or apostilled, unless otherwise provided under an international treaty binding on the Czech Republic.

Any documents produced by the Authorised Persons or the Issuer to the Fiscal and Paying Agent in connection with payments to Authorised Persons must be in the Czech or English language or translated into Czech or English language by a sworn translator, unless otherwise stipulated in these Terms and Conditions or unless otherwise agreed with the consent of the Fiscal and Paying Agent.

7.5 Payments

The Fiscal and Paying Agent will make payments in connection with the Bonds to the Authorised Persons by means of wire transfer to their accounts kept with a bank in a Member State of the European Union or other state that is a member of the European Economic Area, according to an instruction communicated by the Authorised Person to the Fiscal and Paying Agent to the address of the Specified Office in a verifiable manner no less than 5 (five) Business Days prior to the Payment Date.

Such instruction shall be in the form of a written statement with an officially verified signature or signatures or a signature verified by an authorised employee of the Fiscal and Paying Agent, and shall contain sufficient details of such bank account to allow the Fiscal and Paying Agent to make the payment, and, if the Authorised Person is a legal entity, it shall be accompanied by an original or an officially certified copy of an extract from the Commercial Register or other respective register in which the Authorised Person is registered not older than six months and the authorized employee of the Fiscal and Paying Agent will verify the validity of the information contained in such extract from the Commercial Register or other respective register (such instruction, excerpt from the Commercial Register or other respective register and certificate of tax domicile, and other required appendices, if any (the **Instruction**)).

The Instruction must be in accordance with the specific requirements of the Fiscal and Paying Agent in terms of content, form and confirmation of the authorisation to sign the Instruction on behalf of the Authorised Person, e.g. the Fiscal and Paying Agent is entitled to request (i) submission of a power of attorney including an officially certified translation into Czech or (ii) additional confirmation of the Instruction from the Authorised Person. Notwithstanding the foregoing, neither the Fiscal and Paying Agent nor the Issuer will be obliged to examine the correctness, completeness or authenticity of any such Instruction in any manner whatsoever and neither of them will be liable for any damage incurred in connection with any delay in the delivery of such Instruction by the Authorised Person or with the delivery of an incorrect or otherwise defective Instruction. The Instruction will be deemed properly made if it contains all the items required by this Condition and is delivered to the Fiscal and Paying Agent in accordance with this Condition.

The Instruction will be considered duly delivered if it has been delivered to the Fiscal and Paying Agent at least 5 (five) Business Days before the Payment Date.

Any Authorised Person claiming a tax benefit in accordance with any applicable international double taxation treaty (by which the Czech Republic is bound) is obliged to deliver to the Fiscal and Paying Agent, together with the Instruction as an integral part thereof, a current proof of its tax domicile as well as other documents that the Fiscal and Paying Agent and the relevant tax authorities may request. Notwithstanding this authorisation, neither the Issuer nor the Fiscal and Paying Agent will verify the accuracy and completeness

of such Instructions and will not be liable for any damage or other harm caused by a delay of the Authorised Person in delivering the Instruction, its inaccuracy or other defect in such an Instruction.

If the above documents (especially the proof of tax domicile) are not delivered to the Fiscal and Paying Agent in the stipulated time period, the Fiscal and Paying Agent will act as if it has not been delivered the documents. The Authorised Person may subsequently deliver such documents proving entitlement to a tax benefit and request the Issuer through the Fiscal and Paying Agent to refund the withholding tax. In such a case, the Issuer has the right to require the Authorised Person to pay a contractual penalty in the amount of CZK15,000 for each such flawed refund application. Such contractual penalty is a lump sum that covers additional expenses incurred by the Issuer in connection with such refund application, additional administrative costs and correspondence and communication with relevant tax authorities.

The Issuer's obligation to pay any amount due in connection with the Bonds will be deemed discharged in a due and timely manner if the relevant amount has been remitted to the Authorised Person in compliance with a proper Instruction pursuant to this Condition 7.5 and if such amount is debited from the account of the Fiscal and Paying Agent no later than on the relevant due date.

Neither the Issuer nor the Fiscal and Paying Agent will be liable for any delay in the payment of any amount due caused by any Authorised Person, e.g. by its failure to deliver a proper Instruction in a timely manner. If any Authorised Personf fails to deliver to the Fiscal and Paying Agent in time a proper Instruction, the Issuer's obligation to pay any due amount will be considered met duly and in time if such amount has been remitted to the Authorised Person in accordance with a subsequently delivered due Instruction pursuant to this Condition 7.5 and if such amount has been debited from the Fiscal and Paying Agent's account no later than 10 (ten) Business Days following the day on which the Fiscal and Paying Agent received the proper Instruction. In such an event, the Authorised Person will not have the right to any interest or any yield or additional payment for the time of delay caused by the late sending of the Instruction.

Neither the Issuer nor the Fiscal and Paying Agent will be liable for any damage incurred by (i) the failure to deliver in time the proper Instruction or any other documents or information required to be delivered under this Condition 7.5, or (ii) such Instruction or any related document or information being incorrect, incomplete or untrue, or (iii) circumstances beyond the control of the Issuer or the Fiscal and Paying Agent. In such an event, the Authorised Person will not have the right to any additional payment, compensation or interest for the time of delay caused by the late sending of the Instruction.

7.6 Change in the Payment Method

The Issuer and the Fiscal and Paying Agent are jointly entitled to elect to change the payment procedure, unless such change may adversely affect the position or interests of the Bondholders. The Bondholders will be notified of such change in the manner set out in Condition 15.1. In other cases, such change will be subject to decision by the Meeting in accordance with Condition 13.

8 Taxation

Unless otherwise provided by a law or an international treaty binding on the Czech Republic, the Issuer will not be liable for the payment of any taxes or incur any obligation to pay any taxes in connection with the Bonds, in particular as a result of ownership, transfer or exercise of rights under the Bonds.

The Bond income paid to individuals or legal entities that are Czech tax non-residents or individuals that are Czech tax residents is generally subject to withholding tax levied at source (i.e. by the Issuer when paying the interest on the Bonds). If income is subject to withholding tax, the Issuer is responsible for the withholding of taxes at source.

If the ownership or transfer of, or exercise of rights under, the Bonds is subject to any tax, the Issuer will not be obliged to pay to the Bondholders any amounts as compensation of any such tax.

Tax laws of the Czech Republic and tax laws of the investor's member state may have an impact on the income resulting from the Bonds.

9 Early Redemption of the Bonds upon the Occurrence of Events of Default

9.1 Events of Default

If an Event of Default occurs and is continuing, where for the purposes of this Condition 9.1 an Event of Default is deemed to "be continuing" until it is remedied, the Meeting convened in accordance with Condition 13.1.1 may decide that any Bondholder may, at its own discretion, by a written notice addressed to the Issuer and delivered to the Fiscal and Paying Agent to the address of the Specified Office (the **Early Redemption Notice**), request an early redemption of the at the time outstanding nominal amount of all the Bonds held by it which the Bondholder has not disposed of until that time, together with the accrued and unpaid interest on the Bonds pursuant to Condition 5.1, as of the Early Redemption Date of the Bonds, and the Issuer must redeem the Bonds (together with the accrued and unpaid interest) in accordance with Condition 9.2.

Unless the Meeting convened pursuant to the preceding paragraph decides that the Bondholders may request an early redemption of the Bonds, each Person Authorised to Attend the Meeting (as defined in Condition 13.2.1) who voted according to the minutes of that Meeting for an early redemption or who did not attend the Meeting (the **Applicant**) may, at its discretion, submit an Early Redemption Notice and request an early redemption of the Bonds held by it as of the Meeting Attendance Record Date (as defined below) and not disposed of thereafter and the accrued and unpaid interest on those Bonds in accordance with Condition 5.1, as of the Early Redemption Date of the Bonds, and the Issuer is obliged to redeem such Bonds (together with accrued and unpaid interest) in accordance with Condition 9.2. The Applicant must exercise this right within 30 (thirty) days of the publication date of such Meeting resolution according to Condition 13.5, failing which the right will cease to exist.

Event of Default means any of the following situations:

(a) **Payment Default**

Any payment payable to the Bondholders with respect to the Bonds is not paid on the due date and the default remains unremedied for more than 10 (ten) Business Days after the date on which the Issuer was informed of this fact in writing by any Bondholder by a letter addressed to the Issuer and delivered to the Fiscal and Paying Agent to the address of the Specified Office.

(b) **Breach of Other Obligations**

The Issuer breaches or fails to meet any of its other material obligations (other than those set out in paragraph (a) above and paragraphs (c) to (m) below) in connection with the Bonds (for the avoidance of doubt, as such obligation is considered always the breach of any of the Issuer's obligations set out in Condition 4, but is not considered the Change of Control pursuant to Condition 10.1), and the breach of, or failure to meet, the obligation is not remedied within (and including) 20 (twenty) Business Days after the date on which the Issuer was informed of this fact in writing by any Bondholder by a letter addressed to the Issuer and delivered to the Fiscal and Paying Agent to the address of the Specified Office. In the case of breach of Condition 4.2, the Event of Default will occur, if the Rectification is not made in accordance with the conditions stated therein.

(c) **Junior Debt**

Junior Debt (i) becomes prematurely due before the original maturity date other than at the option of the Guarantor or (provided that there has been no continuing event of default, as interpreted in the Junior Debt facility agreement and howsoever indicated) at the option of the Junior Debt creditor and is not paid within 10 (ten) Business Days following the date of receipt of the written request from the lender, unless in the meantime the Junior Debt ceases to exist or (ii) is not paid when it becomes due and such delay lasts more than 10 (ten) Business Days, unless the Junior Debt ceases to exist in the meantime.

(d) **Cross Default**

Any debt of the Issuer or a Major Company (other, than the Subordinated Debt), which in aggregate reaches at least CZK50,000,000 or its equivalent in any other currency, (i) becomes prematurely due before the original maturity date other than at the option of the Issuer or Major Company or (provided that there has been no continuing event of default, as interpreted in the relevant debt documentation and howsoever indicated) at the option of the creditor and is not paid within 10 Business Days, unless in the meantime the relevant debt ceases to exist, or (ii) is not paid when it becomes due and such delay lasts more than 10 Business Days, unless this debt ceases to exist in the meantime. Cross default pursuant to this paragraph will not occur if the Issuer or a Major Company acting reasonably, after careful consideration and in good faith, duly invokes, in the manner prescribed by law, the absence of an obligation to comply with its amount or reason and makes payment within the time limit imposed by a final decision of the competent court or other authority which ruled that the Issuer or Major Company is obliged to fulfil that obligation.

(e) **Termination of Business Activities**

(i) The Issuer or a Major Company ceases its business or ceases to carry out its principal business;

(ii) the Issuer ceases to legally hold a valid licence or permit to pursue its principal business activities; or

(iii) a Major Company ceases to hold a valid licence or permit to pursue its principal business activities for a period of longer than 30 (thirty) Business Days.

(f) **Insolvency or Insolvency Petition**

(i) The Issuer or a Major Company files to the court an application to initiate the insolvency proceedings, declare bankruptcy, permit reorganisation (within the insolvency or similar proceedings) or debt relief or similar proceedings (the **Insolvency Petition**), the purpose of which is to collectively or gradually satisfy creditors under applicable law, unless any such proceedings are permitted under the Intercreditor Agreement;

(ii) a decision on bankruptcy of the Issuer or a Major Company is made by a court or other competent authority;

(iii) in relation to the Issuer or a Major Company, insolvency or other similar proceedings are initiated, unless such petition to commence such proceedings is (A) within 45 (forty five) days withdrawn, dismissed by the insolvency court or rejected on other grounds than those stated under paragraph (iv) below, or (B) the Czech insolvency Court decided in accordance with Section 100a of the Insolvency Act on the preliminary assessment of the insolvency petition and such petition was within the time limit stipulated in Section 128a(1) of the Insolvency Act rejected as a clearly groundless petition.

(iv) the Insolvency Petition is rejected by the competent authority on the grounds that the Issuer's assets or assets of the Major Company would not cover the costs and expenses of the proceedings; or

(v) the Issuer or a Major Company enters into an agreement to postpone, set a new schedule or otherwise adjust all of its debts for more than 30 (thirty Business Days) on the grounds that it is unable to settle them at maturity.

(g) **Liquidation**

A final decision of an authority of the relevant jurisdiction or a decision of the relevant body of the Issuer or a Major Company is adopted on dissolution with liquidation.

(h) **Judicial and Other Decisions**

The Issuer or a Major Company fails to comply with the payment obligation finally imposed by the competent authority which, individually or in aggregate, exceeds CZK50,000,000 or its equivalent in another currency within the period specified in the relevant decision or within 30 (thirty) days of receipt of that decision, whichever comes later.

(i) **Illegality**

The Issuer's liabilities under the Bonds cease to be fully or partially legally enforceable or become in breach of applicable laws, or for the Issuer it becomes illegal to meet any of its obligations under these Terms and Conditions of the Bonds or in connection with the Bonds, and such state is not remedied within (and including) fifteen (15) Business Days.

(j) **Restrictions on Transformations**

The Issuer or any Group Member participates in a Transformation, unless Transformation is permitted under Condition 4.7.

(k) **Financial Guarantee**

The Financial Guarantee (including any new financial guarantee, which would be as to the form and content similar to the original financial guarantee, if applicable) ceases to exist or ceases to be valid and enforceable or the Issuer or the Guarantor or any of their creditors claims that the Financial Guarantee is invalid or not enforceable (including any new financial guarantee, which would be as to the form and content similar to the original financial guarantee, if applicable).

(l) **The Security is not created**

The Security is not created in favour of the Bondholders, respectively the Security Agent as the pledgee under the terms and deadlines set out in Conditions 3.5 and 4.13 and such breach is not remedied within (and including) 40 Business Days after the date on which such breach occurred, or (after the creation of the Security) the Security is not created as a first ranking security (under the terms and deadlines set out in Condition 4.13), or the Security ceases to exist or ceases to be valid and enforceable. Or the Issuer, the Guarantor or any pledgor under the Security Documents or any of their creditors (other than the Junior Creditor) will claim that the Security is invalid or not enforceable, unless the Terms and Conditions stipulates otherwise.

(m) **Listing of the Bonds**

The Bonds are not admitted to trading on the Regulated Market of the PSE or any other regulated market that replaces the Regulated Market of the PSE (or a similar market of any PSE successor) as of the Issue Date at the latest or, at any time after that date, cease to be securities admitted to trading on the Regulated Market of the PSE.

9.2 Maturity of Bonds Redeemed Early

Any and all amounts payable by the Issuer to any Bondholder subject to these Terms and Conditions will become due and payable as of the last Business Day of the month following the month in which the Bondholder delivered the relevant Early Redemption Notice to the Issuer to the address of the Specified Office (the **Early Redemption Date of the Bonds**), unless the relevant Event of Default is remedied before the delivery or unless the Early Redemption Notice is withdrawn in accordance with Condition 9.3.

9.3 Withdrawal of Early Redemption Notice

A Bondholder may withdraw, in writing, the Early Redemption Notice but only with respect to the Bonds held by such Bondholder and only if such withdrawal is addressed to the Issuer and delivered to the Fiscal and Paying Agent to the address of the Specified Office no later than 3 (three) Business Days before the relevant amounts become due and payable according to the preceding Condition 9.2. However, any such withdrawal of the Early Redemption Notice will not affect any Early Redemption Notices given by any other Bondholders.

9.4 Other Conditions for Early Redemption of the Bonds

Unless otherwise stipulated by Condition 9, Condition 7 will apply *mutatis mutandis* to the early redemption of the Bonds pursuant to this Condition 9.

10 Early Redemption of the Bonds upon the Occurrence of a Change of Control

10.1 Change of Control

For the purposes of this Condition 10, a **Change of Control** means a situation when

(a) Dragon Capital Investments and Dragon Capital New Ukraine Fund (jointly) cease directly and/or indirectly to:

  (i) have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

    (A) cast, or control the casting of more than 50 % of the maximum number of votes that might be cast at a general meeting of the Guarantor and/or the Issuer; or

    (B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Guarantor and/or the Issuer; or

  (ii) own more than 50 % of the registered capital of the Guarantor and/or the Issuer, or

(b) Tomáš Fiala ceases directly and/or indirectly to:

  (i) have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

    (A) cast, or control the casting of more than 50 % of the maximum number of votes that might be cast at a general meeting of Dragon Capital Investments and/or the general partner of Dragon Capital New Ukraine Fund; or

    (B) appoint or remove all, or the majority, of the directors or other equivalent officers of Dragon Capital Investments and/or Dragon Capital New Ukraine Fund; or

  (ii) own more than a 50 % participation in the registered capital of, or voting rights in, Dragon Capital Investments and/or the general partner of Dragon Capital New Ukraine Fund.

The Issuer has to notify the Bondholders in accordance with Condition 15.1 and the Fiscal and Paying Agent and the Security Agent of its intention to conduct any transaction or series of transactions that would result in the occurrence of the Change of Control at least 40 days before such Change of Control should or is planned to occur (the **Trigger Period**).

10.2 Repayment of the Junior Debt

Fort the purposes of this Condition 10, a **Repayment of the Junior Debt** means a situation when a Junior Debt is paid in full.

10.3 Maturity of Bonds Redeemed Early

Any and all amounts payable by the Issuer to any Bondholder will become due and payable as of the last day of the Trigger Period or as of the day of Repayment of the Junior Debt (the **Early Redemption Date of the Bonds**) and the Issuer must redeem all the outstanding Bonds (together with the accrued and unpaid interest) as of such Early Redemption Date of the Bonds.

10.4 Failure to notify

If the Issuer fails to notify the Bondholders, the Fiscal and Paying Agent and the Security Agent in accordance with Condition 10.1, any and all amounts payable by the Issuer to any Bondholder will become due and payable as of the day on which the Change of Control actually occurred (the **Early Redemption Date of the Bonds**) and the Issuer must redeem all the outstanding Bonds (together with the accrued and unpaid interest) as of such Early Redemption Date of the Bonds.

10.5 Acceleration

Conditions 10.3 and 10.4 constitute the Acceleration for the purpose of Conditions 3.9 and 3.10.

10.6 Other Conditions for Early Redemption of the Bonds

Unless otherwise stipulated by Condition 10, Condition 7 will apply *mutatis mutandis* to the early redemption of the Bonds pursuant to this Condition 10.

11 Statute of Limitations

All rights attached to the Bonds will become statute-barred upon the expiration of ten years after the day when such rights could have been exercised for the first time.

12 Fiscal and Paying Agent and Listing Agent

12.1 Fiscal and Paying Agent

12.1.1 Specified Office

The specified office of the Fiscal and Paying Agent (the **Specified Office**) is at the following address:

J&T BANKA, a.s.
Sokolovská 700/113a
186 00 Prague 8

12.1.2 Additional and Other Fiscal and Paying Agent and Other Specified Office

At any time, the Issuer may appoint an additional or other Fiscal and Paying Agent and designate an additional or other Specified Office, or appoint additional payment providers, if such change does not affect the position or interests of the Bondholders. The Issuer will give a notice of such change in the Fiscal and Paying Agent or Specified Office and/or of the appointment of additional payment providers to the Bondholders in the manner set out in Condition 15.1. Any such change will become effective upon the expiration of 15 (fifteen) days following the date of such notice unless a later effective date is specified in the notice. In any event, any such change that would otherwise become effective less than 30 (thirty) days before or after the Payment Date for any amount payable under the Bonds will become effective on the 30th day following such Payment Date.

If such change in the Fiscal and Paying Agent or Specified Office affects the position or interests of the Bondholders, it will be decided upon by the Meeting in accordance with Condition 13.

12.1.3 Relationship between the Fiscal and Paying Agent and the Bondholders

Unless otherwise provided by the Agency Agreement or by law, the Fiscal and Paying Agent will act as an agent of the Issuer when performing its duties under the Agency Agreement, provides no guarantee or security for the Issuer's liabilities under the Bonds, and will be in no legal relationship with the Bondholders.

12.2 Listing Agent

12.2.1 Additional and Other Listing Agent

The Issuer reserves the right to appoint an additional or other Listing Agent.

12.2.2 Relationship between the Listing Agent and the Bondholders

In relation to the performance of obligations under the agreement with the Listing Agent concluded between the Issuer and the Listing Agent (other than the Issuer), the Listing Agent acts as a representative of the Issuer and is not in any legal relationship with the Bondholders.

13 Meeting and Changes of the Terms and Conditions

13.1 Authority and Convocation of the Meeting

13.1.1 Right to Convene the Meeting

The Issuer, a Bondholder or Bondholders may convene a meeting of the Bondholders (the **Meeting**) only in cases:

(a) stipulated in the Terms and Conditions, applicable legal regulations and in accordance with them;

(b) where the Issuer did not convene the Meeting although it was obliged to do so in accordance with Condition 13.1.2; and

(c) where the Meeting is envisaged in Conditions 3.7, 3.8 or 3.9.

The Security Agent is obliged to convene the Meeting without undue delay at the Issuer's expense in any of the following cases:

(a) the Issuer did not convene the Meeting although it was obliged to do so under Condition 13.1.2;

(b) the Meeting is envisaged in Condition 3.10.

The Security Agent is also entitled to convene a Meeting in cases where the Meeting is envisaged in these Terms and Conditions and the Intercreditor Agreement.

In cases where the Meeting is convened by the Security Agent, the Issuer is obliged to provide the Security Agent with any necessary assistance.

If the convener is the Security Agent, a Bondholder or Bondholders, such convener will be required, no later than on the date on which a notice of the Meeting is published under Condition 13.1.4, (i) to deliver to the Fiscal and Paying Agent a request for procuring an extract from the register of the Issue (i.e. evidence of the number of all Bonds entitling the holder(s) to attend the Meeting), and (ii) to pay to the Fiscal and Paying Agent an advance to cover its costs associated with the preparation and convocation of the Meeting (conditions (i) and (ii) are preconditions for an effective convocation of the Meeting).

13.1.2 Meeting Convened by the Issuer

The Issuer is obliged to convene the Meeting without delay and to request the opinion of the Bondholders only if:

(a) there is a proposal to amend the Terms and Conditions of the Bonds if the consent of the Meeting to amend the Terms and Conditions is required under the Czech Bonds Act (a **Change of the Terms and Conditions**);

(b) there are reasons for which the Security Agent's office may be terminated under the Security Agent Appointment Agreement or the end of its activities is imminent for the reasons specified in the Intercreditor Agreement (a **Termination of the Security Agent's Activities**);

(c) there are other reasons for which the convocation and holding of the Meeting is required under the Czech Bonds Act, including when there is a demand from the Bondholders representing at least 5 % of the total nominal value of the Bonds to change the Security Agent (together with the Change of the Terms and Conditions and the Termination of the Security Agent's Activities hereinafter as a **Material Change**);

(d) the convocation and holding of the Meeting is envisaged in Condition 3.4 and 3.5;

(e) the convocation and holding of the Meeting is envisaged in Condition 4.1; and

(f) to propose a joint procedure if an Event of Default has occurred in accordance with Condition 9.1.

The Issuer may convene the Meeting to propose joint steps if, in its opinion, there may occur an Event of Default.

Notwithstanding anything to the contrary herein, the Issuer is not obliged to convene the Meeting in cases other than those set out in this Condition 13.1.2.

13.1.3 The costs of organising, convening and holding the Meeting

The costs of organising, convening and holding the Meeting are borne by the convener, unless the Issuer has breached its obligation to convene the Meeting, in which case the Issuer bears the costs of organising, convening and holding the Meeting. The costs related to the attendance at the Meeting will be borne by each participant itself.

13.1.4 Notice of the Meeting

The convener is obliged to publish a notice of the Meeting in the manner set out in Condition 15.1 or 15.2 (as applicable) no later than 15 (fifteen) days prior to the date of the Meeting. If the Meeting is convened by the Security Agent or any Bondholder (or Bondholders), the Security Agent or such Bondholder(s) must, within the same time limit, deliver a notice of the Meeting (containing all statutory elements) intended for the Issuer and delivered to the Fiscal and Paying Agent to the Specified Office. The Issuer must ensure that such notice of the Meeting is published in accordance with Clause 15.1. The notice of the Meeting must contain at least (i) the business name, identification number and registered office of the Issuer, (ii) the identification of the Bonds, namely at least the Bond title, the Issue Date and the ISIN, (iii) the venue, date and time of the Meeting, provided that the date of the Meeting must fall on a date which is a Business Day and the Meeting must not start earlier than at 11:00 a.m., (iv) the agenda of the Meeting and, if any amendment in the sense of Condition 13.1.2 is proposed, the specification of the proposed amendment and justification thereof, and (v) the Meeting Attendance Record Date. The Meeting may decide only on draft resolutions set out in the notice convening it. The Meeting is authorised to decide on any draft resolutions that have not been contained in the notice of the Meeting only in the presence and with the consent of all the Bondholders. If the reason for convocation

of the Meeting ceases to exist, the person who convened the Meeting will revoke the convocation of the Meeting in the same manner in which the Meeting was convened.

13.2 Persons Authorised to Attend and Vote at the Meeting

13.2.1 Persons Authorised to Attend the Meeting

A person entitled to attend and vote at the Meeting can only be (i) a Bondholder recorded as a Bondholder in the register of the Issue maintained by the Central Depositary and in an extract from such Issue register at the close of the seventh day prior to the date of the Meeting (the **Meeting Attendance Record Date**) or (ii) a person who provides to the Fiscal and Paying Agent a certificate of the custodian in whose client's securities account with the Central Depositary the relevant number of the Bonds was recorded as of the Meeting Attendance Record Date certifying that such person was a Bondholder as at the Meeting Attendance Record Date and that the Bonds held by such person are registered in the securities account of the custodian by reason of their custodianship (a **Person Authorised to Attend the Meeting**). The certificate according to the preceding sentence must be in writing (with officially authenticated signatures) and satisfactory in form and substance to the Fiscal and Paying Agent. If the custodian is a legal entity, the Fiscal and Paying Agent may require such certificate to be accompanied by an original or an officially certified copy of an extract from the Commercial Register or other respective register in respect of the custodian not older than three months prior to the date of the relevant Meeting. No transfers of the Bonds made after the Meeting Attendance Record Date will be taken into account.

13.2.2 Voting Rights

Each Person Authorised to Attend the Meeting will have such number of votes out of the total number of votes that corresponds to the ratio of the unpaid nominal amount of the Bonds held by such person on the Meeting Attendance Record Date to the total outstanding nominal amount of the Issue on the Meeting Attendance Record Date. No voting right will be attached to any Bonds held by the Issuer as of the Meeting Attendance Record Date that have not been cancelled by the Issuer within the meaning of Condition 6.3. If the Meeting decides on recalling a common representative of the Bondholders (the **common representative**), the common representative (if he/she is a Person Authorised to Attend the Meeting) may not exercise his/her voting rights at such Meeting.

A power of attorney granted by a Bondholder to any proxy must be in writing with an officially authenticated signature of the Bondholder. If a Bondholder is a legal entity, the Fiscal and Paying Agent may require from an individual authorised to represent such Bondholder at the Meeting on the basis of a power of attorney or otherwise an original or an officially certified copy of an extract from the Commercial Register or other respective register in respect of such Bondholder not older than 3 (three) months prior to the date of the relevant Meeting.

13.2.3 Attendance of the Meeting by Other Persons

The Issuer is obliged to attend the Meeting, either in person or by proxy. Other persons entitled to attend the Meeting are representatives of the Fiscal and Paying Agent, common representatives of the Bondholders under Condition 13.3.3 (unless he/she is a Person Authorised to Attend the Meeting), any guests invited by the Issuer or the Fiscal and Paying Agent and the Security Agent.

If the Meeting is convened by the Security Agent, held for a reason relating to the Security Agent or in any other case where its presence is required by law or these Terms and Conditions (including Condition 3), the Security Agent is required to attend the Meeting.

13.3 Course of the Meeting; Decision-Making

13.3.1 Quorum

The Meeting will have a quorum if it is attended by the Persons Authorised to Attend the Meeting who were, as of the Meeting Attendance Record Date, Bondholders, i.e. holders of Bonds the unpaid nominal amount of which represents more than 30 % of the aggregate nominal amount of the issued and outstanding part of the Issue. Any Bonds held by the Issuer as of the Meeting Attendance Record Date that have not been cancelled by the Issuer within the meaning of Condition 6.3 will not be taken into account for the purposes of determination of the quorum of the Meeting. If the Meeting decides to recall a common representative, any votes belonging to the common representative (if he/she is a Person Authorised to Attend the Meeting) will not be included in the total number of votes. Before opening the Meeting, the convener will inform the Meeting about the number of all the Bonds and the Persons Authorised to Attend the Meeting in accordance with these Terms and Conditions.

13.3.2 Chairman of the Meeting

A Meeting convened by the Issuer will be chaired by a chairman appointed by the Issuer. A Meeting convened by the Security Agent, a Bondholder or Bondholders will be chaired by a chairman elected by a Simple Majority. Until the chairman is elected, the Meeting will be chaired by a person appointed by the convening Security Agent or Bondholder(s), and the election of the chairman must be the first item on the agenda of any Meeting not convened by the Issuer.

13.3.3 Common Representative

The Meeting may elect, by resolution, an individual or a legal entity to act as a common representative. In accordance with the Czech Bonds Act, the common representative is authorised (i) to exercise, on behalf of all of the Bondholders, any rights associated with the Bonds to the extent specified in a resolution adopted by the Meeting, (ii) to supervise the compliance with these Terms and Conditions by the Issuer, and (iii) to execute, on behalf of all of the Bondholders, any other acts or protect the Bondholders' interests in the manner and to the extent specified in a resolution adopted by the Meeting. The Meeting may recall the common representative in the same way in which the common representative was elected or replace him/her with a new common representative. An agreement on appointment of the common representative shall be made available in the manner set out in Condition 15.1.

13.3.4 Decision-Making at the Meeting

The Meeting will decide on any issues on its agenda in the form of resolutions. Any resolution that (i) approves a proposal under Condition 13.1.2(a) to 13.1.2(c), or (ii) appoints or recalls a common representative, will require the affirmative vote of a Qualified Majority. Unless otherwise provided by these Terms and Conditions or by law, any other resolutions will require a Simple Majority in order to pass.

13.3.5 Adjournment of a Meeting

If within one hour after the scheduled opening the Meeting does not have a quorum, then such Meeting will be automatically dissolved without further notice. If a Meeting that is to decide on changes of the Terms and Conditions pursuant to Condition 13.1.2 does not have a quorum within one hour after the scheduled opening of the Meeting, the Issuer or another convener of the Meeting will convene, if it is still necessary, a substitute Meeting to be held no later than 6 (six) weeks after the scheduled date of the original Meeting. The holding of a substitute Meeting with an unchanged agenda will be notified to the Bondholders no later than 15 (fifteen) days after the scheduled date of the original Meeting. The substitute Meeting deciding on changes of the Terms and Conditions under Condition 13.1.2 will have a quorum irrespective of the conditions for quorum set out in Condition 13.3.1.

13.4 Certain Additional Rights of the Bondholders

13.4.1 Consequence of Voting against Certain Resolutions of the Meeting

If the Meeting (i) approved a Material Change in accordance with Condition 13.1.2, (ii) or as part of its decision-making under Condition 3.5 did not decide on an early redemption of the Bonds and did not decide to extend the time limit for the establishment of the Security and no Security is established until the date of the Meeting, the Person Authorised to Attend the Meeting who, according to the minutes of such Meeting, voted against a resolution adopted by the Meeting or failed to attend the Meeting (the **Applicant**) may request the repayment of the at the time outstanding nominal amount of the Bonds which such Bondholder held as of the Meeting Attendance Record Date, together with the pro-rata interest accrued on such Bonds, if the Bonds are not subsequently transferred after the Meeting. This right must be exercised by the Applicant within 30 days of the publication date of such Meeting resolution according to Condition 13.5 by a written application (the **Application**) addressed to the Issuer and delivered to the Fiscal and Paying Agent to the address of the Specified Office, failing which the right will cease to exist. The amounts referred to above will become due and payable within 30 days from the date the Application was delivered to the Fiscal and Paying Agent (the **Early Redemption Date of the Bonds**).

If the Meeting disagrees with a Material Change with the exception of a change of the Terms and Conditions in accordance with Condition 13.1.2(a), i.e. where the consent of the Meeting to change them is required by law, the Meeting may at the same time decide that if the Issuer proceeds in violation of the Meeting's decision, the Bondholder may require the payment of the at the time outstanding nominal amount of the Bonds which the Bondholder held as of the Meeting Attendance Record Date, and is not entitled to transfer the Bonds as of that moment, and the Bondholder may further require the payment of the pro-rata interest on such Bonds accrued in accordance with these Terms and Conditions. This right must be exercised by the Applicant within 30 days of the publication date of such Meeting resolution according to Condition 13.5 by an Application addressed to the Issuer and delivered to the Fiscal and Paying Agent to the address of the Specified Office, failing which the right will cease to exist. The amounts referred to above will become due and payable on the Early Redemption Date of the Bonds, i.e. 30 days from the date the Application was delivered to the Fiscal and Paying Agent.

13.4.2 Requirements as to the Application

The Application must specify the number of Bonds the early redemption of which is required and the owner's securities account. The Application must be in writing and signed by persons authorised to act on behalf of the Applicant; the authenticity of such signatures must be officially verified. Within the same time limit, the Applicant is obliged to deliver to the Specified Office of the Fiscal and Paying Agent also all the documents required for making the payment under Condition 7.

13.5 Minutes of the Meeting

Minutes of the Meeting will be taken by the person who convened the Meeting or by a person authorised by such person within 30 (thirty) days after the date of the Meeting. The minutes will contain the conclusions of the Meeting, including, without limitation, any resolutions adopted by the Meeting. If the Meeting is convened by a Bondholder or Bondholders, the minutes of such Meeting must also be delivered to the Issuer and the Fiscal and Paying Agent to the address of the Specified Office no later than 30 (thirty) days after the date of the Meeting. The Issuer is obliged to keep the minutes of the Meeting until the rights under the Bonds expire under the statute of limitations. The minutes of the Meeting will be available for inspection by the Bondholders at the Specified Office during regular business hours. The Issuer is obliged, in person or through its authorised person (especially the Fiscal and Paying Agent), to publish information on all resolutions adopted at the Meeting in the manner set out in Condition 15.1 no later than 30 (thirty) days after the date of the Meeting. If the Meeting discussed a resolution on a Material Change under Condition 13.1.2, a notarial deed must be made about the attendance at the Meeting and about the resolutions of the Meeting, stating the names of the Persons Authorised to Attend the Meeting that voted for a resolution and the number of the Bonds these persons held as at the Meeting Attendance Record Date.

14 Changes of the Terms and Conditions

In cases stipulated by law, these Terms and Conditions may be amended only with the consent of the Meeting. However, any change of the Terms and Conditions always requires the consent of the Issuer.

15 Notices

15.1 Notices to the Bondholders by the Issuer

Any notice to the Bondholder by the Issuer will be valid and effective if published in English language on the Issuer's Website. If mandatory provisions of applicable laws or these Terms and Conditions determine any other method for publishing any of the notices given hereunder, such notice will be deemed to be validly published upon its publication in the manner prescribed by the relevant legislation. If a notice is published by more than one manner, as the date of the notice will be considered the date of the first publication.

15.2 Notices to the Bondholders by the Security Agent

Any notice to the Bondholder by the Security Agent will be valid and effective if published in English language on https://www.jtbank.cz/. If mandatory provisions of applicable laws or these Terms and Conditions determine any other method for publishing any of the notices given hereunder, such notice will be deemed to be validly published upon its publication in the manner prescribed by the relevant legislation. If a notice is published by more than one manner, as the date of the notice will be considered the date of the first publication.

15.3 Notices to the Issuer

Any notice to the Issuer will be valid and effective:

(a) upon its delivery by registered post (or in a similar way) or courier; or

(b) upon its delivery by an e-mail, whereas the Issuer agrees that the return receipt confirms such delivery.

For a purpose of a due notification, any such notice shall contain the ISIN of the Bonds.

16 Governing Law, Language and Settlement of Disputes

Any rights and obligations under the Bonds will be governed by, and interpreted and construed in accordance with, the laws of the Czech Republic. These Terms and Conditions may be translated into other languages. In the event of any inconsistencies between the various language versions of the Terms and Conditions, the English language version shall prevail.

Any disputes between the Issuer and the Bondholders that may arise based on, or in connection with, the issue of the Bonds, including any disputes with respect to these Terms and Conditions, will be settled with final effect by the Municipal Court in Prague.

The court competent to resolve any disputes between the Issuer and the Bondholders in relation to the Bonds (including disputes relating to non-contractual obligations arising therefrom and disputes concerning their existence and validity) is solely the Municipal Court in Prague, unless the agreement on the choice of territorial jurisdiction is not possible in a particular case and the law provides for another locally competent court.

17 Definitions

The terms defined in the singular or the plural shall have the same meanings in these Terms and Conditions even if they are used in the plural or the singular respectively.

In addition to the terms already defined in the text of the Terms and Conditions, for the purpose of the Terms and Conditions the following terms shall have the meanings given below:

APV means LLC "Atlantic-Pacific Ventures" (UA), ID: 35030924, with its registered address and seat at 4 Mishugy Street, Kyiv, Ukraine.

Business Day for the purposes of these Terms and Conditions means any day (other than a Saturday or Sunday) on which banks in the Czech Republic, the Republic of Cyprus and Ukraine are open for business, and on which foreign exchange transactions and interbank payments in the Czech Koruna, or in any other lawful currency of the Czech Republic that may replace the Czech Koruna, are settled.

Capital Market Act means Act No. 256/2004 Coll., on Capital Market Business, as amended.

Central Depositary means Centrální depozitář cenných papírů, a.s., with its registered office at Prague 1, Rybná 14, postal code 110 05, Company ID No.: 250 81 489, incorporated in the Commercial Register kept by the Municipal Court in Prague, file No. B 4308.

Czech National Bank means the Czech National Bank within the meaning of Act No. 6/1993 Coll., on the Czech National Bank, as amended.

CZK or **Czech Koruna** means the Czech Koruna, the lawful currency of the Czech Republic.

Dragon Capital Investments means Dragon Capital Investments Limited, incorporated and existing under the laws of Republic of Cyprus, ID: HE 206349, with its registered address and seat at Agiou Pavlou, 15, LEDRA HOUSE, Agios Andreas, 1105, Nicosia, Cyprus.

Dragon Capital New Ukraine Fund means Dragon Capital New Ukraine Fund L.P., ID: 2099, registered and existing under the laws of Jersey, with its registered address and seat at Jersey, St. Helier, Charter Place, 23/27 Seaton Place, JE1 1JY.

Early Redemption Date of the Bonds has the meaning given in Conditions 6.4, 9.1, 9.2, 10.3, 10.4 and 13.4.1.

EGL means LLC "East Gate Logistik" (UA), ID: 32614649, with its registered address and seat at 28 Zaporizka Street, Boryspil City, Kyiv Region, Ukraine.

EGL Property means logistic park known as East Gate Logistic Park located at 28 Zaporizka Street, Boryspil City, Kyiv Region, Ukraine, wholly owned by EGL.

Euro or **EUR** means the single currency of the European Union.

Event of Default means any of the events referred to in Condition 9.1.

Hedging Counterparty means any counterparty under the Hedging.

Interest Period for the purposes of these Terms and Conditions means the six-month period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and each immediately following six-month period from (and including) the Interest Payment Date to (but excluding) the next Interest Payment Date until (but excluding) the Final Maturity Date of the Bonds. For the purposes of determining the Interest Periods, the Interest Payment Date will not be adjusted according to the Business Day convention pursuant to Condition 7.3.

Issuer's Website means the website of the Issuer https://nupeh-cz.com.

J&T BANKA means J&T BANKA, a.s., with its registered office at Prague 8, Sokolovská 700/113a, postal code 18600, Company ID No.: 471 15 378, incorporated in the Commercial Register kept by the Municipal Court in Prague, file No. B 1731.

Junior Creditor means J&T BANKA as a creditor under the Junior Debt.

Junior Debt means the debt provided under the loan facility agreement to be entered into on or before the Issue Date between the Guarantor as borrower and J&T BANKA as lender.

Major Company means the Guarantor and any Group Member who owns (directly or indirectly through a Property Owner) Property which share (based on its value) on aggregate Properties Valuations (as defined in Condition 4.14) of all the Group Properties exceeds 15%, based on the latest Valuations of all the Properties.

Manager means J&T BANKA.

Meeting Attendance Record Date has the meaning set out in Condition 13.2.1.

Piramida Property means Piramida Shopping Center located at 4 Mishugi Str., Kyiv, Ukraine, wholly owned by APV.

PMS 1 means LLC "Property Management Solutions One", incorporated and existing under the laws of Ukraine, ID: 40988024, with its registered address and seat at 75 Zhylianska Street, Kyiv, Ukraine, 01032.

PMS 1 Property means an office building known as **Eurasia Business Centre** located at 75 Zhylianska Street, Kyiv, Ukraine, wholly owned by PMS 1.

PMS 2 means LLC "Property Management Solutions Two", incorporated and existing under the laws of Ukraine, ID: 40988637, with its registered address and seat at 75 Zhylianska Street, Kyiv, Ukraine, 01032.

PMS 2 Property means an office building known as **Prime Business Centre** located at 48, 50a Zhylianska Street, Kyiv, Ukraine, including a land plot on which the office building is constructed, wholly owned by PMS 2.

Property means each of:

(a) EGL Property;

(b) Piramida Property;

(c) PMS 1 Property;

(d) PMS 2 Property; and

(e) WGL Property.

Property Owner means each of:

(a) APV;

(b) EGL;

(c) PMS 1;

(d) PMS 2; and

(e) WGL.

PSE means Burza cenných papírů Praha, a.s. (Prague Stock Exchange), with its registered office at Prague 1, Rybná 14, postal code 110 05, Company ID No.: 471 15 629, incorporated in the Commercial Register kept by the Municipal Court in Prague, file No. B 1773.

Qualified Majority means a three-quarter majority of the votes of the present Persons Authorised to Attend the Meeting.

Record Date for Payment is a day falling 30 (thirty) days prior to the relevant Payment Date; however, for the purposes of determining the Record Date for Payment, the relevant Payment Date will not be adjusted according to the Business Day convention.

Regulated Market of the PSE means the European regulated market operated by the PSE in accordance with Section 55 *et seq.* of the Capital Market Act.

ServiceCo means LLC "Property Management Services" (UA), incorporated and existing under the laws of Ukraine, ID: 41403780, with its registered address and seat at 75 Zhylianska Street, Kyiv, Ukraine, 01032.

Simple Majority means an absolute majority of the votes of the present Persons Authorised to Attend the Meeting.

Specified Office has the meaning set out in Condition 12.1.1.

Subsidiary means any person in which another person has a direct or indirect participation of at least 50% in the registered capital or voting rights or has the right to appoint or recall a majority of the persons that are members of the governing body or supervisory body of the person, or persons in a similar position, or may push through such appointment or recalling, or whose financial statements are included in the consolidation level of the controlling person, or whose financial statements are consolidated with the financial statements of the controlling person in accordance with the IFRS, UAS or any other relevant accounting standard applicable in relation to the relevant person.

Tomáš Fiala means Mr. Tomáš Fiala, a citizen of the Czech Republic, born on 13 May 1974.

Ukrainian Group Members means Property Owners and ServiceCo.

Ultimate Controlling Person means:

(a) Dragon Capital Investments;

(b) Dragon Capital New Ukraine Fund;

(c) Soros Fund Management LLC, ID: 2679102 with its address at 250 West 55th Street, New York, NY 10019, USA and any and all of its wholy (100%) owned and/or wholly controlled subsidiaries; and

(d) The Goldman Sachs Group, Inc., SEC registration number: 13-4019460, with its seat at 200 West Street, New York, 10282, N.Y, USA, and any and all of its wholy (100%) owned and/or wholly controlled subsidiaries.

WGL means LLC "West Gate Logistik" (UA), ID: 34361480, with its registered address and seat at 21 kilometer of the Zhytomyr road, Stoyanka village, Kyevo-Svyatoshynskuy region, 08114, Kyiv region, Ukraine.

WGL Property means logistic park known as West Gate Logistic Park located at 21 kilometer of the Zhytomyr road, Stoyanka village, Kyevo-Svyatoshynskuy region, 08114, Kyiv region, Ukraine, wholly owned by WGL.

VII. INTEREST OF PERSONS INVOLVED IN THE ISSUE

The Issuer is not aware of any interest of persons involved in the Issue or offer of the bonds which would be material to the Issue or offer of the Bonds, except for the interests of the Manager, which places the Bonds on the market, and the Arranger.

J&T BANKA also acts as Fiscal and Paying Agent, Listing Agent and Security Agent.

VIII. REASONS FOR THE OFFER AND USE OF PROCEEDS

The net proceeds of the Issue will be used for the purpose of intra-group loan provided by the Issuer to the Guarantor, whereas the Guarantor will subsequently use the proceeds from the intra-group loan for dividend pay-outs.

The Issuer expects that the total costs of the preparation of the Issue, i.e. the cost of the Manager's remuneration, the Issuer's auditor's fees, the Central Depository's fees, the CNB's fees and some other costs related to the Issue or its placement on the market will not exceed (i) 3.3% of the anticipated total nominal value of the Issue (i.e. CZK23,000,000). The net proceeds of the Issue for the Issuer (if the anticipated total nominal value of the Issue is issued) will be approx. CZK677,000,000.

IX. INFORMATION ABOUT THE ISSUER

1 Authorised Auditors

The individual financial statements of the Issuer for the year 2019 according to IFRS, which consists of the individual statement of financial position as at 31 December 2019, individual income statement for the year ended 31 December 2019, individual statement of changes in equity for the year ended 31 December 2019 and individual cash flow statement for the year ended 31 December 2019, as well as the notes on the financial statement (the **Financial Statements of the Issuer**), have been audited by KPMG Česká republika Audit, s.r.o. (the **Auditor of the Issuer**).

Trade name:	KPMG Česká republika Audit, s.r.o.
Certificate No.:	71
Registered office:	Pobřežní 648/1a, 18600 Prague 8, Czech Republic
Professional organisation membership:	Chamber of Auditors of the Czech Republic
Responsible person:	Veronika Strolená
Certificate No.:	2195

To the best of the Issuer's knowledge, the Auditor of the Issuer does not have any material interest in the Issuer. For the purposes of this declaration, the Issuer has considered, without limitation, the following material facts regarding its relationship with the Auditor of the Issuer: any (i) ownership of shares issued by the Issuer or of shares of ownership interests in companies which form the Group with the Issuer, or of any options to acquire or subscribe such shares or ownership interests; (ii) employment with, or compensation from, the Issuer; (iii) membership in the bodies of the Issuer; (iv) relationship with the Manager; or (v) listing of the Bonds on the Regulated Market of the PSE.

2 Risk Factors Related to the Issuer

The risk factors related to the Issuer are listed in the Chapter II (*Risk Factors*), Section *Risk factors related to the Issuer*.

3 Information about the Issuer

3.1 Basic Information about the Issuer

Business name:	NUPEH CZ s.r.o.
Registration:	Registered in the Commercial Register maintained by the Municipal Court in Prague, File No. C 307124
ID No.:	077 57 662
LEI:	3157002FXYZ444Q6BD33
Incorporation date:	1 January 2019
Establishment date:	10 December 2018
Registered office:	Antala Staška 1859/34, Krč, 140 00 Praha 4
Legal form:	Limited liability company
Governing law:	Law of the Czech Republic
Telephone number:	+420 221 710 383
E-mail:	info@nupeh-cz.com
Web domain	nupeh-cz.com The information on the website is not part of the Prospectus, unless the information is incorporated into the Prospectus by reference.
Term:	Indefinite
Laws and regulations governing the Issuer and the main regulations governing its material subsidiaries or affiliates	These mainly include the following: The Civil Code, Act No. 90/2012 Coll., on Companies and Cooperatives (Act on Business Corporations), as amended

(the **Act on Business Corporations**) and Act No. 455/1991 Coll., the Trade Licensing Act, as amended (the **Trade Licensing Act**).

3.2 Memorandum of Association and Articles of Association

The Issuer was established on 10 December 2018 as a limited liability company with the business name MAMELUCK, s.r.o. The Issuer was registered in the Commercial Register maintained by the Municipal Court in Prague under File No. C 307124 on 1 January 2019

As stated in its Memorandum of Association of 2 December 2019, the Issuer was established for business purposes. According to Article 2 of the Memorandum of Association the Issuer's scope of business is, inter alia, (i) production, business and services not listed in Annexes 1 to 3 to the Trade Licensing Act and (ii) the management of its own assets.

The Issuer has been founded for business purposes. This purpose of the Issuer is assessed on the basis of its main business activity and the scope of business, which are, inter alia, (i) production, business and services not listed in Annexes 1 to 3 to the Trade Licensing Act and (ii) the management of its own assets pursuant to Article 2 of the Memorandum of Association.

3.3 Registered Capital of the Issuer

The registered capital of the Issuer is CZK200,000 (two hundred thousand Czech Koruna) and has been paid up in full.

3.4 History and Development of the Issuer

The Issuer was established on 10 December 2018 according to Czech law as a limited liability company with the business name MAMELUCK, s.r.o. The Issuer was registered in the Commercial Register maintained by the Municipal Court in Prague under File No. C 307124 on 1 January 2019. The business name of the Issuer was changed to its current business name by decision of the sole shareholder on 2 December 2019.

3.5 Outstanding Loans and Investment Instruments Issued by the Issuer

The Issuer is recently incorporated company and as at the date of this Prospectus does not have any outstanding loans or issued investment instruments, except for the Bonds issued as of the date of this Prospectus.Events Specific to the Issuer

The Issuer is not aware of any event specific to it which would have a material adverse effect on the assessment of the Issuer's solvency.

3.6 Credit Rating

As at the date of this Prospectus, the Issuer was not assigned a rating by any company registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council or any other company. As at the date of this Prospectus, an individual credit rating of the Issue was not provided and the Issue does not have any individual rating.

3.7 Material Changes in the Issuer's Financing Structure

The Issuer will enter at or around the Issue Date into a loan agreement with the Guarantor according to which the Issuer shall make available to the Guarantor a 5-year loan in the amount of up to USD50,000,000.

Also the Issuer has entered on 31 January 2020 into a loan agreement with the Guarantor according to which the Guarantor shall make available to the Issuer a 1 year loan in the amount up to USD150,000. This loan has not been utilized yet.

Apart from that, no material change has occurred in the Issuer's financing structure since the Issuer's previous financial year.

3.8 Description of the Expected Funding of the Issuer's activities

The Issuer was established for the purpose of issuing the Bonds and any funding of the Issuer will be provided via intra-group financing from the Guarantor.

Except the above, the Issuer is not aware of any expected funding of its activities.

4 Business Overview of the Issuer

4.1 Activities Performed by the Issuer

The Issuer was established for the purpose of issuing the Bonds.

The main activity of the Issuer includes providing financial means acquired through the Issue to the affiliates in the Group by means of a loan, credit facility or other forms of financing. The Issuer does not currently perform any other activities.

5 Core Markets of the Issuer

With respect to its main activities the Issuer does not compete on any market and does not have any relevant market shares or market position.

6 Organizational Structure of the Issuer

6.1 The Issuer's Shareholder Structure

The Issuer is owned by the Guarantor, which holds shares representing 100% of the Issuer's registered capital and voting rights. The Issuer is therefore directly controlled by the Guarantor. The Issuer does not follow special policies which would prevent the abuse of the control of the Issuer by the Guarantor. The Issuer follows the rules and measures placed by the applicable regulation and believes that this is sufficient.

The Issuer is not aware of any arrangements which may at a subsequent date result in a change of control of the Issuer,

6.2 The Issuer's Dependence on the Group

The Issuer is dependent on the Guarantor.

The Issuer was acquired by the Guarantor for purposes or acquiring financial means and their further provision to affiliated companies in the Group by means of loan, credit facility or other means of financing. The ability of the Issuer to meet its obligations under the Bonds may be significantly affected by the ability of the Guarantor or relevant company from the Group to meet their obligations towards the Issuer. This fact may establish dependence of the source of Issuer's income on the relevant company from the Group and its financial results.

7 Information about Trends

7.1 No Material Adverse Change

The Issuer declares that no material adverse changes in the Issuer's outlooks have occurred since the date of the most recent audited financial statements of the Issuer.

The Issuer also declares that, other than changes caused by the COVID-19 outbreak as described in Chapter X, Section 7 and in other parts of this Prospectus, no material adverse changes have occurred in the financial situation of the Group since the end of the most recent accounting period for which financial data were published.

7.2 Information about Trends

As at the date of this Prospectus, the Issuer is not aware of any trends, uncertainties, claims, obligations or events which would be realistically likely to have an adverse impact on the Issuer's outlooks.

As the Group operates on the real estate market, there are a number of factors and trends that may have an impact on the Group (and thus on the Issuer). Such trends are in detail described in Chapter X (*Information about the Guarantor*), Section 7 (*Information about Trends*) of this Prospectus.

8 Profit Forecasts or Estimates

The Issuer does not make any forecast or estimate of the profit in the format compliant with the requirements of the Prospectus Regulation and it has therefore decided not to include such a forecast or estimate in the Prospectus.

9 Administrative, Management and Supervisory Bodies of the Issuer

9.1 Managing Director

The Managing Director is the statutory body of the Issuer. The Managing Director is responsible for the business management of the Issuer and for any other powers that are not entrusted to another body of the Issuer by the Articles of Association, the law or a decision of a competent public authority. The Managing Director ensures the proper accounting, presents to the General Meeting for approval the ordinary, extraordinary, consolidated and, if any, interim financial statements and the proposal for the distribution of profit or settlement of a loss in accordance with the Articles of Association. The Managing Director is appointed and removed by the General Meeting.

The Managing Director represents the Issuer independently.

As at the date of this Prospectus, the Managing Director of the Issuer is:

Natalia Zolotarova

Business address:	36D Saksahanskoho St., Kyiv 01033, Ukraine
Date of appointment:	3 December 2019

Experience and other relevant information:	Mrs. Natalia Zolotarova (born on 2 May 1977) has joined the Group at the very beginning in May 2001 as an accountant and rose to the position of the Deputy CFO of the Dragon Capital group. At that position she was responsible for treasury management and financing planning, negotiations with banks, tax planning, optimization of the intercompany cash flows, assistance and supervision of the internal and external audit of the group, budgeting and cost management. Natalia has over 20 years of professional experience on the stock market and a proven track record of more than 100 deals in private equity, deals structuring and settlements including real estate market of Ukraine, M&A, bond issuances, capital markets. Natalia Zolotarova graduated from Kiev National University of Economics, Ukraine. She holds a specialist degree in International Business Administration She is a fellow member of the Association of Auditors of Ukraine since 2003.

9.2 Supervisory and Control Bodies

The Issuer does not have supervisory and control bodies.

9.3 Declaration on Conflict of Interest and Compliance with the Sound Corporate Management and Governance Regime

The Issuer is not aware of any potential conflict of interest between the obligations of the Managing Director towards the Issuer and her private interest or other obligations, however during the performance of her function of Managing Director a conflict of interest may arise due to the fact that she is also a member of the bodies of other companies and follows the interests of such companies or those of the persons controlled by such companies. The Issuer complies with all the due administration and management requirements set by the applicable laws and regulations of the Czech Republic, in particular the Civil Code and the Act on Business Corporations, if applicable. In its administration and management, the Issuer follows the corporate governance and management requirements arising from the applicable laws and regulations, which it considers sufficient and therefore does not follow any rules specified in any corporate governance and management code.

10 Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

10.1 Selected Historical Financial Data

The following tables provide an overview of selected historical individual financial data from the Financial Statements of the Issuer, compiled according to IFRS. Full Financial Statements of the Issuer are incorporated in the Prospectus by reference (see Chapter *Information incorporated by reference*).

Some of the information contained in this Prospectus has been rounded, and therefore the figures given in the individual tables may slightly vary. The sums in each table need not be equal to the arithmetic sum of the numbers preceding the sum.

The Financial Statements of the Issuer were verified by the Auditor of the Issuer. The auditor issued an unqualified opinion regarding the financial statements mentioned above. To the best of the Issuer's knowledge, no material adverse changes occurred in the Issuer's outlook and no material changes occurred in the financial or business situation of the Issuer between the date of the most recent audited financial statement, i.e. 31 December 2019, and the date of this Prospectus except as specified in this Prospectus.

STATEMENT OF FINANCIAL POSITION (in thousands of CZK)

	31 December 2019	1 December 2019
Assets		
Receivables	2,700	0
Prepaid expenses	12	0
Cash and cash equivalents	0	200
Total short-term assets	**2,712**	**200**
Total Assets	**2,712**	**200**
Equity		
Registered capital	200	200
Other capital accounts	2,500	0
Retained earnings	-370	0
Total equity	**2,330**	**200**
Liabilities		
Trade and other liabilites	23	0
Loans and other credit	2	0
Accruals	357	0
Total short-term liabilities	**382**	**0**
Total liabilites	**382**	**0**
Total equity and liabilities	**2,712**	**200**

STATEMENT OF CASH FLOWS (in thousands of CZK)

	2019
Operational Cash Flow Statement	
Profit (loss) before taxation	**-370**
Adjustments for changes in working capital:	
Reduction (increase) in balance of trade receivables	0
Other receivables and accruals	-212
Increase (reduction) in balance of trade liabilities	380
Total cash flows from operations	**-202**
Cash flows from investments	
Expenses related to acquisiton of intangible and tangible assets	0
Total cash flows from investments	**0**
Cash flows from financing	
Other contributions of cash and equivalents by members and shareholders	0
Loans and credits received	2
Interest paid	0
Total cash flows from financing	**2**
Net increase in cash and cash equivalents	**-200**
Balance of cash and cash equivalents as at the start of period	**200**
Increase (reduction) during period	-200
Balance of cash and cash equivalents as at the end of period	**0**

STATEMENT OF COMPREHENSIVE INCOME (in thousands of CZK)

	1 January 2019 - 31 December 2019
Other operating costs	-370
Profit (loss) before tax	**-370**
Tax on profit	0
Profit (loss) for the period	**-370**
Other comprehensive income for the period	0
Total comprehensive income for the period	**-370**

STATEMENT OF CHANGES IN EQUITY (in thousands of USD)

	Share capital	Capital accounts	Retained loss	Retained earnings	Equity
Balance as at 1 January 2019	**200**	**0**	**0**	**0**	**200**
Contribution outside registered capital	0	2,500	0	0	2,500
Profit (loss) for 2019	0	0	0	-370	-370
Total other comprehensive income	0	0	0	0	0
Total comprehensive income	0	0	0	-370	-370
Balance as at 31 December 2019	**200**	**2,500**	**0**	**-370**	**2,330**

Unless otherwise stated, all information provided by the Guarantor, the Issuer and material Subsidiaries in the Prospectus is based on the financial statements prepared in accordance with IFRS and/or generally accepted accounting principles. Some figures stated in this Prospectus have been adjusted by rounding. This means, among other things, that the figures stated for the same item may slightly differ in different places of the Prospectus, and the figures stated as the sum of some figures may not be the arithmetic sum of the figures on which they are based.

This Prospectus states in relation to the Group, the Guarantor, West Gate Logistik LLC, East Gate Logistik LLC, Atlantic Pacific Ventures LLC, Property Management Solutions One LLC and Property Management Solutions Two LLC (i.e. Subsidiaries which the Issuer considers material) net operating income (also as **NOI**) measure that can be considered as alternative measure within the meaning of ESMA Guidelines on Alternative Performance Measures ESMA/2015/1415. NOI is calculated as accounting profit from operating activities adjusted for fair value (loss)/gain on investment property of the following companies: East Gate Logistik LLC, West Gate Logistic LLC, Atlantic Pacific Ventures LLC, Property Management Solutions One LLC and Property Management Solutions Two LLC. For the Group, NOI is calculated as aggregate NOI of these companies.

Loan to Value ratio (also as **LTV**) calculated as aggregate amount of all loans and borrowings of the Group companies but excluding intragroup loans and borrowings and without taking into account any cash and cash equivalents to aggregate value of (investment) properties held by Group companies.

11 Legal and Arbitration Proceedings

In the past 12 months, the Issuer has not been a party to any judicial, administrative or arbitration proceedings (including those that are pending or threatened of which the Issuer is aware) which may have, or have had, a material adverse effect on the Issuer's and the Group´s financial standing or profitability.

12 Significant Change in the Issuer's Financial Position

No significant changes in the Issuer's financial position, other than the changes that will arise in connection with the loan agreements as described in Chapter IX (*Information about the Issuer*), Section 3.7 of this Prospectus, have occurred since the end of the last fiscal period.

Changes in the financial position of the Group are described in Chapter X (*Information about the Guarantor*), Section 12 of this Prospectus.

13 Material Contracts

As of the date of this Prospectus, the Issuer has not entered into any significant contract except for contracts entered into in the ordinary course of business of the Issuer that could give rise to a liability or claim of any member of the Group, which would have material adverse effect on the Issuer's ability to fulfil its obligations from the Bonds.

14 Disclosed Documents

For the term of this Prospectus, the following documents, together with other documents to which this Prospectus may refer (including any reports, letters and other documents), are on the Issuer's website www.nupeh-cz.com:

(a) up to date Memorandum of Association of the Issuer;

(b) the Financial Statements of the Issuer, including the notes and opinion of the Auditor of the Issuer on the Financial Statements of the Issuer;

(c) the Security Agent Appointment Agreement;

(d) the Intercreditor Agreement;

(e) the Agency Agreement;

(f) the Financial Guarantee; and

(g) the Security Documents.

Documents listed in (b) above will remain publicly available in electronic form for at least 10 years after their publication on the relevant website.

X. INFORMATION ABOUT THE GUARANTOR

1 Authorised Auditors

The financial statements of the Guarantor for the year 2019 according to IFRS, which consist of the statement of financial position as at 31 December 2019, statement of comprehensive income for the year ended 31 December 2019, statement of changes in equity for the year ended 31 December 2019 and cash flow statement for the year ended 31 December 2019, as well as the notes on these financial statements (the **Financial Statements of the Guarantor for the Year 2019**), have been audited by KPMG Limited (the **Auditor of the Guarantor**).

Business name:	KPMG Limited
Registration number:	HE132822
Registered office:	14 Esperidon Street, 1087 Nicosia, Cypirus
Professional organisation membership:	AAPROX
Responsible person:	Michael P. Michael, FAPROX
Certificate No.:	238402

The financial statements of the Guarantor for the year 2018 according to IFRS, which consist of the statement of financial position as at 31 December 2018, statement of comprehensive income for the year ended 31 December 2018, statement of changes in equity for the year ended 31 December 2018 and cash flow statement for the year ended 31 December 2018, as well as the notes on these financial statements (the **Financial Statements of the Guarantor for the Year 2018**), have also been audited by the Auditor of the Guarantor.

To the best of the Guarantor's knowledge, the Auditor of the Guarantor has no material interest in the Guarantor. For the purposes of this declaration, the Guarantor has considered, without limitation, the following material facts regarding its relationship with the Auditor of the Guarantor: any (i) ownership of shares issued by the Guarantor or of shares of ownership interests in companies which form the Group with the Guarantor, or of any options to acquire or subscribe such shares or ownership interests; (ii) employment with, or compensation from, the Guarantor; (iii) membership in the bodies of the Guarantor; (iv) relationship with the Manager; or (v) listing of the Bonds on the Regulated Market of the PSE.

2 Risk Factors Related to the Guarantor and the Group

The risk factors related to the Guarantor are listed in the Chapter II (*Risk Factors*), Section *Risk factors related to the Guarantor and the Group*.

3 Information about the Guarantor

3.1 Basic Information about the Guarantor

Business name:	New Ukraine PE Holding Limited
Registration:	The Guarantor is incorporated and registered in Cyprus under the Companies Law, Cap 113 of Cyprus
ID No.:	HE 358309
LEI:	254900ID57LI5XI5KI72
Incorporation date:	The Guarantor was incorporated on 26 July 2016
Establishment date:	The Guarantor was established on 26 July 2016
Registered office:	16 louniou 1943, 9 AREA A, Flat/Office 202, 3022, Limassol, Cyprus
Legal form:	Limited liability company
Governing law:	Law of Cyprus

Telephone number:	+357 25 584194
E-mail:	info@nupeh.com
Term:	Indefinite
Laws and regulations governing the Guarantor and the main regulations governing its material subsidiaries or affiliates	They mainly include the following: Cypriot Companies Law (Cap. 113), the Civil Code, the Act on Business Corporations, the Trade Licensing Act, Ukrainian Civil Code of Ukraine No. 435/IV, Economic Code of Ukraine No. 436-IV, Law of Ukraine "On Limited and Additional Liability Companies" No. 2275-VIII.

3.2 Memorandum of Association and Articles of Association

The Guarantor was incorporated in Cyprus on 26 July 2016 as a private limited liability company under the Cyprus Companies Law, Cap. 113 under the trade name New Ukraine PE Holding Limited.

The up to date version of the Articles of Association is dated 4 September 2019 and has been confirmed by the Incubency Certificate of Ledra Secretaries Limited dated 30 October 2019.

The Guarantor has been founded for private interests, for profit-making activities. This nature is assessed according to objects for which the Guarantor has been established as stated in Article 3 of the Memorandum of Associtaion of the Guarantor and is further explicitely stated in Article 1 of the Articles of Association of the Guarantor.

3.3 Registered Capital of the Guarantor

The registered capital of the Guarantor is USD68,911.100 and has been paid up in full. The registered capital is divided into 63,198 ordinary shares with a nominal value of USD1.0904 per share.

3.4 History and Development of the Guarantor and the Group

On 1 November 2016, the Guarantor purchased 100% interest in East Gate project through acquiring 100% corporate rights in Turcosa Investments Limited and by acquisition of non-performing debt payable by AICEE II Finance Cyprus Limited..

On 12 December 2016, the Guarantor purchased 100% interest in Piramida project through acquiring 100% corporate rights in 1849-Apollo Overseas I.

On 19 December 2016, the Guarantor purchased 60% interest in West Gate project through acquiring 60% corporate rights in GLD Logistic Park Holding Limited and SZ Harbour Finance Limited and by acquisition of non-performing debt payable by SZ Harbour Finance Limited. During 2018, the remaining 40% of the participatory interest GLD Logistic Park Holding Limited was purchased by the Guarantor. Thus the Guarantor is the sole owner of GLD Logistic Park Holding Limited.

On 8 June 2017 the Guarantor purchased two Cyprus entities, Orbelson Holdings Limited and Glanston Holdings Limited, owning two Ukrainian entities, Property Management Solutions One LLC (PMS One) and Property Management Solutions Two LLC (PMS Two).

On 27 September 2017, PMS One and PMS Two acquired from a third party two business centres, Eurasia and Prime, respectively. As part of the transaction, the Guarantor has also purchased from the same third party 100% interest in Mevalor Holdings Limited (Cyprus), which, in its turn, is the majority owner of Property Management Services LLC (PMS) that is involved in provision of maintenance services to the Group

On 23 January and on 14 June 2018, the Guarantor increased the share capital of Turcosa Investments Limited by USD7,443,000 and by USD12,749,000 respectively.

On 5 June 2018, 100% of shares of AICEE II Finance Cyprus Limited were transferred from Turcosa Investments Limited to New Ukraine PE Holding Limited.

On 27 June 2018, the Guarantor purchased from a third party additional 40% interest in West Gate Logistic through acquiring 40% corporate rights in GLD Logistic Park Golding Limited and SZ Harbour Finance Limited and by acquisition of debt payable by SZ Harbour Finance Limited.

On 16 April 2019, 100% of shares of East Gate Logistic LLC were transferred from Borlog LLC to AICEE II Finance Cyprus Limited. Further, AICEE II Finance Cyprus Limited disposed of Borlog LLC to a third party for insignificant consideration.

During 2019 the Guarantor increased the share capital of 1849-Apollo Overseas I Limited with the amount of USD150,000, the share capital of Orbelson Holdings Limited and Glanston Holdings Limited both with the amount of USD15,000 and share capital of GLD Logistik Park Holding Limited in amount of USD14,000.

During 2019, the Guarantor acquired the Issuer (then under the business name MAMELUCK, s.r.o.).

As of the date of this Prospectus, the Group's Cypriot Subsidiaries, such as 1849-Apollo Overseas I Limited, Mevalor Enterprises Limited, Glanston Holdings Limited, Orbelson Holdings Limited, AICEE II Finance Cyprus Limited, Turcosa Investments Limited, GLD Logistik Park Holding Limited, SZ Harbour Finance Limited and EGL Holding Limited, have already transferred all their assets to the Guarantor. All such Cypriot Subsidiaries are to be liquidated and removed from the Group.

3.5 Outstanding Loans and Investment Instruments Issued by the Guarantor

As at the date of this Prospectus, the Guarantor issued no investment instruments that would give rise to credit exposure to third parties.

On 23 December 2016, the Guarantor signed a loan facility agreement (the **Facility A**) with J&T BANKA with a limit of USD20,000,000 with the purpose of refinancing of its aquisition transaction with regards to Piramida, EGL and 60% of WGL (as these terms are defined below). The Guarantor utilized the whole amount of the loan facility on 28 December 2016. In accordance with the terms of the loan agreement, the Guarantor is obliged to settle the loan in equal quarterly instalments in the amount of USD1,000,000 until 31 December 2021.

On 16 February 2018, the Guarantor signed a loan facility agreement (the **Facility B**) with J&T BANKA with a limit of USD27,500,000 with the purpose of refinancing of its aquisition transaction with regards to Eurasia and Prime. In accordance with the terms of the loan agreement, the Guarantor is obliged to settle the loan in equal quarterly instalments in the amount of USD1,000,000 until 31 December 2024.

On 4 July 2018, the Guarantor signed a loan facility agreement (the **Facility C** and together with Facility A and Facility B the **Outstanding Facilities**) with J&T BANKA with a limit of USD10,000,000 with the purpose of refinancing of its aquisition transaction with regards to 40% of WGL. In accordance with the terms of the loan agreement, the Guarantor is obliged to settle the loan in equal quarterly instalments in the amount of USD500,000 until 30 June 2023.

As at 30 June 2020 the amount of the outstanding principal of the Outstanding Facilities was USD29,500,000, of which the Facility A accounted for USD6,000,000, the Facility B accounted for USD17,500,000 and Facility C accounted for USD6,000,000.

3.6 Events Specific to the Guarantor

EPAM, tenant at Eurasia occupying 4,502 square meters (i.e. 16% of gross leasable area with monthly base rental payment as of June 2020 of approx. USD86,000) informed the Group about the early termination of its lease agreement as of 30 September 2020. The Group is now working on leasing out this vacant area.

Apart from the above, the Guarantor is not aware of any event specific to it or to any Subsidiary which would have a material adverse effect on the assessment of the Guarantor's solvency.

3.7 Credit Rating

As at the Issue Date, the Guarantor was not assigned a rating by any company registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council or any other company.

3.8 Material Changes in the Guarantor's Financing Structure

As of the date of this Prospectus, the Group's Cypriot Subsidiaries, such as 1849-Apollo Overseas I Limited, Mevalor Enterprises Limited, Glanston Holdings Limited, Orbelson Holdings Limited, AICEE II Finance Cyprus Limited, Turcosa Investments Limited, GLD Logistik Park Holding Limited, SZ Harbour Finance Limited and EGL Holding Limited, have already transferred all their assets to the Guarantor. All such Cypriot Subsidiaries are to be liquidated and removed from the Group. Such change would mean that the Guarantor is now the direct parent company of the Subsidiaries and will receive dividend pay-outs directly from the Subsidiaries.

Other than as described above, no material change has occurred in the Guarantor's financing structure since the Guarantor's previous financing year.

3.9 Description of the Expected Financing of the Guarantor and the Group's activities

The Guarantor will raise proceeds through intra-group financing, which will be provided by the Issuer, being a special purpose company established for the purpose of issuing the Bonds, from the proceeds of the Issue whereas the Guarantor will subsequently use the proceeds from the intra-group loan for dividend pay-out.

On or about the Issue Date, the Guarantor will also refinance all the Outstanding Facilities through a banking loan in the amount of USD40 million provided by J&T BANKA on or about the Issue Date, which will be subordinated to the Bonds and which will be secured by, inter alia, security assets described in detail in the Chapter XII (*Security*) of this Prospectus.

Other than that, the Guarantor does not expect any other material external financing to finance its own and the Group's activities.

4 Business Overview of the Guarantor and the Group

4.1 Activities performed by the Guarantor and the Group

The Guarantor is a holding company, established to manage commercial real estate assets, benefiting from economies of scale such as stronger negotiation power with tenants, contractors and suppliers.

As at 31 December 2019 (whereas the data remained unchanged as at the date of this Prospectus), the Guarantor's investments were represented by the following projects:

(a) Piramida project (**Piramida**): shopping center with the gross leasing area equal to 12,817 square meters;

(b) East Gate Logistic project (**East Gate Logistic**): A-class warehouse with the gross leasing area equal to 49,198 square meters;

(c) West Gate Logistic project (**West Gate Logistic**): A-class warehouse with the gross leasing area equal to 96,221 square meters and associated land plot of 15 ha.;

(d) Property Management Solutions One: A-class business center Eurasia (**Eurasia**) with the gross leasing area equal to 27,996 square meters; and

(e) Property Management Solutions Two: A-class business center Prime (**Prime**) with the gross leasing area equal to 8,853 square meters and associated land plot of 0.15 ha.

The following table shows the structure and grouping of the Subsidiaries by investment in respective project:

Name	Parent	Country of Incorporation	Project
Atlantic-Pacific Ventures LLC	Guarantor	Ukraine	Piramida
East Gate Logistic LLC	Guarantor	Ukraine	East Gate Logistic
West Gate Logistic LLC	Guarantor	Ukraine	West Gate Logistic
Property Management Services LLC	Guarantor	Ukraine	Service company for Piramida, East Gate Logistic, West Gate Logistic, Eurasia, Prime
Property Management Solutions One LLC	Guarantor	Ukraine	Eurasia
Property Management Solutions Two LLC	Guarantor	Ukraine	Prime

Subsidiaries are investees controlled by the Guarantor. The Guarantor controls an investee when it is exposed to, or has right to, variable returns from its involvement with the Guarantor and has the ability to affect those returns through its power over the investee. The investees Atlantic-Pacific Ventures LLC, East Gate Logistic LLC, West Gate Logistic LLC, Property Management Solutions One LLC and Property Management Solutions Two LLC own real estate assets and are entitled to receive associated rental revenues. Other investees receive cash flow stream in the form of loan receivables or dividends.

The total gross building area (**GBA**) operated by the Group is 204,795 square meters and the breakdown is as follows:

(a) Retail – 16,684 square meters (8%);

(b) Offices – 42,562 square meters (21%); and

(c) Warehouses – 145,549 square meters (71%).

The total gross leasable area (**GLA**) operated by the Group is 195,084 square meters and the breakdown is as follows:

(a) Retail – 12,817 square meters (7%);

(b) Offices – 36,849 square meters (19%); and

(c) Warehouses – 145,419 square meters (75%).

NOI of the Group for financial year 2019 ended 31 December 2019 was USD22.6 million, and for half year ended 30 June 2020 was USD10.0[21] and is divided as follows:

[21] Bsed on unaudited data of the Issuer.

(a) Retail – 31% for financial year 2019 ended 31 December 2019 and 22% for half year ended 30 June 2020[22];

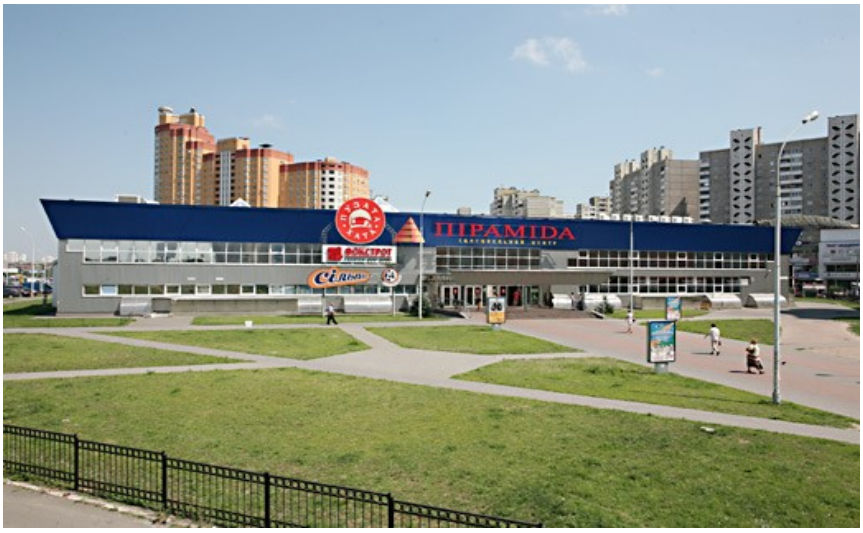
(b) Offices – 36% for financial year ended 31 December 2019 and 40% for half year ended 30 June 2020[23]; and

(c) Warehouses – 33% for financial year ended 31 December 2019 and 39% for half year 30 June 2020[24].

LTV of the group as of 31 December 2019 was 18.8%[25], and as of 30 June 2020 was 16.1%[26].

4.2 Overview of the real estate projects operated by the Group

4.2.1 *Piramida*



Piramida is a convenience-based community shopping center located at 4 O. Myshuhy St. in a high-rise densely populated Darnytskyi residential district, with an official population of 345,000 people. Piramida benefits from top-notch location in 100 meters from the busy Pozniaky metro station. Piramida has a GLA of approx. 12,817 square meters on two levels anchored by hypermarket Silpo, one of the biggest supermarket chains in Ukraine, as well as a Foxtrot electronics chain and Citrus electronics & mobile chain. Retail gallery is focused on everyday shopping needs with reputable tenants in health & beauty, drogerie, fashion, and children goods segments. National food & beverage operator Puzata Hata complements the retail offering.

The Group has started expansion of its project Piramida (which will add approx. 5,500 square meters of GLA, modernization of the mall's facade and modernization of parking. Total expected cost in 4Q 2020-2021 is USD9,5 million (USD3,6 million in 4Q 2020 and USD5,8 million in 2021), of which USD5,4 million will be used for expansion, USD1,6 million will be used for parking modernization, façade modernization and modernization of networks, USD1,3 million will be used for a renovation of the first floor and USD1,2 million will be used for design works, regulatory payments, insurance etc. Expected date of putting the overall premises into operation is expected in Q3-Q4 2021. This expansion is expected to improve the competitive advantages of Piramida, its tenant mix and bring additional NOI.

Notwithstanding a severe impact of the COVID-19 outbreak on retail sector in terms of the turnover and footfall dynamics, Piramida managed to maintain zero vacancy over the course of the first six months of 2020. Management team of Piramida aimed to minimize vacancy risks, temporarily renegotiating terms with

[22] Based on unaudited data of the Issuer.
[23] Based on unaudited data of the Issuer.
[24] Based on unaudited data of the Issuer.
[25] Based on unaudited data of the Issuer.
[26] Based on unaudited data of the Issuer.

retailers who were the most impacted by the lockdown measures. Notably, Piramida's vacancy remained close to zero even during the historical market lows, indicating strong retailers demand due to sought-after location and tenant mix. NOI generated by Piramida in 1H 2020 decreased by 34.7% year-on-year in comparison to 1H 2019 and the footfall in 1H 2020 decreased by 33.5% year-on-year in comparison to 1H 2019[27].

Key Statistics:[28]

- GBA: 16,684 square meters;
- GLA: 12,817 square meters;
- Vacancy: 0% as at 31 December 2019 and 0% as at 30 June 2020;
- Average monthly base rent: USD45/square meters as of December 2019 and USD34/square metres as of June 2020;
- Annual Footfall (2019):7,000,000 people;and
- Value as at 31 December 2019: USD50,300,000[29]; and
- NOI: USD7,049,000 in FY 2019 and USD5,883,000 in FY2018.

Key Tenants:

- Silpo (hypermarket): area of 1,517.76 square meters with lease period of 6 years splited into two 3-year term agreements;
- Puzata Hata (food and beverages operator): area of 773.93 square meters with lease period of 3 years;
- Smyk (children good operator): area of 558.65 square meters with lease period of 6 years;
- Ukrzoloto (jewelry): area of 612.67 square meters with lease period of 5 years; and
- Cropp (LPP Group) (mid-range fashion brand): area of 526.46 square meters with lease period of 20 years.

Key Competitors:

River Mall

- Location: 12 Dniprovska Embankment, Kyiv, 02000
- GLA: 55,000 square meters

River Mall is a large-scale traditional shopping and entertainment center delivered in 2019, anchored by Silpo hypermarket, Planeta Kino IMAX cinema, Papashon kids entertainment center. Inditex Group and H&M are the main fashion anchors of the retail gallery. River Mall is newly-delivered shopping center and larger in scale, having a wider range of tenant selection, the property is mostly focused on weekend shopping, while Piramida's format of small-scale convenience-based shopping centre is focused on everyday shopping regularly engaging with consumers and their frequent retailing needs. In addition, Piramida is largely focused on pedestrian flows heading from the Pozniaky metro (200 m distance) to residential areas, with convenience being a major reason to visit. River Mall is most competitive in the selection of shopping (incl. large fashion gallery) and entertainment located 2.5 km from Piramida and 1 km from the metro Osokorky, pedestrian flows do not intersect with those of Piramida. River Mall has a more remarkable competitive impact on the weekend shopping, with limited impact on everyday shopping most targeted by Piramida

Aladdin

- Location: 3A Mykhaila Hryshka St., Kyiv, 02000
- GLA: 11,000 square meters

[27] Based on unaudited data of the Issuer.
[28] Based on unaudited data of the Issuer.
[29] Determined by CBRE Ukraine (Expandia LLC).

Aladdin is a small-scale convenience-based shopping center anchored by the cinema and Rozetka, an e-commerce retailer, located in the same residential area in 500 m distance from Piramida. The competitive impact is mostly due to close location, comparable size, and format. At the same time, Piramida has a stronger tenant mix with a food anchor, better layouts, and the potential for extension of retail and entertainment selection.

New Way

- Location: 1 Arkhitektora Verbyts'koho St., Kyiv, 02000
- GLA: 15,000 square meters

New Way is a small-scale convenience-based shopping center opened in 2016 anchored by Silpo hypermarket, Wizoria cinema, and Comfy electronics. New Way has a less advantageous location 2.2 km away from the metro. Being comparable in format located on the Left (East) Bank, the competitive impact is minor due to distant location and different pedestrian and traffic flows.

Arcadia

- Location: 33 Dniprovska Embankment, Kyiv, 02000
- GLA: 18,500 square meters

Arcadia shopping center is a small-scale convenience-based shopping center opened in 2008. Main anchors are Silpo hypermarket, Jysk homeware retailer, and Comfy electronics. Arcadia is located further away from the metro, with less intensive traffic, less competitive tenant mix. Being of the same format, Arcadia SC located 2 km away from Piramida, having minor competitive impact on Piramida's traffic flows.

4.2.2 *Eurasia*

Eurasia is an A-class[30] operating business center located in Kyiv CBD area, at 75 Zhylianska Street, connecting the central part with the major city thoroughfare Peremohy Ave. The property benefits from good transport and pedestrian accessibility. Vokzalna metro station is located in 10 minutes walk from the business center and Universytet metro station is located in 15 minutes walk from the business center. Olympiiska and Palats Sportu metro stations are easily accessible via public transport roots of trolleybuses and shuttle buses passing along Zhylianska Street.

[30] Based on Classification of office buildings developed by market participants and Ukrainian Real Estate Club in 2014. All classification criteria are divided into five major functional sub-criteria: location, architectural features of the building, parking, engineering systems and building management. Updated classification includes 40 criteria. Classification includes two variants of criteria achievement — obligatory and recommended. For A class office building an updated classification defines 30 obligatory and 10 recommended criteria.For B class office building 18 obligatory and 22 recommended criteria are identified

The gross building area is 33,423 square meters, with the total leasable area comprising approx. 27,996 square meters in 13 levels. Eurasia has 2-level underground parking with 151 parking lots and 70 surface parking lots (42 parking lots leased from the city council). The property was commissioned in 2007. Each floor has open-space layouts from 840 square meters to 3,200 square meters making it possible to implement necessary office configuration required by the tenants.

The property has a strong tenant mix of corporate occupiers, predominantly IT& HI tech and consulting companies. Major high profile office occupiers include EPAM Systems, Microsoft Ukraine, PWC, Bain & Company and Lohika. The internal infrastructure of the business center provides restaurants & café operators Goodman restaurant and Aroma Espresso Bar.

Office real estate market is more rigid and reacts to unexpected events with a delay of 3 to 6 months. Office occupiers started to reconsider their office space requirements, halting expansions or considering space contraction. While currently the impact of COVID-19-associated lockdown on Eurasia vacancy rate is limited, and the property maintained healthy level of vacant space at 5% as of 30 June 2020, in the next 3 to 6 months the vacancy risk in office properties is expected to increase with more tenants sticking to cost-cutting strategy. It should be also noted that the exposition period for leasing out the vacant space will be longer due to the COVID-19-associated lockdown effect on business activity and employment.

NOI generated by Eurasia in 1H 2020 increased by 0.5% year-on-year in comparison to 1H 2019[31].

Key Statistics:[32]

- GBA: 33,423 square meters;
- GLA: 27,996 square meters;
- Vacancy: 4.4% as of 31 December 2019 and 5.0% as of 30 June 2020;
- Average monthly base rent: USD17.7/square meters as of December 2019 and USD16.5/sq.m as of June 2020;
- Value as at 31 December 2019: USD54,300,000[33]; and
- NOI: USD6,278,000 in FY 2019 and USD6,075,000 in FY 2018.

Key Tenants:

- Microsoft Ukraine: lease period of 5 years;
- Bain & Company: lease period of 5 years;
- PricewaterhouseCoopers: lease period of 7 years; and
- PRA Ukraine: lease period of 5 years.

Key Competitors:

101 Tower

- Location: 57 Lva Tolstoho St., Kyiv, 01032
- GLA: 43,000 square meters

The property is A-class business center delivered in 2012. The property has good public transport accessibility, good pedestrian accessibility located in close proximity to Eurasia BC (250 m), high light penetration efficiency, good internal infrastructure, sufficient area of parking. Having efficient standard layouts and high-end quality of fit-out of the lobby and common areas are the major competitive advantages.

Dynastia

[31] Based on unaudited data of the Issuer.
[32] Based on unaudited data of the Issuer unless stated otherwise.
[33] Determined by CBRE Ukraine (Expandia LLC).

- Location: 46 Antonovycha St., Kyiv, 02000
- GLA: 8,000 square meters

The property is an A-class business center delivered in 2015 located in 1.2 km from Eurasia BC. The property is considered as competitive due to location and quality of the building. At the same time, Dynastia has a smaller parking capacity.

Senator

- Location: 32/2 Moskovska St., Kyiv, 01010
- GLA: 43,000 square meters

The property is A class BC delivered in 2013 with standard efficient layouts, large lobby in terms of area and materials. Senator has good internal infrastructure, an effective system of "smart" elevators. The major weaknesses are the location in the area further away from the concentration of business activity, as well as small parking.

Astarta

- Location: 58 Yaroslavska St., Kyiv, 04071
- GLA: 28,000 square meters

Astarta is comparable in quality, however, the location is farther away from the city center. Currently, the surrounding area underdeveloped environment affecting view out of the windows. However, Astarta is a new business center delivered in three phases in 2016-2018 with standard efficient layouts, BREEAM certification, and lower rents as major competitive advantages.

Leonardo

- Location: 19/21 Bohdana Khmel'nyts'koho St., Kyiv, 01030
- GLA: 29,000 square meters;

Leonardo has a more advantageous prime location in the historical center of the city, especially for tenants from the business services and consulting industry, and potentially comparable in building quality. However, being more expensive for tenants has drawbacks in terms of non-standard layouts of office and parking, high latency of the elevator system.

Parus

- Location: 2 Mechnikova St., Kyiv, 02000
- GLA: 58,000 square meters

Parus business center is mainly competitive due to more central location, however, being more expensive for tenants. A good view from the higher floors also is considered an advantage. Although the property is more attractive for some groups of tenants, in particular, for business service and consulting industries, the major disadvantages are an inefficient configuration of floors, high latency elevator system, worse accessibility due to traffic jams in the area.

Europassag

- Location: 58/10 Simi Prakhovykh St., Kyiv, 01033
- GLA: 20,000 square meters

Europassag has a comparable location approx. 700 m from Eurasia, however, being situated on the secondary street with the less attractive surrounding area. Furthermore, the property is less competitive in terms of quality being B class property with less presentable lobby, materials of fit-out, less efficient layouts. At the same time, being located in the same area, Europassag has a lower rental level, which may be preferable for occupiers with a cost-cutting strategy.

Karat

- Location: 110 Zhylianska St., Kyiv, 02000
- GLA: 6,000 square meters

Karat business center is considered as a minor competitor due to close location in the same area - approx. 300 m from Eurasia. However, the property is less competitive in terms of quality being B class property with less presentable lobby, materials of fit-out, less efficient layouts.

4.2.3 *Prime*

Prime is an A-class operating business center located in Kyiv CBD area, at 48-50 Zhylianska Street, one of the city's central streets, connecting the central part with the major city thoroughfare Peremohy Ave. The property has good transport and pedestrian accessibility from the closest metro station Olimpiiska located within 900 metres and within 10 minutes walk. Universytet and Lva Tovstoho metro stations are located in within 1.5 kilometres and within 15-20 minutes walk. The property benefits from its high profile surroundings with developed infrastructure and closeness to major transportation hubs. The central railway station is situated within 1.6 kilometres, while the Kyiv Zhuliany Airport and Kyiv Boryspil Airport are located within 7.5 kilometres and 33 kilometres respectively.

Prime comprises 9,140 square meters of gross building area in 9 levels, including 4 underground parking lots, surface parking for additional 69 parking lots leased from the city council provided to tenants in front of the property and adjoining educational establishment. Gross leasable area amounts to 8,853 square meters with the typical office floor of approx. 850 - 900 square meters Flexible layouts allow adapting space to individual tenants' needs.

Prime has a strong tenant mix, including the respectable tenants as Deloitte, Sanofi - Aventis Ukraine, one of the leading pharmaceutical companies, Corevalue software and technology services company (ITK Ukraine), and Miele, a high-end domestic appliances and commercial equipment manufacturing company.

While currently the impact of COVID-19-associated lockdown on office vacancy rate is limited, and Prime maintained almost full occupancy at 1.8% as of 30 June 2020, in the next 3 to 6 months the vacancy risk in office properties is expected to increase with more tenants sticking to cost-cutting strategy. It should be also noted that the exposition period for leasing out the vacant space will be longer due to the COVID-19-associated lockdown effect on business activity and employment.

NOI generated by Prime in 1H 2020 decreased by 10.3% year-on-year in comparison to 1H 2019[34].

<u>Key Statistics:</u>[35]

[34] Based on unaudited data of the Issuer.
[35] Based on unaudited data of the Issuer unless stated otherwise.

- GBA: 9,140 square meters;
- GLA: 8,853 square meters;
- Vacancy: 4.2% as of 31 December 2019 and 1.8% as of 30 June 2020;
- Average monthly base rent: USD17/square meters as of December 2019 and USD17.2/square meters as of June 2020;
- Value as at 31 December 2019: USD16,800,000[36]; and
- NOI: USD1,944,000 in FY 2019 and USD1,517,000 in FY 2018.

Key Tenants:

- Deloitte: lease period of 7 years;
- Sanofi: lease period of 8 years;
- Miele: lease period of 5 and a half years;
- Corevalue: lease period of 3 years; and
- Cadogan Petroleum: lease period of 3 years.

Key Competitors:

101 Tower

- Location: 57 Lva Tolstoho St., Kyiv, 01032
- GLA: 43,000 square meters

The property is A-class business center delivered in 2012. The property has good public transport accessibility, good pedestrian accessibility (1 km from Prime BC), high light penetration efficiency, good internal infrastructure, sufficient area of parking. Having efficient standard layouts and high-end quality of fit-out of the lobby and common areas are the major competitive advantages.

Dynastia

- Location: 46 Antonovycha St., Kyiv, 02000
- GLA: 8,000 square meters

The property is an A-class business center delivered in 2015 located in 600 m from Prime BC. The property is considered as competitive due to location and quality of the building. At the same time, Dynastia has a smaller parking capacity.

Senator

- Location: 32/2 Moskovska St., Kyiv, 01010
- GLA: 43,000 square meters

The property is A class business center delivered in 2013 with standard efficient layouts, large lobby in terms of area and materials. Senator has good internal infrastructure, an effective system of "smart" elevators. The major weaknesses are the location in the area further away from the concentration of business activity, as well as small parking

Astarta

- Location: 58 Yaroslavska St., Kyiv, 04071
- GLA: 28,000 square meters

Astarta is comparable in quality, however, the location is farther away from the city center. Currently, the surrounding area underdeveloped environment affecting view out of the windows. However, Astarta is a new

[36] Determined by CBRE Ukraine (Expandia LLC).

business center delivered in three phases in 2016-2018 with standard efficient layouts, BREEAM certification, and lower rents as major competitive advantages.

Leonardo

- Location: 19/21 Bohdana Khmel'nyts'koho St., Kyiv, 01030
- GLA: 29,000 square meters

Leonardo has a more advantageous prime location in the historical center of the city, especially for tenants from the business services and consulting industry, and potentially comparable in building quality. However, being more expensive for tenants has drawbacks in terms of non-standard layouts of office and parking, high latency of the elevator system.

Parus

- Location: 2 Mechnikova St., Kyiv, 02000
- GLA: 58,000 square meters

Parus business center is mainly competitive due to more central location, however, being more expensive for tenants. A good view from the higher floors also is considered an advantage. Although the property is more attractive for some groups of tenants, in particular, for business service and consulting industries, the major disadvantages are an inefficient configuration of floors, high latency elevator system, worse accessibility due to traffic jams in the area.

Europassag

- Location: 58/10 Simi Prakhovykh St., Kyiv, 01033
- GLA: 20,000 square meters

Europassag has a comparable location approx. 500 m from Prime, however, being situated on the secondary street with the less attractive surrounding area. Furthermore, the property is less competitive in terms of quality being B class property with less presentable lobby, materials of fit-out, less efficient layouts. At the same time, being located in the same area, Europassag has a lower rental level, which may be preferable for occupiers with a cost-cutting strategy.

Karat Business Center

- Location: 110 Zhylianska St., Kyiv, 02000
- Karat: GLA of 6,000 square meters

Karat business center is considered as a minor competitor due to close location in the same area - approx. 700 m from Prime. However, the property is less competitive in terms of quality being B class property with less presentable lobby, materials of fit-out, less efficient layouts.

4.2.4 *East Gate Logistic*

East Gate Logistic is a class A operating warehouse, located at 28 Zaporizka St., Boryspil, Kyiv region, Ukraine. The property benefits from the favorable location on the East (Left) Bank of Dnipro River within approx.15 kilometres from the Kyiv city boundaries, 20 kilometres from the nearest metro station Boryspilska and 5 kilometres from Kyiv Boryspil International Airport. East Gate Logistic is easily accessible via Zaporizka St. from M-03, E-40 highway connecting Kyiv to Kharkiv. Furthermore, the property can be reached from Brovary – Boryspil Ring Road connecting to M-01, E-95 Kyiv – Chernihiv highway heading northwards to Belarus.

East Gate Logistics comprises a gross building area of 49,198 square meters commissioned in 2007. Structurally the building constitutes of two adjacent blocks. Total GLA of the property is 49,198 square meters leased by two international tenants: a French chain of hypermarkets Auchan and a leading European logistics operator Fiege. The property complies with A-class warehouse requirements having 12 meters x 24 meters column grid and 12 metres clear height within the warehouse premises.

Given strong international tenants and very limited impact of of COVID-19-associated lockdown on the operations of warehouse real estate market, vacancy rate in East Gate Logistic remained stable with almost no change year-to-year as of 30 June 2020.

NOI generated by East Gate Logistic in 1H 2020 decreased by 5.5% year-on-year in comparison to 1H 2019[37].

Key Statistics:[38]

- GBA: 49,198 square meters;
- GLA: 49,198 square meters;
- Vacancy: 6.2% as of 31 December 2019 and 6.2% as of 30 June 2020;
- Average monthly base rent: USD5.2/square meters as of December 2019 and USD5.0/square meters as of June 2020; and
- Value as at 31 December 2019: USD22,600,000[39]; and
- NOI: USD2,817,000 in FY 2019 and USD2,402,000 in FY 2018.

[37] Based on unaudited data of the Issuer.
[38] Based on unaudited data of the Issuer unless stated othewise.
[39] Determined by CBRE Ukraine (Expandia LLC).

Key Tenants:

- Auchan: lease period of 6 years; and
- Fiege: lease period of 5 years.

Key Competitors:

BF Martusivka

- Location: 72 Moiseyeva St., Martusivka, Kyiv Oblast, 08343
- GLA: 70,000 square meters

BF Martusivka is considered as a competitive warehouse scheme due to location in the surrounding area in 15 km from East Gate Logistics and comparable quality. BF Martusivka is also larger in scale with higher vacancy.

4.2.5 *West Gate Logistic*

West Gate Logistic is a class A operating warehouse, located at 21st kilometer of Zhytomyr Highway in Stoyanka village, Kyiv-Sviatoshyno District, Kyiv region, Ukraine. Distance to Kyiv city boundaries is only 1 kilometer. Kyiv Rind Road is 8 kilometres away from the property. Closeness to the city provides proximity to labor pools of the Rignt (Western) Bank of Kyiv and Kyiv region. West Gate Logistic benefits from façade location to Zhytomyr Highway (M-06, E-40), connecting Kyiv to Lviv and Western border with EU.

West Gate Logistic is one of the largest warehouse complexes in Kyiv region with gross building area of 96,351 square meters. West Gate Logistic was built in two phases, both commissioned in 2008. The GLA of the property is 96,221 square meters. The property has 12 metres x 24 metres column grid with 12 metres clear height within the warehouse space typically required by occupiers in line with A-class warehouse standards. The property is occupied by high profile tenants, predominantly logistic operators and retail companies.

Strong tenant mix and very limited impact of COVID-19-associated lockdown on the operations of warehouse real estate market allows West Gate Logistic to maintain almost full occupancy with no changes year-to-year as of 30 June 2020.

NOI generated by West Gate Logistic in 1H 2020 increased by 14.4% year-on-year in comparison to 1H 2019[40].

[40] Based on unaudited data of the Issuer.

Key Statistics:[41]

- GBA: 96,351 square meters;
- GLA: 96,221 square meters;
- Vacancy: 0.3% as of 31 December 2019 and 0.3% as of 30 June 2020;
- Average monthly base rent: USD4.3/square meters as of December 2019 and USD4.4/square meters as of June 2020;
- Value as at 31 December 2019: USD39,800,000[42]; and
- NOI: USD4,536,000 in FY 2019 and USD3,408,000 thousand in FY 2018.

Key Tenants:

- DC Ukraine (Watsons): lease period of 5 years;
- Mary Kay: lease period of 5 years; and
- Good Wine: lease period of 5 years.

Key Competitors:

MLP Chaika

- Location: 1A Aviakonstruktora Antonova St., Chaiky, Kyiv Oblast, 08130
- GLA: 114,000 square meters

MLP Chaika is an ambient warehouse comparable in quality located in the same direction - Zhytomyr Highway (M-06, E-40). While MLP Chaika is located closer to Kyiv Ring Road in 4.5 km, the property has no façade location to the highway M-06, E-40 on the secondary road with less convenient access.

Amtel

- Location: 10 Soborna St., Petropavlivska Borshchahivka, Kyiv Oblast, 08130
- GLA: Phase I – 41,000 square meters, Phase II – 52,000 square meters

Amtel is a newer warehouse property consisting of two phases, with Phase I delivered in 2011 and Phase II on the final stage of construction planned for delivery in 2020. Being more competitive in quality and providing availability of new space, Amtel Phase II considered as the main competitor for West Gate Logistics. At the same time, due to the consistent deficit of new storage space on the market, a major share of space was already preleased.

4.3 Material Subsidiaries and their Business Activities

In addition to the Issuer and the Guarantor, the Group also comprises of Subsidiaries.

The Subsidiaries which the Issuer deems to be material, i.e. the companies East Gate Logistik LLC (**East Gate Logistik LLC**), West Gate Logistik LLC (**West Gate Logistik LLC**), Atlantic Pacific Ventures LLC (**Atlantic Pacific Ventures**), Property Management Solutions One LLC (**PMS One**) and Property Management Solutions Two LLC (**PMS Two** and together with East Gate Logistik LLC, West Gate Logistik LLC, Atlantic Pacific Ventures and PMS One the **Material Subsidiaries**), are described below.

4.3.1 *Description of East Gate Logistik LLC*

East Gate Logistik LLC is incorporated under the laws of Ukraine and was established on 23 September 2003.

Registered office of East Gate Logistik LLC is at 28 Zaporizhska st., Boryspil, Ukraine, 08300.

[41] Based on data of the Issuer unless stated otherwise.
[42] Determined by CBRE Ukraine (Expandia LLC).

East Gate Logistik LLC's principal source of revenue is rental income from the real estate project East Gate Logistic, which is in detail described in Section 4.2.4 (*East Gate Logistic*) of this Chapter above.

As of the date of this Prospectus, the Guarantor is the sole owner of East Gate Logistik LLC.

The following table shows selected financial information of East Gate Logistik LLC extracted from the audited financial statements of East Gate Logistik LLC for the year 2019 prepared in accordance with IFRS:

Statement of Financial Position (in thousands USD)	**31 December 2019**	**31 December 2018**
Assets		
Non-current assets		
Investment property	22,600	20,600
Total non-current assets	**22,600**	**20,600**
Current assets		
Trade and other accounts receivable	10	50
Prepayments made	76	61
Cash and cash equivalents	282	296
Total currents assets	**368**	**407**
Total assets	**22,968**	**21,007**
Equity and liabilites		
Equity		
Charter capital	64	329
Currency translation differences	996	(552)
Retained earnings	9,020	6,622
Total equity	**10,080**	**6,399**
Non current liabilites		
Deferred tax liabilities	2,657	1,769
Loans and borrowings	-	9,994
Total non-current liabilites	**2,657**	**11,763**
Current liabilites		
Loans and borrowings	9,996	2,644
Trade and other accounts payable	16	8
Prepayments received	168	164
Other taxes payable	51	9
Total current liabilites	**10,231**	**2,845**
Total liabilities	**12,888**	**14,608**
Total equity and liabilities	**22,968**	**21,007**

Statement of profit or loss and other comprehensive income (in thousands USD)	**31 December 2019**	**31 December 2018**
Revenue	3,384	2,989
Cost of sales	(503)	(452)
Gross profit	**2,881**	**2,537**
General and administrative expenses	(58)	(135)

Fair value (loss) / gain on investment property	(1,374)	135
Other expenses, net	(6)	-
Profit from operating activities	**1,443**	**2,537**
Finance income	2,181	824
Finance costs	(738)	(965)
Profit before income tax	**2,886**	**2,396**
Income tax expense	(540)	(457)
Net profit for the year	**2,346**	**1,939**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Currency translation difference	1,333	27
Other comprehensive income	**1,335**	**27**
Total comprehensive income for the year	**3,681**	**1,966**

4.3.2 *Description of West Gate Logistik LLC*

West Gate Logistik LLC is incorporated under the laws of Ukraine and was established on 10 May 2006 by GLD Logistik Park Holding Limited, a legal entity incorporated under the laws of Cyprus.

Registered office of West Gate Logistik LLC is at 08114, Kyiv region, Kyiv Sviatoshyn district, village Stoyanka, 21 km of Zhytomyr highway Street.

West Gate Logistik LLC's principal source of revenue is rental income from the real estate project West Gate Logistic, which is in detail described in Section 4.2.4 (*East Gate Logistic*) of this Chapter above. West Gate Logistik LLC also owns an associated land plot on which West Gate Logistic is located.

As of the date of this Prospectus, the Guarantor is the sole owner of West Gate Logistik LLC.

The following table shows selected financial information of West Gate Logistik LLC extracted from the audited financial statements of West Gate Logistik LLC for the year 2019 prepared in accordance with IFRS:

Statement of Financial Position (in thousands USD)	**31 December 2019**	**31 December 2018**
Assets		
Non-current assets		
Investment property	39,800	34,400
Property and equipment	-	3
Total non-current assets	**39,800**	**34,403**
Current assets		
Trade and other accounts receivable	42	67
Prepayments made	132	158
Cash and cash equivalents	537	189
Total currents assets	**711**	**414**
Total assets	**40,511**	**34,817**
Equity and liabilites		
Equity		

Charter capital	7	7
Currency translation differences	1,230	2,245
Additional paid-in capital	5,351	9,733
Accumulated deficit	(12,143)	(21,033)
Total equity	**(5,555)**	**(9,048)**
Non current liabilites		
Loans and borrowings	38,714	35,294
Long-term tenants' security deposits	143	49
Deferred tax liabilities	929	929
Total non-current liabilites	**39,786**	**36,272**
Current liabilites		
Loans and borrowings	6,000	7,338
Prepayments received	-	35
Short-term tenants' security deposits	104	132
Trade and other accounts payable	55	38
Other taxes payable	121	50
Total current liabilites	**6,280**	**7,593**
Total liabilities	**46,066**	**43,865**
Total equity and liabilities	**40,511**	**34,817**

Statement of profit or loss and other comprehensive income (in thousands USD)	**31 December 2019**	**31 December 2018**
Revenue	5,865	4,695
Cost of sales	(1,182)	(1,032)
Gross profit	**4,683**	**3,663**
General and administrative expenses	(147)	(256)
Fair value (loss) / gain on investment property	(556)	2,186
Other income / (other expenses), net	-	1
Profit from operating activities	**3,980**	**5,594**
Finance income	9,031	3,042
Finance costs	(3,325)	(3,528)
Profit before income tax	**9,686**	**5,108**
Income tax expense	(796)	(627)
Net profit for the year	**8,890**	**4,481**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Currency translation difference	(1,015)	(257)
Other comprehensive income	**(1,015)**	**(257)**
Total comprehensive income for the year	**7,875**	**4,224**

4.3.3 *Description of Atlantic Pacific Ventures*

Atlantic Pacific Ventures is incorporated under the laws of Ukraine and was established on 3 April 2007 by 1849-Appolo Overseas I Limited, a legal entity incorporated under the laws of Cyprus.

Registered office of Atlantic Pacific Ventures is at 4 Mishugy st., Kyiv, Ukraine, 08300.

Atlantic Pacific Ventures' principal source of revenue is rental income from the real estate project Piramida, which is in detail described in Section 4.2.1 (*Piramida*) of this Chapter above.

As at 31 December 2018, Atlantic Pacific Ventures had a 100% owned subsidiary, Limited Liability Company Universal Star Co, which was in the process of liquidation and had no operational activities. During 2019 Universal Star Co was liquidated, and all its assets were transferred to Atlantic Pacific Ventures. As at 31 December 2019, Atlantic Pacific Ventures does not have any subsidiaries or associates.

As of the date of this Prospectus, the Guarantor is the sole owner of Atlantic Pacific Ventures.

The following table shows selected financial information of Atlantic Pacific Ventures extracted from the audited financial statements of Atlantic Pacific Ventures for the year 2019 prepared in accordance with IFRS:

Statement of Financial Position (in thousands USD)	**31 December 2019**	**31 December 2018**
Assets		
Non-current assets		
Investment property	50,300	46,000
Prepayments for Investment property	91	-
Intangible assets	10	12
Total non-current assets	**50,401**	**46,012**
Current assets		
Trade and other accounts receivable	2,231	372
Prepayments made	116	171
Cash and cash equivalents	1,669	727
Total currents assets	**4,016**	**1,270**
Total assets	**54,417**	**47,282**
Equity and liabilites		
Equity		
Charter capital	158	8
Additional paid-in capital	3,174	3,174
Currency translation differences	13,954	7,777
Retained earnings	26,818	24,301
Total equity	**44,104**	**35,260**
Non current liabilites		
Deferred tax liabilities	8,572	7,796
Loans and borrowings	5	-
Tenants' security deposits	586	360
Total non-current liabilites	**9,163**	**8,156**
Current liabilites		
Loans and borrowings	-	3,163
Tenants' security deposits	430	423
Trade and other accounts payable	155	56
Income tax payble	379	59
Other taxes payable	186	165
Total current liabilites	**1,150**	**3,866**
Total liabilities	**10,313**	**12,022**

Total equity and liabilities	**54,417**	**47,282**

Statement of profit or loss and other comprehensive income (in thousands USD)	**31 December 2019**	**31 December 2018**
Revenue	9,033	7,509
Cost of sales	(1,420)	(885)
Gross profit	**7,613**	**6,624**
General and administrative expenses	(492)	(685)
Sales and distribution expenses	(82)	-
Fair value (loss) / gain on investment property	(3,867)	3,520
Other income / (other expenses), net	10	(56)
Profit from operating activities	**3,182**	**9,403**
Finance income	227	223
Finance costs	(101)	(776)
Profit before income tax	**3,308**	**8,850**
Income tax expense	(791)	(1,800)
Net profit for the year	**2,517**	**7,050**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Currency translation difference	6,177	270
Other comprehensive income	**6,177**	**270**
Total comprehensive income for the year	**8,694**	**7,320**

4.3.4 *Description of PMS One*

PMS One is incorporated under the laws of Ukraine and was established on 29 November 2016 by Orbelson Holding Limited and Glanston Holdings Limited, legal entities incorporated under the laws of Cyprus.

Registered office of PMS One is at 75 Zhylyanska st., Kyiv, Ukraine, 01032.

PMS One's principal source of revenue is rental income from the real estate project Eurasia, which is in detail described in Section 4.2.2 (

Eurasia) of this Chapter above.

As of the date of this Prospectus, the Guarantor is the sole owner of PMS One.

The following table shows selected financial information of PMS One extracted from the audited financial statements of PMS One for the year 2019 prepared in accordance with IFRS:

Statement of Financial Position (in thousands USD)	**31 December 2019**	**31 December 2018**
Assets		
Non-current assets		
Investment property	54,300	51,000

Prepayments for Investment property	251	-
Property and equipment	1	1
Total non-current assets	**54,552**	**51,001**
Current assets		
Trade and other accounts receivable	15	84
Prepayments made	109	92
Taxes receivable	3	2
Cash and cash equivalents	1,504	1,057
Total currents assets	**1,631**	**1,235**
Total assets	**56,183**	**52,236**
Equity and liabilites		
Equity		
Charter capital	-	-
Additional paid-in capital	7,118	7,118
Currency translation differences	3,547	(755)
Retained earnings	20,093	17,934
Total equity	**30,758**	**24,297**
Non current liabilites		
Deferred tax liabilities	4,729	4,871
Long-term tenants' security deposits	682	158
Total non-current liabilites	**5,411**	**5,029**
Current liabilites		
Loans and borrowings	18,916	22,033
Trade and other accounts payable	98	49
Prepayments received	572	371
Short-term tenants' security deposits	91	248
Income tax payable	240	80
Other taxes payable	97	129
Total current liabilites	**20,014**	**22,910**
Total liabilities	**25,425**	**27,939**
Total equity and liabilities	**56,183**	**52,236**

Statement of profit or loss and other comprehensive income (in thousands USD)	**31 December 2019**	**31 December 2018**
Revenue	7,864	7,440
Cost of sales	(1,231)	(967)
Gross profit	**6,633**	**6,473**
General and administrative expenses	(311)	(398)
Fair value (loss) / gain on investment property	(5,411)	821
Sales and distribution expenses	(44)	-
Profit from operating activities	**867**	**6,896**
Finance income	3,383	484
Finance costs	(1,692)	(2,130)

Profit before income tax	**2,558**	**5,250**
Income tax expense	(399)	(951)
Net profit for the year	**2,159**	**4,299**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Currency translation difference	4,302	192
Other comprehensive income	**4,302**	**192**
Total comprehensive income for the year	**6,461**	**4,491**

4.3.5 *Description of PMS Two*

PMS Two is incorporated under the laws of Ukraine and was established on 29 November 2016 by Orbelson Holding Limited and Glanston Holdings Limited, legal entities incorporated under the laws of Cyprus.

Registered office of PMS Two is at 75 Zhylyanska st., Kyiv, Ukraine, 01032.

PMS Two's principal source of revenue is rental income from the real estate project Prime, which is in detail described in Section 4.2.3 (*Prime*) of this Chapter above.

As of the date of this Prospectus, the Guarantor is the sole owner of PMS Two.

The following table shows selected financial information of PMS Two extracted from the audited financial statements of PMS Two for the year 2019 prepared in accordance with IFRS:

Statement of Financial Position (in thousands USD)	**31 December 2019**	**31 December 2018**
Assets		
Non-current assets		
Investment property	16,800	15,400
Property and equipment	1	5
Total non-current assets	**16,801**	**15,405**
Current assets		
Trade and other accounts receivable	18	23
Prepayments made	41	30
Cash and cash equivalents	416	317
Total currents assets	**475**	**370**
Total assets	**17,276**	**15,775**
Equity and liabilites		
Equity		
Charter capital	--	--
Additional paid-in capital	2,546	2,546
Currency translation differences	809	(185)
Retained earnings	4,069	2,946
Total equity	**7,424**	**5,307**
Non current liabilites		
Deferred tax liabilities	1,116	1,092
Long-term tenants' security deposits	82	65

Total non-current liabilites	**1,198**	**1,157**
Current liabilites		
Loans and borrowings	8,469	9,100
Trade and other accounts payable	20	29
Prepayments received	66	62
Income tax payable	71	80
Other taxes payable	28	40
Total current liabilites	**8,654**	**9,331**
Total liabilities	**9,852**	**10,468**
Total equity and liabilities	**17,276**	**15,775**

Statement of profit or loss and other comprehensive income (in thousands USD)	**31 December 2019**	**31 December 2018**
Revenue	2,459	2,093
Cost of sales	(434)	(317)
Gross profit	**2,025**	**1,776**
Fair value (loss) / gain on investment property	(1,258)	264
General and administrative expenses	(75)	(259)
Sales and distribution expenses	(6)	-
Profit from operating activities	**686**	**1,781**
Finance income	1,436	158
Finance costs	(764)	(829)
Profit before income tax	**1,358**	**1,110**
Income tax expense	(235)	(203)
Net profit for the year	**1,123**	**907**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Currency translation difference	994	43
Other comprehensive income	**994**	**43**
Total comprehensive income for the year	**2,117**	**950**

5 Core Markets of the Guarantor and the Group

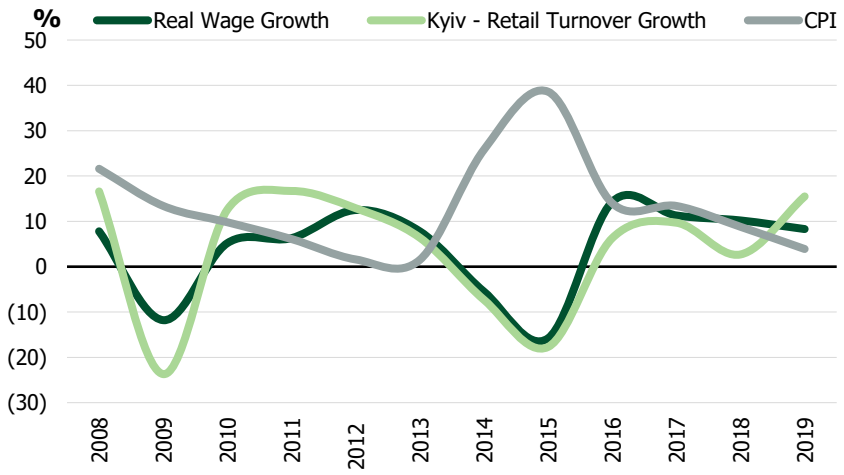
The Guarantor's main activities are investing in real estate sector in Ukraine. The Guarantor is active on the Retail Real Estate Market, the Office Real Estate Market and the Warehouse Real Estate Market of Ukraine, Kyiv region.

5.1 Kyiv Retail Real Estate Market

Retail continued to post healthy trends of growing consumer demand and retail turnover over the last four years. Growth in retail turnover in Ukraine stood at 10.5% year-on-year in 2019, while Kyiv retail turnover growth traditionally outpaced the country average accelerating by 15.5% year-on-year in 2019. The pace of growth in retail turnover achieved in 2019 was the fastest since 2012. The acceleration was driven by expanding household consumption, which remained a key driver of economic growth. Household purchasing power was supported by strong, albeit slowing, growth in salaries, a gradual increase in pensions, election-

related social spending from the state budget and off-budget funds, an upsurge in consumer confidence, and slowing inflation. In nominal terms, the average monthly salary rose by 16.8% in 11M year-on-year in Kyiv, while in real terms, the average salary rose by 8.3% year-on-year supported by decelerating consumer inflation with Consumer Price Index (**CPI**) recorded at approx. 3.9% in Kyiv as compared to December 2018, down from 8.8% in 2018. In the meantime, the Consumer Confidence Index inched up by 0.5 points month-on-month in December 2019, to 92.2 on a 0-200 scale, advancing by 30 points from the level of 62.2 at the end of 2018.[43]

The following graph shows the development of Real Wage Growth, Retail Turnover Growth and the CPI in the Kyiv Region[44]:



Source: Kyiv Statistics Committee[45]

Occupier demand from existing retailers and new market entries displayed the expansionary trend, reflecting growing retail sales. Among most notable new retailers, the market witnessed the opening of the long-awaited Swedish Mid-range fashion brand H&M in 2018, expanding its presence to three stores in Kyiv by the end of 2019. In 2019 the market welcomed Decathlon (French sportswear retailer), The North Face (American Sportswear), Pylones (French Gift Shop), Claudie Pierlot and Weill (French Luxury Brands), Missha (Korean Health & Beauty).

According to CBRE Kyiv & Regions Retail Market Research Report 2019[46], four retail schemes entered the market in 2019: two community shopping centers Smart Plaza Obolon (10,000 square meters) and Oasis (13,200 square meters), regional shopping mall River Mall (54,700 square meters) and the superregional Blockbuster Mall (100,000 square meters). Annual new supply totaled approx. 178,700 square meters in 2019, bringing the total retail stock to approx. 1.28 million square meters (+16% YTD). Notwithstanding high volume of new additions, the average vacancy remained roughly unchanged increasing by 1.5 pp YTD to 4.5%, due to a large share of preleased space in new schemes. Rents for retail gallery space in prime shopping centers posted 14-21% increase YTD and ranged from USD85 to USD115 per square meters. In other shopping centers, rents averaged USD44–63 per square meters (+5% YTD).

According to CBRE Kyiv & Regions Retail Market Research Report 2019, approx. 290,000 square meters of retail gallery space is expected for delivery in Kyiv in 2020, including Ocean Mall (100,000 square meters), Retroville (80,700 square meters), Rive Gauche II (50,000 square meters), New Ray (34,500 square meters) and White Lines (27,000 square meters). While the delays in delivery are possible, in case of timely

[43] Source: SSS, Info Sapiens
[44] Source: Kyiv Statistics Committee
[45] Source: http://kiev.ukrstat.gov.ua/
[46] Source: CBRE Kyiv & Regions Retail Market Research Report 2019, Colliers International Ukraine

commissioning, the average market vacancy is expected to increase, potentially decreasing the rental rates, in particular in less competitive shopping centers.

At the same time, provided that consumer demand continues to grow, increasing availability of retail space will attract new cross-border brands to enter the market, expanding the potential demand for retail space. Notably, IKEA (Swedish homeware and department store) has plans to launch an online store with subsequent opening of the physical store in 2020. The potential entries also include Kipling (Belgian Specialist Clothing), Carter's (American Specialist Clothing), Home&You (Polish Homeware and Department Store), AVVA (Turkish Value and Denim) and FLO (Turkish Specialist Clothing). Potential entries in the medium term are also expected from Eataly (Italian food hall & restaurant chain), Sephora (Health & Beauty), Deichmann (German Specialist Clothing), and Debenhams (British Homeware & Department Store).[47]

5.2 Kyiv Office Real Estate Market[48]

Office market remained on the growth path in 2019, following the general improvements in the economy, rapid growth of IT sector and positive shift of business expectations, notwithstanding the cautious approach of corporate occupiers in light of Presidential and Parliamentary Elections in the beginning of 2019. Slower occupier demand expansion at the beginning of the year accelerated in H2 2019. According to CBRE Ukraine, this resulted in annual take-up volume increasing by approx.. 17% year-on-year, reaching 170,000 square meters Over 24% of lease transactions were driven by relocations, while shares of expansion and new entry leases accounted for 28%, respectively. Lease transactions of more than 1,000 square meters dominated the take-up volume with approx. 90% share, indicating that demand for large premises remained strong. Occupiers from the IT sector investigated the opportunities for large areas (more than 10,000 square meters). However, the market has been unable to meet the demand. In the meanwhile, pre-lease practice evidenced in several under-construction projects posed to enter the market by 2020-21 became a noticeable market trend in H2 2019.

Total office stock in Kyiv amounted to approx. 1.8 million square meters (+6% year-on-year) due to the new addition of 100,000 square meters of office space in 2019. In 2019, the average market vacancy marginally increased to 8.5% (+4.2 YTD) as a result of new completions, Wave Tower BC (GLA 15,000) located at 9B Stepana Bandery Avenue, Kyiv, Unit City B10 (10,400 square meters), part of business park located at 3 Dorohozhytska St., Kyiv, 02000 and Sigma BC (GLA 19,000) located at 4 Vatslava Havela Boulevard, Kyiv, 03067 entering the market, the latter - after a change of ownership. Other schemes included small-scale business centers Amarcord (6,700 square meters) located at 30A Holosiivskyi Avenue, Kyiv, 03039square meters, Palo Alto (5,000 square meters) located at 11 Marshala Rybalka St., Kyiv, 04116 and Zitadelle (3,800 square meters) located at 16 Lavrska st., Kyiv, 01015.

Prime effective rent grew by 8% over 2019, reaching USD27/square meters/month (net of VAT) by the end of the year, as landlords seized the opportunity to increase their rental revenues amidst current deficit of high-quality space anticipating a future increase of new supply in line with the acceleration of development activity in the sector. Therefore, average asking rents ranged between USD26 - USD45/square meters/month e-o-p 2019 with lower and upper bounds increasing by 53% and 29% year-on-year, respectively. Asking rents for B-class office space also followed upward trend as both bounds of the range rose by 16% year-on-year to USD14 – USD30/square meters/month by the end of 2019.

According to real estate consulting agencies[49], new supply in 2020 is expected to grow to aprox 200-250 thousand square meters in line with official developers' announcements. However, the increasing share of pre-leases in projects under construction and a large volume of pent-up demand for high-quality large size units imply that the majority of new space will be absorbed and the average market vacancy will post a slight increase. In case the economy and business activity remain on the growth path, the deficit of the best quality space will remain for some time yet or decrease slightly.

[47] Source: CBRE Kyiv & Regions Retail Market Research Report 2019
[48] Source: CBRE Kyiv Office Market Research Report 2019
[49] Source: CBRE Kyiv Office Market Research Report 2019, Colliers Internationals Ukraine Office Market Report 2019

5.3 Kyiv Warehouse Real Estate Market[50]

The demand for modern warehousing space grew on the back of strong retailers and logistics occupiers, with scarce availability of quality space brought to the fore. Annual take-up declined almost to 138,000 square meters (-12% year-on-year) as compared to 2018 due to the scarce volume of vacant space on the market. However, tenants' demand for storage facilities is driven by logistics and retailers. In take-up structure, Logistics operators (+ 25% year-on-year) signed 44% of leasing deals in 2019, reflecting the ongoing expansion of e-commerce in Ukraine. Retailers leased out 45% of take-up volume owing to the accelerating pace of retail turnover growth (+10.5% year-on-year nationwide; +15.5% year-on-year in Kyiv).Another 11% share of take up comprised of Manufacturing, Industrial & Energy companies. Key lease transactions were closed by logistics operators STV in Esma (7,600 square meters) and IN Logistic (10,300 square meters in two locations), Ekol (3,000 square meters) and Zammler (4,600 square meters) in 2019. In retail sector the most notable transactions were relocation & expansion of BudPostach (22,000 square meters), Good Wine (9,800 square meters), Fozzy (7,000 square meters), Kolo (6,000 square meters), and Kosmo (6,000 square meters). One small transaction was finalized in the Wholesale & Retail Trade sector in Q3, namely a 1,700 square meters lease of New Yorker for Zara online shop. Also, a new lease of 9,200 square meters by occupier from Manufacturing, Industrial & Energy segment was recorded.

Annual new supply in 2019 amounted to 22,000 square meters, consisting of one project, Unilogic Logistic Park (Phase III), delivered at the end of 2019. Total competitive warehouse stock increased by 13%YTD to 1.4 million square meters New space was fully absorbed by the market with vacancy declining further from 3.7% in 2018 to 2.5% by the end of 2019.

Prime asking rent for ambient warehouse started to get back to USD fixation standing in the range of USD5.3 – USD6.3 to USD6/square meters/month (UAH125 - 150/square meters/month (+5% YTD). Thus, with hryvnia appreciation, the lower and upper bound of the range increased in USD-terms by 18% and 11% respectively. Asking rental rates for B-class ambient warehouses followed upward trend rising from USD2.7 – USD3.9/square meters/month (UAH75 - 110/square meters/month) in 2018 eop to USD3.4 – USD4.6/square meters/month (UAH80 - 110/square meters/month) by the end of 2019. Therefore, prime effective rent for A-class premises ranged from USD4.8 - 5.5/square meters/month representing approx. 34% and 8% increase for lower bound and the upper bound respectively.

Improving business sentiment, export growth and strong demand from logistic, retail and e-commerce segments will have a positive impact on the performance of warehouse market in the near future. Scarce availability of vacant space is expected to put the upward pressure on rents to the break-even-point for developers to start new construction, in particular in less risky built-to-suit projects. However, financing constraints continue to have an adverse effect on new development negatively reflecting on the warehouse market by inhibiting new supply. Thus, in 2020 only 61,000 square meters of new supply to be delivered to the market in Amtel Phase II (52,000 square meters), which is almost fully pre-leased. As a result, vacancy is expected to remain low due to large pent up demand and low pipeline.[51]

6 <u>Organizational Structure of the Guarantor</u>

6.1 The Guarantor's Shareholders Structure

The Guarantor has, as of the date of this Prospectus, four shareholders:

(a) Dragon Capital Investments Limited, with its registered seat at 15 Agiou Pavlou Str., LEDRA HOUSE, 1105 Agios Andreas, Nicosia, Cyprus (**DC Investments**), which owns 10,513 ordinary shares with a nominal value of USD1.0904 each, which in total corresponds to 17% share in the registered capital of USD68,911.100; DC Investments is ultimately controlled by Mr. Tomáš Fiala, born 13 May 1974;

[50] Source: CBRE Kyiv Warehouse Market Research Report 2019
[51] Source: CBRE Kyiv Warehouse Market Research Report 2019

(b) Dragon Capital New Ukraine Fund LP, with its registered seat at 23 – 27 Charter Place, Seaton Place, JE1 1JY St. Helier, Jersey (**DC NUF**), which owns 22,658 ordinary shares with a nominal value of USD1.0904 each, which in total corresponds to 36% share in the registered capital of USD68,911.100; DC NUF is ultimately controlled by Mr. Tomáš Fiala, born 13 May 1974;

(c) Ukrainian Redevelopment Fund LP, with its registered address at 1209 Orange Street, Corporation Trust Company, Corporation Trust Centre, 19801 Wilmington, New Castle County, U.S.A. - Delaware (**Ukrainian Redevelopment Fund**), which owns 9,823 ordinary shares with a nominal value of USD1.0904 each, which in total corresponds to 15% share in the registered capital of USD68,911.100; Ukrainian Redevelopment Fund is ultimately controlled by Soros Fund Management LLC, ID: 2679102 with its address at 250 West 55th Street, New York, NY 10019, USA; and

(d) Sky Mundi S.À. R.L., with its registered seat at 2 Rue du Fossé, L-1536, Luxembourg (**Sky Mundi**), which owns 20,204 ordinary shares with a nominal value of USD1.0904 each, which in total corresponds to 32% share in the registered capital of USD68,911.100; Sky Mundi is ultimately controlled by the Goldman Sachs Group, Inc., SEC registration number: 13-4019460, with its seat at 200 West Street, New York, 10282, N.Y, USA,

(together the **Shareholders**).

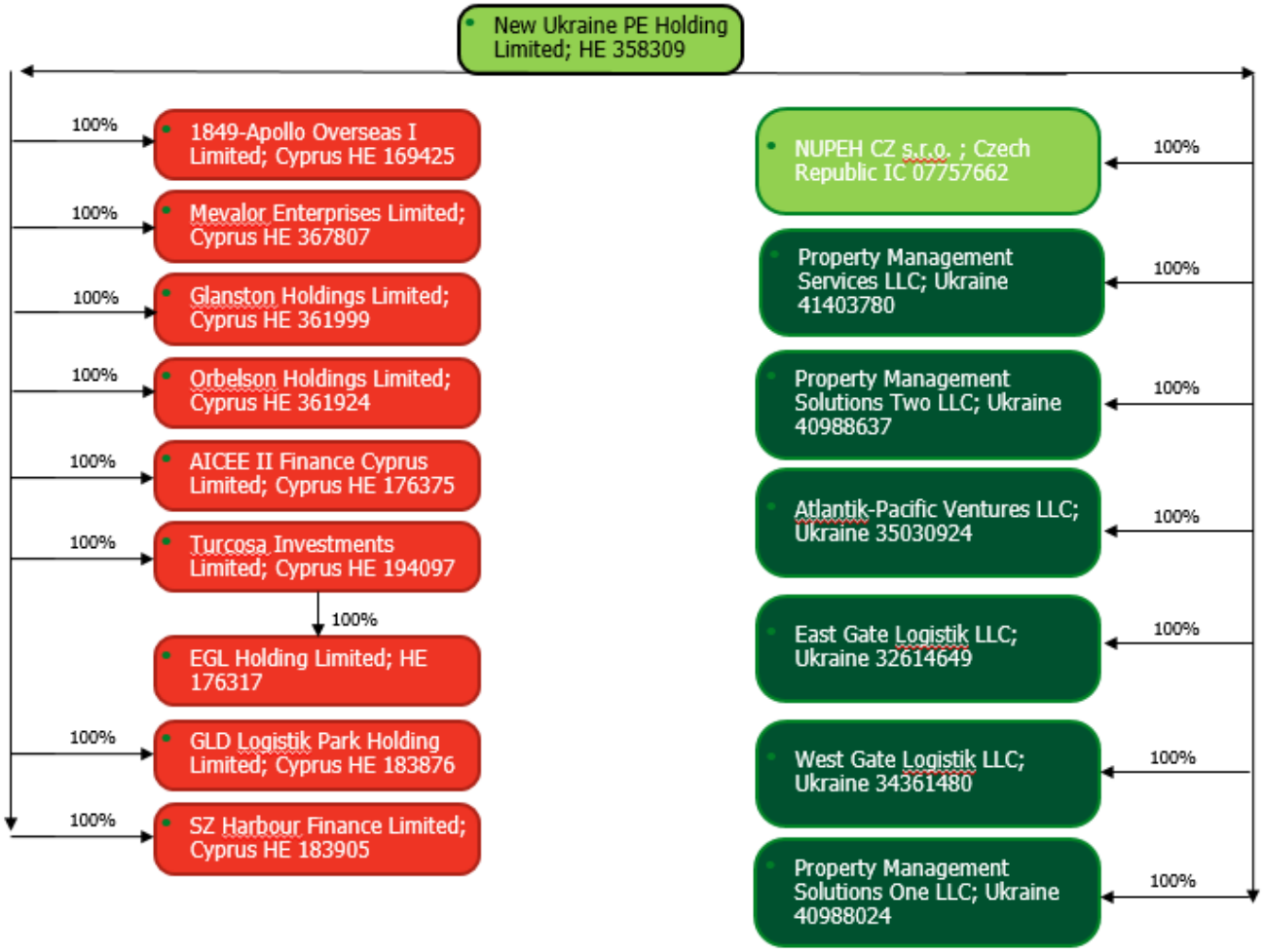
In accordance with the Shareholders' agreement, key strategic decisions are made by the Shareholders together holding more than 90% of shares in the Guarantor's issued registered capital.

The Guarantor is not aware of any agreements that may lead to a change in control of the Guarantor.

6.2 The Group

The Guarantor is a member of the Group. Information on the Material Subsidiaries is in detail specified in Section 4.3 (*Subsidiaries and their Business Activities*) of this Chapter above. The information about the Issuer is specified in Chapter IX (*Information about the Issuer*) of this Prospectus.

The following page shows the organizational structure of the Group as well as structure of ownership of the Guarantor (unless otherwise specified, the ownership interest always corresponds to the share in the voting rights of the relevant person):



TO BE LIQUIDATED in 2021

Liquidation will start in Q4 2020 and be finalized in 2021

6.3 The Guarantor's Dependence on the Group companies

The Guarantor is an investment entity as defined[52] by IFRS and invests in the Subsidiaries. The Subsidiaries are investees controlled by the Guarantor. In addition to equity financing to the Subsidiaries, as a part of structuring its investments the Guarantor has number of intragroup loans. The loans are denominated in USD and EUR, unsecured, interest bearing (range from 6.5% to 9.0%) with variable terms of repayment and represent an alternative to the equity way of financing investments. The Guarantor at its capacity of the shareholder may amend any terms of the loans, including modification to convert loans in full or in part into equity.

The Guarantor therefore depends on the income from dividends and other revenues from the Subsidiaries and their ability to meet their obligations under the intragroup loans. The Guarantor's ability to meet its obligations will be materially affected by the value of its ownership interests and the financial and economic standing of the individual Subsidiaries. The eventual inability of the relevant Subsidiary to repay the loan or facility could affect the Guarantor. The Guarantor's dependence on its Shareholders is based on the Shareholders' ownership interest and share in the voting rights as well as on the fact that Shareholders, which together hold more than 90% of shares in the Guarantor, may make key strategic decisions.

7 Information about Trends

7.1 No Material Adverse Change

The Guarantor declares that, other than changes caused by the COVID-19 outbreak as described in the below section 7.2 below and in other parts of this Prospectus, no material adverse changes in the Guarantor's outlooks have occurred since the date of the most recent audited financial statements of the Guarantor.

The Guarantor also declares that, other than changes caused by the COVID-19 outbreak as described in the below section 7.2 below and in other parts of this Prospectus, no material adverse changes have occurred in the financial performance of the Group since the end of the most recent accounting period for which financial data were published.

7.2 Information about Trends

As at the date of this Prospectus, there are no trends, uncertainties, claims, obligations or events which would be realistically likely to have an adverse impact on the Guarantor's outlooks, other than information related to the COVID-19 outbreak as described in this Section below.

As the Group operates on the real estate market, there are a number of factors and trends that may have an impact on the Group (and thus on the Guarantor).

7.2.1 *Retail Market Trends*

Household consumption will remain a key economic growth driver in 2020, as low inflation and positive consumer sentiment will support household purchasing power, offsetting a likely further slowdown in nominal salary growth. Increasing pace of retail turnover growth and growing disposable income will continue to attract new retailers to Kyiv retail market supporting the demand for quality retail space.

Growing competition in retail real estate market and reorientation of consumer flows following the potential delivery of several malls in the next 2-3 years are expected, while the shopping centers with most sought-after location & tenant mix are expected to maintain strong position. Renovation and repositioning of existing shopping centres, especially those that are more than 10 years old is expected in order for these shopping centres to stand out from the others in more competitive environment.

The role of food & beverage, entertainment components and service operators is growing and thus more shopping centers will work on creating balanced tenant mix with increasing share of these segments in the

[52] Source: the Financial Statement of the Guarantor for Year 2019 (p. 16)

total GLA., as well as increasing share of common areas with more space dedicated to comfort of the consumers, thusmaximizing the dwelling time and retail turnover.

E-commerce integration into traditional retail, such as introduction of pick up points of large e-commerce retailers) is expected to continue.

In addition, there is a trend of growing importance of transparency between tenants and management companies, such as transparency of footfall, turnover, market lease terms or tenant reviews.

Due to the COVID-19 outbreak, retail real estate market entered lockdown in late March of 2020 with generally solid fundamentals across subsectors. Retail real estate market has been negatively affected the most by the COVID-19 outbreak, with weaker consumption sentiment and a number of non-essential category shops closed from 17 March 2020 due to quarantine, whereas the gradual reopening of shops began taking place from 30 May 2020. Shopping centers felt the most severe impact of lockdown due to closure of non-essential category stores, restaurants, all food & beverage occupiers, entertainment zones and other public venues from 17 March 2020. Most retailers halted their expansion plans or market entry. Strong demand remained only in food, electronics and pharma sectors, while fashion retailers felt the largest drop in sales. COVID-19 outbreak weighed on retail sales and operational results of shopping centers, whereas tenants from non-essential categories of shop received a rent relieve due to closure of their shops or slow recovery of turnover, and many tenants received temporary rental discounts in renegotiations of their leasing terms on individual basis. Future market dynamics will be largely dependent upon the pace of consumer demand recovery and any further measures imposed by the Ukrainian government.

Retail turnover will continue to recover if no new significant shocks occurr by the end of 2020 and retailers will gradually return to expansion strategy over the next 6 to 12 months with different pace across retail categories, supporting the demand for quality retail space. Growing competition is expected in the retail real estate market and reorientation of consumer flows following the potential delivery of several malls in the next 2 to 3 years, while the shopping centers with most sought-after location & tenant mix are expected to maintain a strong position. Renovation and repositioning of existing shopping centers, especially those of 10 years old and more in operation is expected to stand out from the others in a more competitive environment. As a result of the COVID-19 outbreak, there is an increased role of safety, disinfection and cleaning in the shopping malls.

Trend of the increasing role of food & beverage areas and entertainment components slows down due to COVID-19-associated social distancing rules but is expected to recover albeit at a slower pace than other retail and will be much dependent on the government measures in respect to those types of tenants. The structural changes in retail market will accelerate, with E-commerce integrating into traditional retail (such as pick up points of large e-commerce retailers in shopping malls).

7.2.2 *Office Market Trends*

Office market sees growing occupier demand on the back of strengthening business activity and expansion of large IT, High tech & Telecommunication companies, Business Services, and Manufacturing companies. Changing life style and growing needs for flexibility of office space through alternative lease arrangements via serviced office providers, co-working and business accelerators.

There is an increasing share of serviced offices and co-workings in the total take-up indicating the emerging shared workplace culture, especially in creative industries. As the market will become more developed, the relocations strategies of major occupiers will pursue not only the cost cutting, but also to meet talent needs and more efficient use of space through agile space solutions.

Office market further sees increasing demand from occupiers to increase office space, particularly with regards to requests exceeding 10,000 square meters, whereas the occupiers are mainly looking for consolidating the office space. In addition, there is a substantial volume of pent-up demands and increasing share of pre-lettings in projects yet under construction due to low completion volumes in the previous 5 years.

Moderate growth of average market vacancy in a wake of increasing pipeline and completions in 2020-2022 is expected.

Office market remained relatively less affected by the the COVID-19 outbreak and subsequent lockdown measures, posting solid market fundamentals until late March of 2020 before the onset of the COVID-19 outbreak. Leasing demand lost momentum in the the first 6 months of 2020 due to uncertainty associated with the COVID-19 outbreak. Many corporate occupiers halted their decision on relocations and expansions or reconsidered their current footprint. With lockdown measures being introduced, some tenants started negotiations with property owners on temporary rent reductions. As a result, some occupiers were temporarily granted rent discounts, deferred payments or short-term rent-free periods on individual bases.

7.2.3 *Warehouse Market Trends*

Mismatches of large demand and supply place landlords in a strong position, with only one large scale scheme Amtel Phase II of 52,000 square meters currently being under construction.

The market sees an increasing demand for modern warehouse facilities due to expanding e-commerce segment along with growing requirements from logistics and retailers. In addition, there is an increasing demand for specialized warehouses tailored to agriculture.

The shortage of modern storage facilities will prevail over some time yet pushing the rental rates up. The new development cycle is about to kick-start in 2020-2021 and will be driven by substantial occupier demand with rental rates reaching the break-even point. An increasing number of pre-leases is expected to accelerate absorption pace, with vacancy expected to remain at healthy levels.

The market further sees an interest from international developers to start construction in the nearest future. There is a growing trend of offering of built-to-suit projects tailored to tenants' specific needs.

Financing constraints for development projects continue to have an adverse effect on new development negatively reflecting on the warehouse market by inhibiting new supply.

Warehouse market suffered the least the COVID-19 outbreak and subsequent lockdown measures. Food retailers and E-commerce continued to operate at full capacity partly counterbalancing the negative impact of lockdown on the market and increasing their requirements for storage. In addition, remarkable deficit of warehouse space being recorded over the course of 5 preceding years made the warehouse market more sustainable to the COVID-19 outbreak. Rental discounts were rare oaproxsions, and mostly represented marked-to-market renegotiations for overrented premises. However, due to most rents being denominated in UAH, the market is still imposed to the devaluation risks in case of national currency fluctuations.

8 Profit Forecasts or Estimates

The Guarantor does not forecast or estimate the profit in the format compliant with the requirements of the Prospectus Regulation and it has therefore decided not to include such a forecast or estimate in the Prospectus.

9 Administrative, Management and Supervisory Bodies of the Guarantor

9.1 Board of Directors

As of the Date of the Prospectus, the Guarantor only has one member of the Board of Directors, Mrs. Olha Turyk

Olha Turyk

Business address:	16 louniou 1943, 9 AREA A, Flat/Office 202, 3022, Limassol, Cyprus
Date of appointment:	August 2018

Experience and other relevant information:	Mrs. Olha Turyk is a Director of the Guarantor since August 2018. She acts in the capacity of an executive member of the Board of Directors of the Guarantor. Mrs. Turyk has been with the Guarantor since 2007, when she joined Dragon Capital, Private Equity, as a head of controlling department. At this position, she was responsible for leading the budgeting process for 2 investment funds, budget reporting and variance analyses, budget forecasting based on actuals, Board reports on budget performance and segment reporting to the Board, managing several portfolio companies, development and implementation of internal control policies and procedures. Mrs. Turyk has over 17 years of total professional experience in budgeting process, finance analysis, liaison with banks andmanaging portfolio companies. Olha Turyk graduated from Kyiv National Economic University named after Vadym Hetman in 2006 and holds an MA degree in Finance. In 2003 Olha Turyk graduated from Nizhyn Gogol State University and holds an MA Degree in Foreign Languages (English, German).

9.2 Supervisory and Control Bodies

The Guarantor does not have any supervisory or control bodies.

9.3 Manager of the Group's projects

The shareholders of the Guarantor have retained an affiliated company of DC Investments, a member of the Dragon Capital group which is a leading Ukrainian group of companies in the field of investment and financial services, offering a comprehensive range of products in equities and fixed income sales, trading and research, investment banking, private equity and asset management to institutional, corporate and private clients - to provide property management for the whole Group. Beside properties of the Group, the property manager services in total 30 properties in Ukraine with a centralized property management team of more than 60 professionals.

9.4 Declaration on Conflict of Interest and Compliance with the Sound Corporate Management and Governance Regime

The Issuer is not aware of any potential conflict of interest between the Guarantor-related obligations of the member of the Board of Directors of the Guarantor and their private interest or other obligations, but the discharge of her office as member of the Boards of Directors of the companies specified in Section 9.1 may involve a conflict of interest due to the fact that she is also member of the bodies of the other companies and also follows the interests of such companies or those of the persons controlled by such companies. The Guarantor complies with all the sound governance and management requirements set by the applicable laws and regulations of Cyprus, in particular the Cyprus Companies Law Cap.113, if applicable. In its governance and management, the Guarantor follows the corporate governance and management requirements arising from the applicable laws and regulations, which it considers sufficient and therefore does not follow any rules specified in any corporate governance and management code because it.

10 Financial Information Concerning the Guarantor's Assets and Liabilities, Financial Position and Profits and Losses

10.1 Selected Historical Financial Data

The following tables provide an overview of the Financial Statements of the Guarantor for the Year 2019 and Financial Statements of the Guarantor for the Year 2018 showing selected historical financial data from the

audited financial statements of the Guarantor compiled according to IFRS. Full financial statements of the Guarantor are incorporated in the Prospectus by reference (see Chapter *Information included by reference*).

Some of the information contained in this Prospectus has been rounded, and therefore the figures given in the individual tables may vary slightly. The sums in each table need not be equal to the arithmetic sum of the numbers preceding the sum.

The Financial Statements of the Guarantor for the Year 2019 and the Financial Statements of the Guarantor for the Year 2018 were verified by the Auditor of the Guarantor, who issued an unqualified opinion regarding the financial statements mentioned above. To the best of the Guarantor's knowledge, no material adverse changes occurred in the Guarantor's outlook and no material changes occurred in the financial or business situation of the Guarantor between the date of the most recent audited financial statements, i.e. 31 December 2019, and the date of this Prospectus except as specified in this Prospectus.

STATEMENT OF FINANCIAL POSITION (in thousands of USD)

	31 December 2019	**31 December 2018**
Assets		
Financial assets at fair value through profit or loss	180,281	163,909
Total non-current assets	**180,281**	**163,909**
Cash and cash equivalents	5,057	3,490
Trade and other receivables	81	61
Refundable tax	86	86
Total current assets	**5,224**	**3,637**
Total Assets	**185,505**	**167,546**
Equity		
Share capital	69	69
Share premium	64,449	64,449
Retained earnings	86,317	56,008
Total equity	**150,835**	**120,526**
Liabilities		
Loans and borrowings	24,500	34,500
Total non-current liabilities	**24,500**	**34,500**
Loans and borrowings	10,005	10,000
Dividends payable	-	2,500
Trade and other payables	165	20
Total curent liabilites	**10,170**	**12,520**
Total liabilites	**34,670**	**47,020**
Total equity and liabilities	**185,505**	**167,546**

STATEMENT OF CASH FLOWS (in thousands of USD)

	2019	**2018**
Cash flows from operating activities		
Profit for the year	**30,309**	**18,203**
Adjustments for:		
Net gain from financial asets at fair value through profit or loss	(34,278)	(23,008)
Finance costs	3,806	4,231
Interest received	6,991	6,025
Dividends received	3,140	4,860
Loans principles received	7,969	12,489
Increase of share capital of investee	(194)	(7,443)
Acquisition of investees	-	(15,096)
Tax expense	46	31
	17,789	**292**

Increase in trade and other receivables	(24)	(53)
Increase/(decrease) in trade and other payables	145	(54)
Cash from operating activities	**17,910**	**185**
Tax paid	(46)	(84)
Net cash from operating activites	**17,864**	**101**
Cash flows from financing activities		
Proceeds from issue of share capital	-	529
Proceeds from loans and borrowings obtained	-	47,533
Loans and borrowings repaid	(10,000)	(46,533)
Finance costs paid	(3,797)	(4,472)
Dividends paid	(2,500)	(3,059)
Net cash flows used in financing activities	**(16,297)**	**(6,002)**
Net increase/(decrease) in cash and cash equivalents	**1,567**	**(5,901)**
Cash and cash equivalents at the beginning of the year	3,490	9,391
Cash and cash equivalents at the end of the year	**5,057**	**3,490**

STATEMENT OF COMPREHENSIVE INCOME (in thousands of USD)

	2019	**2018**
Net gain from financial assets at fair value through profit or loss	32,278	23,008
Administrative expenses	(117)	(543)
Total operating profit	**34,161**	**22,465**
Finance costs	(3,806)	(4,231)
Profit for the year	**30,355**	**18,234**
Tax	(46)	(31)
Total comprehensive income for the year	**30,309**	**18,203**

STATEMENT OF CHANGES IN EQUITY (in thousands of USD)

	Share capital	Share premium	Retained earnings	Total
Balances at 31 December 2017	**65**	**61,283**	**46,005**	**107,535**
Issue of ordinary shares	4	3,166	--	3,170
Total comprehensive income for the year				
Net profit	**--**	**--**	**18,203**	**18,203**
Transactions with owners of the Guarantor				
Dividends accrued	--	--	(8,200)	(8,200)
Total transactions with owners of the Guarantor	--	--	(8,200)	(8,200)
Balances at 31 December 2018	**69**	**64,449**	**56,008**	**120,526**
Total comprehensive income for the year				
Net profit	--	--	30,309	30,309
Balances at 31 December 2019	**69**	**64,449**	**86,317**	**150,835**

11 Legal and Arbitration Proceedings

In the past 12 months, neither the Guarantor nor any of the Subsidiaries has been a party to any judicial, arbitration or other proceedings (including those that are pending or threatened of which the Issuer is aware) which may have, or have had, have a material adverse effect on the Guarantor´s and the Group´s financial standing or profitability.

12 Significant Change in the Guarantor's Financial Position

No significant changes in the Guarantor's and the Group´s financial position, other than the changes specified in this Prospectus in Chapter X, Section 3.8 in connection with the changes of the Group's structure, Chapter X, Section 4.2 in connection with the impacts of the COVID-19 outbreak on the individual projects operated by the Group and Chapter X, Section 7.2 in connection with the impacts of the COVID-19 outbreak on the markets that the Group operates in, have occurred since the end of the last fiscal period.

13 Material Contracts

As of the date of this Prospectus, the Guarantor has not entered into any significant contract except for contracts entered into in the ordinary course of business of the Guarantor that could give rise to a liability or claim of any member of the Guarantor or the Group, which would have material adverse effect on the Guarantor's ability to fulfil its obligations from the Financial Guarantee.

14 Disclosed Documents

For the term of this Prospectus, the following documents, together with other documents to which this Prospectus may refer (including any reports, letters and other documents), are on the Issuer's website www.nupeh-cz.com:

(a) up to date memorandum and articles of association of the Guarantor;

(b) Financial Statements of the Guarantor for the Year 2019, including the notes and opinions of the Auditor of the Guarantor on Financial Statements of the Guarantor for the Year 2019;

(c) Financial Statements of the Guarantor for the Year 2018, including the notes and opinions of the Auditor of the Guarantor Financial Statements of the Guarantor for the Year 2018; and

(d) Valuation Report of Prime prepared by CBRE Ukraine (Expandia LLC), Valuation Report of Piramida prepared by CBRE Ukraine (Expandia LLC), Valuation Report of Eurasia prepared by CBRE Ukraine (Expandia LLC), Valuation Report of West Gate Logistic prepared by CBRE Ukraine (Expandia LLC) and Valuation Report of East Gate Logistic prepared by CBRE Ukraine (Expandia LLC).

Documents listed in (b), (c) and (d) above will remain publicly available in electronic form for at least 10 years after their publication on the relevant website.

XI. FINANCIAL GUARANTEE

1 Financial Guarantee

The liabilities of the Issuer under the Bonds will, in accordance with the Terms and Conditions, be secured by a financial guarantee (**Financial Guarantee**) constituted by a financial guarantee deed **(**the **Financial Guarantee Deed**) within the meaning of Section 2020 et seq. of the Civil Code granted by the Guarantor. The full text of the Financial Guarantee is as follows:

ZÁRUČNÍ LISTINA

FINANCIAL GUARANTEE DEED

vystavená společností New Ukraine PE Holding Limited ve vztahu k dluhopisům vydaným společností **NUPEH CZ s.r.o.**

by New Ukraine PE Holding Limited in relation to bonds issued by ***NUPEH CZ s.r.o.***

v předpokládané celkové jmenovité hodnotě 700.000.000 Kč s možností navýšení až do výše 1.050.000.000 Kč, se jmenovitou hodnotou jednoho dluhopisu ve výši 10.000 Kč, se splatností v roce 2025, ISIN: CZ0003524795

in the anticipated total nominal value of CZK700,000,000 which may be subject to a potential increase up to CZK1,050,000,000 and individual denominations of CZK10,000 each, due in 2025, ISIN: CZ0003524795

VZHLEDEM K TOMU, ŽE:

WHEREAS:

(A) NUPEH CZ s.r.o., společnost s ručením omezeným založená podle práva České republiky, se sídlem Antala Staška 1859/34, Krč, 140 00 Praha 4, Česká republika, IČO: 077 57 662, LEI: 3157002FXYZ444Q6BD33, zapsaná v obchodním rejstříku vedeném Městským soudem v Praze, spisová značka C 307124 (**Emitent**) se rozhodla vydat nepodřízené dluhopisy v předpokládané celkové jmenovité hodnotě 700.000.000 Kč s možností navýšení až do výše 1.050.000.000 Kč, se jmenovitou hodnotou jednoho dluhopisu ve výši 10.000 Kč, se splatností v roce 2025, ISIN CZ0003524795 (každý z nich **Dluhopis** a společně **Dluhopisy**);

NUPEH CZ s.r.o., a limited liability company incorporated under the laws of the Czech Republic, with its registered office at Antala Staška 1859/34, Krč, 140 00 Praha 4, Czech Republic, identification number: 077 57 662, LEI: 3157002FXYZ444Q6BD33, registered in the commercial register maintained by the Municipal Court in Prague under file no. C 307124 (the ***Issuer****) has decided to issue senior bonds in the anticipated total nominal amount of CZK700,000,000 which may be subject to a potential increase up to CZK1,050,000,000 and individual denominations of CZK10,000 each, due in 2025, ISIN CZ0003524795 (each a* ***Bond****, and together the* ***Bonds****);*

(B) Dle emisních podmínek Dluhopisů (**Emisní podmínky**) mají být Dluhopisy zajištěny, mimo jiné, prohlášením o finanční záruce vystaveným společností New Ukraine PE Holding Limited, se sídlem 16 louniou 1943, 9 AREA A, Flat/Office 202, 3022, Limassol, Cyprus, ID číslo: HE 358309, LEI: 254900ID57LI5XI5KI72 (**Ručitel**), jakož i případně jiným zajištěním za podmínek předvídaných a stanovených v Emisních podmínkách;

Under the terms and conditions of the Bonds (the ***Terms and Conditions****), the Bonds are to be secured, inter alia, by the financial guarantee declaration of New Ukraine PE Holding Limited, with its registered office at 16 louniou 1943, 9 AREA A, Flat/Office 202, 3022, Limassol, Cyprus, ID No.: HE 358309, LEI: 254900ID57LI5XI5KI72 (****Guarantor****), as well as any other security under the terms anticipated and set forth in the Terms and Conditions;*

(C) Ručitel tímto potvrzuje, že (i) obdržel, přečetl a plně chápe Emisní podmínky a (ii) bude dodržovat ustanovení Emisních podmínek (včetně omezení a povinností) vztahujících se na Ručitele; a

The Guarantor hereby acknowledges that (i) it has received, read and fully understood the Terms and Conditions and (ii) it will adhere to those provisions of the Terms and Conditions (including any limitations or duties) relating to the Guarantor; and

(D) Ručitel je ochotný a souhlasí s tím, že tímto prohlášením o finanční záruce (**Prohlášení o finanční záruce**) zaručí Zaručené dluhy (jak jsou definovány níže) Emitenta vzniklé na základě Dluhopisů nebo ve vztahu k Dluhopisům.

*The Guarantor is prepared and agrees to guarantee the Guaranteed Debts (as they are defined below) of the Issuer arising from or relating to the Bonds by this financial guarantee declaration (the **Financial Guarantee Declaration**).*

Ručitel činí následující:

The Guarantor makes the following:

1. PROHLÁŠENÍ O FINANČNÍ ZÁRUCE (*FINANCIAL GUARANTEE DECLARATION*)

1.1 S výhradou článků 2.3 a 2.5 níže, a aniž by to mělo vliv na jakýkoli závazek Ručitele k vlastníkům Dluhopisů (každý z nich **Vlastník dluhopisů** a společně **Vlastníci dluhopisů**), Ručitel tímto neodvolatelně, absolutně a bezpodmínečně:

*Subject to Clauses 2.3 and 2.5 below and without prejudice to any of the Guarantor's obligations to the holders of the Bonds (each a **Bondholder**, and jointly the **Bondholders**), the Guarantor hereby irrevocably, absolutely and unconditionally:*

(i) zaručuje řádné a včasné splacení Zaručených dluhů, a to ve stanovený okamžik jejich splatnosti, při předčasném zesplatnění či jinak v souladu s Emisními podmínkami, a

guarantees due and punctual payment of the Guaranteed Debts whether at their stated maturity, upon their acceleration or otherwise pursuant to the Terms and Conditions; and

(ii) zavazuje se Vlastníkům dluhopisů, že kdykoli Emitent nezaplatí jakoukoli částku Zaručených dluhů k jejich splatnosti nebo případně v dodatečné lhůtě pro zaplacení poskytnuté ve vztahu k Zaručeným dluhům, Ručitel bezodkladně, a v každém případě na písemnou výzvu Vlastníka dluhopisů, tomuto Vlastníkovi dluhopisů zaplatí tuto částku ve měně stanovené Emisními podmínkami, a jinak ve všech ohledech stejným způsobem, kterým Zaručené dluhy mají být zaplaceny Emitentem podle Emisních podmínek.

undertakes with the Bondholders that, whenever the Issuer does not pay any amount of the Guaranteed Debts when due or, if available, in the course of any grace period provided in respect of the Guaranteed Debts, the Guarantor will immediately and in any event upon written demand by a Bondholder, pay that amount to that Bondholder, in the currency prescribed in the Terms and Conditions, and otherwise in the same manner in all respects as Guaranteed Debts are required to be paid by the Issuer under the Terms and Conditions.

1.2 S výhradou článků 2.3 a 2.5 níže, pokud v důsledku toho, že určitý Dluhopis nebo Dluhopisy budou zrušeny nebo jinak přestanou existovat nebo že jakýkoli Zaručený dluh je nebo se stane neplatným, nevymahatelným nebo neúčinným, a to z jakéhokoli důvodu, a bez ohledu na to, zda je tento důvod znám Vlastníkovi dluhopisů, Vlastník dluhopisu nebo jiná osoba, která by byla oprávněná k výplatě úrokových či jiných výnosů a jmenovité hodnoty z Dluhopisů, pokud by Dluhopisy byly platné (**Jiný věřitel**), utrpí ztrátu či škodu (**Ztráta**), Ručitel se tímto neodvolatelně, absolutně a bezpodmínečně zavazuje, že každému Vlastníkovi dluhopisů a každému Jinému věřiteli na písemnou výzvu poskytne náhradu jakékoli takové Ztráty, přičemž částka této Ztráty bude částka, kterou by tento Vlastník dluhopisů nebo tento Jiný věřitel jinak byl oprávněn obdržet od Emitenta, ve měně stanovené

Emisními podmínkami, a jinak ve všech ohledech stejným způsobem, kterým Zaručené dluhy musejí být zaplaceny Emitentem podle Emisních podmínek.

Subject to Clauses 2.3 and 2.5 below, if as a result of a Bond or the Bonds being cancelled or otherwise ceasing to exist or as a result of any of the Guaranteed Debts being or becoming invalid, unenforceable or ineffective for any reason whatsoever, whether or not known to a Bondholder, the Bondholder or another person that would be entitled to the payment of interest income or any other income and nominal value of the Bonds if the Bonds were valid (the ***Other Creditor****) incurs any loss or damage (a* ***Loss****), the Guarantor hereby irrevocably, absolutely and unconditionally agrees, to reimburse each Bondholder and each Other Creditor from time to time upon written demand for any such Loss, the amount of such Loss being the amount which that Bondholder or that Other Creditor would otherwise have been entitled to recover from the Issuer, in the currency prescribed in the Terms and Conditions, and otherwise in the same manner in all respects as Guaranteed Debts are required to be paid by the Issuer under the Terms and Conditions.*

1.3 Výzva Vlastníka dluhopisů nebo Jiného věřitele podle článku 1.1 nebo 1.2 výše musí být učiněna v českém nebo anglickém jazyce a musí být Ručiteli doručena doporučenou poštou na adresu jeho sídla (kterým v okamžiku učinění tohoto Prohlášení o finanční záruce je 16 louniou 1943, 9 AREA A, Flat/Office 202, 3022, Limassol, Cyprus) a pouze pro informační účely také společnosti J&T BANKA, a.s., jednající ve vztahu k Dluhopisům jako Administrátor (**Administrátor**), na adresu jejího sídla (kterým v okamžiku učinění tohoto Prohlášení o finanční záruce je Sokolovská 700/113a, Praha 8, PSČ 186 00, Česká republika (**Určená provozovna**)). Výzvu musí podepsat (a) Vlastník dluhopisů, (b) Jiný věřitel nebo (c) oprávněný zástupce Vlastníka dluhopisů nebo Jiného věřitele, přičemž podpis na výzvě musí být úředně ověřen a v případě potřeby musí být doručena spolu s dokumenty dostatečně prokazujícími oprávnění podepisující osoby jednat jménem příslušného Vlastníka dluhopisů nebo Jiného věřitele.

The demand by a Bondholder or an Other Creditor pursuant to Clause 1.1 or Clause 1.2 above must be made in Czech or English and delivered by registered mail to the Guarantor at its registered office (which, at the moment of making of this Financial Guarantee Declaration is 16 louniou 1943, 9 AREA A, Flat/Office 202, 3022, Limassol, Cyprus) and, for information purposes only, also to J&T BANKA, a.s., acting in its capacity as the Fiscal and Paying Agent (in Czech administrátor) (the ***Fiscal and Paying Agent****) in relation to the Bonds, at its registered office (which, at the moment of making of this Financial Guarantee Declaration, is at Sokolovská 700/113a, Praha 8, Postal Code 186 00 (the* ***Specified Office****)). The demand must be signed by (a) a Bondholder, (b) an Other Creditor, or (c) an authorized representative of the relevant Bondholder or the relevant Other Creditor, whose signature on the demand must be officially verified and, if relevant, it must be delivered together with documents sufficiently proving the authority of the signatory to act on behalf of the relevant Bondholder or the relevant Other Creditor.*

1.4 V tomto Prohlášení o finanční záruce termín **Zaručené dluhy** znamená:

In this Financial Guarantee Declaration the ***Guaranteed Debts*** *mean:*

(i) dluh Emitenta splatit jmenovitou hodnotu každého Dluhopisu vlastněného příslušným Vlastníkem dluhopisů a jeho přirostlého a nevyplaceného úrokového výnosu;

a debt of the Issuer to repay the nominal amount of each Bond held by the relevant Bondholder and any accrued and unpaid interest thereon;

(i) dluh Emitenta z bezdůvodného obohacení vzniklého vůči příslušnému Vlastníkovi dluhopisů nebo Jinému věřiteli v důsledku toho, že určitý Dluhopis nebo Dluhopisy budou zrušeny nebo jinak přestanou existovat nebo že jakýkoli Dluhopis je nebo se stane neplatným nebo zdánlivým; a

a debt of the Issuer from unjust enrichment owed to the relevant Bondholder or the relevant Other Creditor which has arisen as a result of a Bond or the Bonds being cancelled or otherwise ceasing to exist or as a result of any of the Bonds being or becoming void, voidable or invalid; and

(ii) dluh Emitenta představující jakoukoliv sankci vyplývající z nesplacení Dluhopisů řádně a včas,

a debt of the Issuer consisting in any sanction arising from the failure to repay the Bonds duly and timely,

ať už se jedná o dluhy, které k datu tohoto Prohlášení o finanční záruce již existují, nebo o dluhy vznikající v budoucnu kdykoli do 31. října 2035 včetně. Koupě Dluhopisů Vlastníkem dluhopisů se považuje za přijetí finanční záruky na základě tohoto Prohlášení o finanční záruce tímto Vlastníkem dluhopisů.

whether existing as at the date hereof or arising in the future at any time up to and including 31 October 2035. The purchase of the Bonds by a Bondholder shall be construed as acceptance of the financial guarantee under this Financial Guarantee Declaration by that Bondholder.

1.5 Dluh Ručitele podle tohoto článku je splatný 15. (patnáctý) pracovní den následující po obdržení příslušné výzvy od příslušného Vlastníka dluhopisů nebo příslušného Jiného věřitele zaslané Ručiteli.

The Guarantor's debt under this Clause will become due on the 15th (fifteenth) business day following the delivery of the relevant demand by the relevant Bondholder or the relevant Other Creditor to the Guarantor.

1.6 Zaručené dluhy budou splaceny či Ztráta bude nahrazena v pořadí podle data, kdy byly doručeny příslušné výzvy příslušných Vlastníků dluhopisů nebo příslušných Jiných věřitelů.

The Guaranteed Debts will be repaid or the Loss will be reimbursed in the order according to the dates of delivery of the relevant demands by the relevant Bondholders or the relevant Other Creditors.

2. PODMÍNKY A OMEZENÍ PROHLÁŠENÍ O FINANČNÍ ZÁRUCE (*TERMS AND LIMITATIONS OF THE FINANCIAL GUARANTEE DECLARATION*)

2.1 Toto Prohlášení o finanční záruce je neodvolatelná finanční záruka ve smyslu § 2029 a násl. zákona č. 89/2012 Sb., Občanský zákoník, v platném znění (**Občanský zákoník**).

*This Financial Guarantee Declaration is an irrevocable declaration of financial guarantee within the meaning of Section 2029 et seq. of the Act No. 89/2012 Coll., Civil Code, as amended (the **Civil Code**).*

2.2 Ručitel poskytuje tuto finanční záruku jako svůj trvající závazek, bez ohledu na jakékoli vyúčtování či výskyt jakékoli jiné události, a tato finanční záruka zůstane zcela platná a účinná až do úplného splnění a uspokojení Zaručených dluhů, nebo případně do úplné náhrady Ztráty, bez ohledu na jakoukoli mezitímní platbu či plnění, úplné či částečné, avšak nejdéle do 31. října 2035. Úplným splněním a uspokojením Zaručených dluhů a případně úplnou náhradou Ztráty tato finanční záruka zanikne.

The Guarantor grants this financial guarantee as its continuing obligation, notwithstanding any settlement of account or the occurrence of any other event, and the financial guarantee shall remain in full force and effect until the full discharge and satisfaction of the Guaranteed Debts or, if relevant, the full reimbursement of the Loss, regardless of any intermediate payment or discharge in whole or in part, however not later than by 31 October 2035. By the full discharge and satisfaction of the

Guaranteed Debts and, if relevant, the full reimbursement of the Loss, this financial guarantee shall cease to exist.

2.3 Celková částka Zaručených dluhů, které Ručitel zaručuje a které uspokojí podle článku 1.1 výše, a částka případné Ztráty, kterou Ručitel nahradí podle článku 1.2 výše, je omezena částkou rovnající se součtu (i) nesplacené jmenovité hodnoty Dluhopisů, (ii) přirostlého a nevyplaceného úrokového výnosu z Dluhopisů, (iii) dluhu Emitenta z bezdůvodného obohacení vzniklého v důsledku toho, že určitý Dluhopis nebo Dluhopisy budou zrušeny nebo jinak přestanou existovat nebo že jakýkoli Dluhopis je nebo se stane neplatným, (iv) dluhu Emitenta představující jakoukoliv sankci vyplývající z nesplacení Dluhopisů řádně a včas a v každém případě celkovou částkou 1.750.000.000 Kč (**Celková maximální částka**).

The aggregate amount of the Guaranteed Debts, which the Guarantor guarantees and shall discharge pursuant to Clause 1.1 above, and the amount of the Loss, if any, which the Guarantor shall reimburse pursuant to Clause 1.2 above, shall be limited to an amount equal to the aggregate of (i) the unpaid nominal value of the Bonds, (ii) the accrued and unpaid interest on the Bonds, (iii) the Issuer's debt from unjust enrichment arising as a result of a certain Bond or Bonds being cancelled or otherwise ceasing to exist or any Bond being or becoming invalid, (iv) the Issuer's debt representing any sanction for the Bonds not being paid duly and in time, which shall in no event exceed the total amount of CZK1,750,000,000 (the ***Total Maximum Amount****).*

2.4 Pokud splněním Zaručených dluhů nebo nahrazením Ztráty na základě výzev doručených ve stejný den by byla překročena Celková maximální částka, veškerá práva na splnění Zaručených dluhů nebo nahrazení Ztráty vykonaná ve stejný den budou uspokojena poměrně v závislosti na částce Zaručených dluhů nebo Ztráty, ve vztahu ke kterým byly učiněny příslušné výzvy podle tohoto Prohlášení o finanční záruce, tak, aby celková částka splněných Zaručených dluhů a nahrazené Ztráty nepřekročila Celkovou maximální částku. Zaručené dluhy či Ztráta, které po dosažení Celkové maximální částky zůstanou neuspokojeny, Ručitel nesplní a nenahradí.

If, by repayment of the Guaranteed Debts or reimbursement of the Loss based on demands delivered on the same date, the Total Maximum Amount would have been exceeded, any rights in respect of repayment of the Guaranteed Debts or reimbursement of the Loss exercised on that same date will be satisfied on pro rata basis according to the amount of the Guaranteed Debts or the Loss in respect of which the relevant demands under this Financial Guarantee Declaration have been made, so that the total amount of the repaid Guaranteed Debts and the reimbursed Loss does not exceed the Total Maximum Amount. The Guaranteed Debts or the Loss which will remain unsatisfied after the Total Maximum Amount has been reached will not be repaid or reimbursed by the Guarantor.

2.5 Bez ohledu na články 1.1 a 1.2 výše, Vlastník dluhopisů nebo Jiný věřitel může učinit výzvu a Ručitel je povinen učinit platbu ke splnění Zaručených dluhů nebo nahrazení Ztráty podle Prohlášení o finanční záruce, pouze pokud (a v době, ve které) jakákoli platba splatná Vlastníkům dluhopisů v souvislosti s Dluhopisy není uhrazena v den splatnosti a toto porušení trvá a zůstane nenapraveno déle než 10 pracovních dnů ode dne, kdy byl Emitent na tuto skutečnost písemně upozorněn Vlastníkem dluhopisů dopisem doručeným Emitentovi a Administrátorovi na adresu Určené provozovny.

Notwithstanding Clause 1.1 and 1.2 above, a demand may only be made by a Bondholder or an Other Creditor and the Guarantor is only obliged to make any payment in discharge of the Guaranteed Debts or reimbursement of the Loss under this Financial Guarantee Declaration if, and during the period (if any) that any payment payable to the Bondholders in connection with the Bonds is not paid on the due date and such default is continuing and not remedied within 10 business days from the date on

which the Issuer was notified of this in writing by the Bondholder via a letter delivered to the Issuer and to the Fiscal and Paying Agent at the Specified Office.

2.6 Dluhy Ručitele vyplývající z tohoto Prohlášení o finanční záruce představují jeho přímé, nepodřízené a nezajištěné závazky, které jsou a budou co do pořadí svého uspokojení rovnocenné (pari passu) jak mezi sebou navzájem, tak vůči všem dalším současným i budoucím nezajištěným a nepodřízeným dluhům Ručitele, ale v případě insolvence pouze v rozsahu povoleném příslušnými právními předpisy upravujícími práva věřitelů.

The Guarantor's debts under this Financial Guarantee Declaration are direct, unsubordinated and unsecured obligations of the Guarantor and rank and will rank pari passu, without any preference among themselves and with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws and regulations relating to creditors' rights.

2.7 Každý Vlastník dluhopisů a každý Jiný věřitel je oprávněn třetí straně postoupit veškerá svá práva z tohoto Prohlášení o finanční záruce, mimo jiné včetně svého práva vykonat jakákoli práva a obdržet platby na základě tohoto Prohlášení o finanční záruce, pokud je tato třetí strana zároveň oprávněna k výplatě úrokových či jiných výnosů a jmenovité hodnoty z Dluhopisů.

Each Bondholder and each Other Creditor may assign to a third party any or all its rights under this Financial Guarantee Declaration including, among other things, its right to exercise any rights and to receive payments under this Financial Guarantee Declaration, if the third party is also entitled to the payment of interest income or any other income and nominal value of the Bonds.

3. PLATBY (*PAYMENTS*)

3.1 Veškeré platby, které je Ručitel povinen činit na základě této Záruční listiny, budou činěny bez jakéhokoli zápočtu či protinároku.

All payments which the Guarantor is required to make under this Financial Guarantee Deed will be made without any set-off or counterclaim.

3.2 Všechny platby činěné Ručitelem podle tohoto Prohlášení o finanční záruce budou činěny stejným způsobem jako platby činěné Emitentem Vlastníkům dluhopisů prostřednictvím Administrátora podle Emisních podmínek.

All payments by the Guarantor under this Financial Guarantee Declaration will be made in the same manner and using the same method as the payments made by the Issuer to the Bondholders through the Fiscal and Paying Agent under the Terms and Conditions.

3.3 Všechny platby činěné Ručitelem budou činěny bez jakýchkoli srážek daní či poplatků jakéhokoli druhu, ledaže taková srážka daní nebo poplatků bude vyžadována platnými právními předpisy. Budou-li jakékoli takové srážky vyžadovány, nebude Ručitel povinen hradit Vlastníkům dluhopisů ani Jiným věřitelům žádné další částky jako náhradu těchto srážek.

All payments made by the Guarantor will be made free of any withholdings or any deductions on account of any taxes or other charges of any kind, unless such withholding or deduction of taxes or other charges is required by applicable law. If any such withholdings or deductions are required, the Guarantor will not be obliged to pay to the Bondholders or the Other Creditors any further amounts as a reimbursement for those withholdings or deductions.

4. PROHLÁŠENÍ RUČITELE (*REPRESENTATIONS OF THE GUARANTOR*)

4.1 Ručitel prohlašuje, že je společností s ručením omezenýmřádně založenou a existující podle kyperského práva, dobře vede své korporátní záležitosti, je v dobrém stavu a není v insolvenci a/nebo jinak neschopný platit své dluhy, kdy se stanou splatnými, ve smyslu ustanovení Kyperského práva obchodních společností, Kap. 113, ve znění pozdějších předpisů.

The Guarantor represents that it is a limited liability company duly formed or organized and existing under the laws of Cyprus, and has kept its corporate governance in good order, it is in good standing and it is not insolvent and/or otherwise unable to pay its debts, as and when they fall due, pursuant to the provisions of the Cypriot Companies Law, Cap. 113, as amended from time to time.

4.2 Ručitel prohlašuje, že toto Prohlášení o finanční záruce zakládá jeho platné, účinné a vymahatelné povinnosti v souladu s podmínkami obsaženými v tomto Prohlášení o finanční záruce.

The Guarantor represents that this Financial Guarantee Declaration constitutes its valid, effective and enforceable obligations in accordance with its terms.

4.3 Ručitel prohlašuje, že volba českého práva jako rozhodného práva této Záruční listiny a tohoto Prohlášení o finanční záruce a veškerých mimosmluvních závazků vznikajících na základě této Záruční listiny a tohoto Prohlášení o finanční záruce nebo v souvislosti s nimi by byly potvrzeny jako platná volba práva soudy Kypru, a že české, respektive kyperské soudy by aplikovaly české právo na tuto Záruční listinu a toto Prohlášení o finanční záruce a na veškeré mimosmluvní závazky vznikající na základě této Záruční listiny a tohoto Prohlášení o finanční záruce nebo v souvislosti s nimi jako rozhodné právo této Záruční listiny a tohoto Prohlášení o finanční záruce a veškerých mimosmluvních závazků vznikajících na základě této Záruční listiny a tohoto Prohlášení o finanční záruce nebo v souvislosti s nimi.

The Guarantor represents that the choice of Czech law as the governing law of this Financial Guarantee Deed and the Financial Guarantee Declaration and any non-contractual obligations arising out of or in connection with this Financial Guarantee Deed and the Financial Guarantee Declaration would be upheld as a valid choice by the courts of Cyprus and Czech law would be applied by the Czech and Cypriot courts, respectively, in relation to this Financial Guarantee Deed and the Financial Guarantee Declaration and any non-contractual obligations arising out of or in connection with this Financial Guarantee Deed and the Financial Guarantee Declaration as the governing law of this Financial Guarantee Deed and the Financial Guarantee Declaration and any non-contractual obligations arising out of or in connection with this Financial Guarantee Deed and the Financial Guarantee Declaration.

4.4 Ručitel prohlašuje, že soudy České republiky a Kypru budou obecně respektovat ustanovení této Záruční listiny a tohoto Prohlášení o finanční záruce, podle kterého se Ručitel podřizuje výhradní pravomoci českých soudů a příslušného soudu v Praze, kromě toho, že kyperské soudy by obecně byly pravomocné ve vztahu k předběžným či ochranným opatřením, i kdyby soudy České republiky byly příslušné ve vztahu k podstatě sporu.

The Guarantor represents that the courts of the Czech Republic and Cyprus will generally respect the provision in this Financial Guarantee Deed and the Financial Guarantee Declaration, under which the Guarantor submits to the exclusive jurisdiction of the Czech courts and a competent court in Prague, except that the Cypriot courts would in general take jurisdiction in relation to provisional or protective matters even if the courts of the Czech Republic have jurisdiction as to the substance of the dispute.

4.5 Ručitel prohlašuje, že má všechna nezbytná oprávnění a je způsobilý k učinění tohoto Prohlášení o finanční záruce a vystavení této Záruční listiny.

The Guarantor represents that it has all necessary authorisations, power and capacity to make this Financial Guarantee Declaration and issue this Financial Guarantee Deed.

4.6 Ručitel prohlašuje, že obdržel všechny korporátní a jiné souhlasy (je-li jich třeba) k učinění tohoto Prohlášení o finanční záruce a vystavení této Záruční listiny.

The Guarantor represents that it has obtained all corporate and other authorisations (if required) for making of this Financial Guarantee Declaration and issuing this Financial Guarantee Deed.

4.7 Ručitel prohlašuje, že má plné a neomezené právo vlastnit svůj majetek a příslušná povolení potřebná ke svému podnikání a toto podnikání provozuje ve všech podstatných ohledech v souladu s právními předpisy.

The Guarantor represents that it has full and unlimited power and right to own its assets and all relevant authorisations or licences required to do its business and it carries out such business in accordance with applicable law and regulations in all material respects.

5. SPLACENÍ EMITENTEM (*REPAYMENT BY THE ISSUER*)

5.1 Pokud bude platba přijatá od Emitenta Vlastníkem dluhopisů nebo Jiným věřitelem nebo jiná povinnost plněná ve prospěch nebo na pokyn Vlastníka dluhopisů nebo Jiného věřitele prohlášena za neplatnou či neúčinnou pravomocným rozhodnutím příslušného soudu podle jakéhokoli pravidla vztahujícího se k insolvenčnímu nebo obdobnému řízení vedenému proti Emitentovi nebo Ručiteli, pak taková platba či povinnost nesníží rozsah povinností Ručitele a toto Prohlášení o finanční záruce bude nadále platné a účinné a bude zajišťovat jakékoli takové platby či povinnosti, v každém případě pouze v rozsahu povoleném příslušnými právními předpisy a touto Záruční listinou.

If a payment received from the Issuer by a Bondholder or an Other Creditor, or other obligation performed for the benefit of or on the instruction of a Bondholder or an Other Creditor, is declared invalid or ineffective by a final decision of the competent court under any rule applicable to insolvency or similar proceedings held against the Issuer or Guarantor, such payment or obligation will not decrease the extent of obligations of the Guarantor, and this Financial Guarantee Declaration will continue to be valid and effective and will continue to guarantee any such payments or obligations, in any event only to the extent permitted by applicable laws and regulations and this Financial Guarantee Deed.

6. ZÁVĚREČNÁ USTANOVENÍ (*FINAL PROVISIONS*)

6.1 Tato Záruční listina a toto Prohlášení o finanční záruce a veškeré mimosmluvní závazky vznikající na základě této Záruční listiny a tohoto Prohlášení o finanční záruce nebo v souvislosti s nimi se budou řídit a budou vykládány v souladu s českým právem, tj. zejména Občanským zákoníkem.

This Financial Guarantee Deed and the Financial Guarantee Declaration and any non-contractual obligations arising out of or in connection with this Financial Guarantee Deed and the Financial Guarantee Declaration will be governed by and construed in accordance with Czech law, in particular the Civil Code.

6.2 Vznikne-li v souvislosti s tímto Prohlášením o finanční záruce jakýkoli spor, včetně otázek týkajících se jeho existence, platnosti nebo ukončení, bude takový spor předložen a s konečnou platností vyřešen věcně příslušným soudem v Praze.

Should any dispute in connection with this Financial Guarantee Declaration arise, including a dispute relating to its existence, validity or termination, such dispute will be submitted to and finally resolved by a competent court in Prague.

6.3 Pokud z jakéhokoli důvodu jakékoli ustanovení tohoto Prohlášení o finanční záruce je nebo se stane zcela či zčásti nezákonným, neplatným nebo nevymahatelným, nebude to mít žádný vliv na platnost ani vymahatelnost jakéhokoli z ostatních ustanovení tohoto Prohlášení o finanční záruce ani této Záruční listiny a tato ustanovení zůstanou ve všech ohledech platná a vymahatelná.

If for any reason whatsoever any provision of this Financial Guarantee Declaration is or becomes illegal, invalid or unenforceable, in whole or in part, that shall not in any way affect the validity or enforceability of any of the other provisions of this Financial Guarantee Declaration or the Financial Guarantee Deed, which provisions shall remain valid and enforceable in all respects.

6.4 Toto Záruční listina byla vystavena v českém a anglickém jazyce. V případě jakéhokoli rozporu mezi těmito jazykovými verzemi bude mít přednost české znění.

This Financial Guarantee Deed has been issued in Czech and English language. In the event of any discrepancy between the language versions, the Czech version will prevail.

6.5 Pojmy s počátečním velkým písmenem definované v Emisních podmínkách mají, pokud nejsou výslovně nadefinovány jinak, stejný význam v této Záruční listině.

Capitalised terms defined in the Terms and Conditions have, unless expressly defined in this Financial Guarantee Deed, the same meaning in this Financial Guarantee Deed.

New Ukraine PE Holding Limited

V/*In* Limassol dne/*on* 25 Sept 2020

Jméno / *Name*: Olha Turyk
Funkce / *Function:* Director

XII. SECURITY

1.1 Ukrainian Share Pledge Agreements

1.1.1 Security assets

The security assets are:

(a) shares in West Gate Logistik LLC representing 100% of the registered capital of West Gate Logistik LLC, which is described in detail in Chapter X (*Information about the Guarantor*), Section 4.3.2 (*Description of West Gate Logistik LLC*) of this Prospectus (for purposes of this Article as the **WGL Shares**);

(b) shares in East Gate Logistik LLC representing 100% of the registered capital of East Gate Logistik LLC, which is described in detail in Chapter X (*Information about the Guarantor*), Section 4.3.1 (*Description of East Gate Logistik LLC*) of this Prospectus (for purposes of this Article as the **EGL Shares**);

(c) shares in Atlantic Pacific Ventures representing 100% of the registered capital of Atlantic Pacific Ventures, which is described in detail in Chapter X (*Information about the Guarantor*), Section 4.3.3 (*Description of Atlantic Pacific Ventures*) of this Prospectus (for purposes of this Article as the **APV Shares**);

(d) shares in PMS One representing 100% of the registered capital of PMS One, which is described in detail in Chapter X (*Information about the Guarantor*), Section 4.3.4 (*Description of PMS One*) of this Prospectus (for purposes of this Article as the **PMS 1 Shares**);

(e) shares in PMS Two representing 100% of the registered capital of PMS Two, which are described in detail in Chapter X (*Information about the Guarantor*), Section 4.3.5 (*Description of PMS Two*) of this Prospectus (for purposes of this Article as the **PMS 2 Shares**);

(f) shares in LLC "Property Management Services" (UA), incorporated and existing under the laws of Ukraine, ID: 41403780, with its registered address and seat at 75 Zhylianska Street, Kyiv, Ukraine, 01032 (**ServiceCo**), representing 100% of the registered capital of ServiceCo (for purposes of this Article as the **ServiceCo Shares**);

(WGL Shares, EGL Shares, APV Shares, PMS 1 Shares, PMS 2 Shares and ServiceCo Shares together for purposes of this Article as **Shares**).

(WGL, EGL, APV, PMS 1, PMS 2 and ServiceCo together for purposes of this Article as **Companies**).

1.1.2 Security providers

The security provider is:

(a) with respect to WGL Shares, the Guarantor as the shareholder of West Gate Logistik LLC;

(b) with respect to EGL Shares, the Guarantor as the shareholder of East Gate Logistik LLC;

(c) with respect to APV Shares, the Guarantor as the shareholder of Atlantic Pacific Ventures;

(d) with respect to PMS 1 Shares, the Guarantor as the shareholder of PMS One;

(e) with respect to PMS 2 Shares, the Guarantor as the shareholders of PMS Two; and

(f) with respect to ServiceCo Shares, the Guarantor as the shareholders of ServiceCo.

1.1.3 Information on publication of information

The Companies are limited liability companies established under Ukrainian law. According to Law of Ukraine "On the State Registration of Legal Entities, Individual Entrepreneurs and Social Formations" No. 755-IV, as amended, the Companies are obliged to deposit a copy of their charter, as well as submit various information regarding their legal status, mananement and signatories to the State Register of Legal Entities, Individual Entrepreneurs and Social Formations via state registrars and such information is available on the following website: https://usr.minjust.gov.ua/content/free-search

1.1.4 Historical financial information

Historical financial information on West Gate Logistic LLC, East Gate Logistic LLC, Atlantic Pacific Ventures, PMS One PMS Two is described in more detail in Chapter X (*Information about the Guarantor*), Section 4.3 (*Material Subsidiaries and their Business Activities*) of this Prospectus.

The following table shows selected financial information of ServiceCo extracted from the financial statements of ServiceCo. for the year 2019:

Statement of Financial Position (in thousands USD)	**31 December 2019**	**31 December 2018**
Assets		
Non-current assets		
Fixed assets	**30,6**	**13,4**
Total non-current assets	**30,6**	**13,4**
Current assets		
Trade and other accounts receivable	30,6	24,3
Prepayments made	8,4	3,9
Other current assets	0,2	0,1
Cash and cash equivalents	19	12,8
Total currents assets	**58,2**	**41,1**
Total assets	**88,8**	**54,5**
Equity and liabilites		
Equity		
Charter capital	3,8	3,8
Additional paid-in capital	0,2	0,2
Currency translation differences	(2,9)	(8,1)
Retained earnings	51,1	29,2
Total equity	**52,2**	**25,1**
Non current liabilities		
Long-term liabilities and provisions	18,7	14,6
Total non-current liabilities	**18,7**	**14,6**
Current liabilites		
Trade and other accounts payable	17,9	14,8
Total current liabilites	**17,9**	**14,8**
Total liabilities	**36,6**	**29,4**
Total equity and liabilities	**88,8**	**54,5**

Statement of profit or loss (in thousands USD)	31 December 2019	31 December 2018
Net revenue from sale of goods and services	655,5	385,2
Other operating income	0,1	10,4
Other income	4	1,2
Total net income	**659,7**	**396,8**
Cost of sales	(219,2)	(20,3)
Other operating expenses	(418,6)	(461,9)
Total expenses	**(637,8)**	**(482,2)**
Financial result before taxation Finance income	21,9	(85,4)
Corporate profit tax	(0)	(0)
Net profit (loss)	**21,9**	**(85,4)**

1.1.5 Creation of the security

WGL Shares will be pledged on the basis of the agreement on pledge of WGL Shares, which will be concluded between the Guarantor as pledgor and the Security Agent as security agent (for purposes of this Article as the **WGL Share Pledge Agreement**).

EGL Shares will be pledged on the basis of the agreement on pledge of EGL Shares, which will be concluded between the Guarantor as pledgor and the Security Agent as security agent (for purposes of this Article as the **EGL Share Pledge Agreement**).

APV Shares will be pledged on the basis of the agreement on pledge of APV Shares, which will be concluded between the Guarantor as pledgor and the Security Agent as security agent (for purposes of this Article as the **APV Share Pledge Agreement**).

PMS 1 Shares will be pledged on the basis of the agreement on pledge of PMS 1 Shares, which will be concluded between the Guarantor as pledgor and the Security Agent as security agent (for purposes of this Article as the **PMS 1 Share Pledge Agreement**).

PMS 2 Shares will be pledged on the basis of the agreement on pledge of PMS 2 Shares, which will be concluded between the Guarantor as pledgor and the Security Agent as security agent (for purposes of this Article as the **PMS 2 Share Pledge Agreement**).

ServiceCo Shares will be pledged on the basis of the agreement on pledge of ServiceCo Shares, which will be concluded between the Guarantor as pledgor and the Security Agent as security agent (for purposes of this Article as the **ServiceCo Share Pledge Agreement**).

(WGL Share Pledge Agreement, EGL Share Pledge Agreement, APV Share Pledge Agreement, PMS 1 Share Pledge Agreement, PMS 2 Share Pledge Agreement and ServiceCo Share Pledge Agreement together for purposes of this Article as **Share Pledge Agreements** and each of them as the **Share Pledge Agreement**).

1.1.6 Description of the security

Each Shares pledge will secure, inter alia, all of the Issuer's liabilities arising from the Bonds up to the amount of CZK5,000,000,000 (in words five billion Czech Koruna), as further described in the respective Share Pledge Agreement.

1.1.7 The scope of the security

The Share Pledge Agreements will be concluded between the Security Agent as pledgee and the Guarantor as pledgor, whereas the Shares pledge will be established as a second ranking pledge as of the Issue Date and no later than 15 (fifteen) Business Days after the Issue Date as a first ranking pledge.

The Shares pledge will be established for the benefit of the Security Agent and each Bondholder will be in a position of a joint and several creditor to the Security Agent. The Shares pledge will secure, inter alia, all of the Security Agent's claims for the fulfillment of any and all of the Issuer's and / or the the Guarantor's obligations under the Bonds including, without limitation:

(a) repayment to the Security Agent of the outstanding amount under the Bonds in the anticipated total nominal value of up to CZK5,000,000,000 (in words five billion Czech Koruna);

(b) payment of debts due from the Issuer resulting from derivative transactions contemplated by the Intercreditor Agreement, including debts from closing out those transactions;

(c) payment by the Issuer to the Security Agent of interest (including default interest, if any) at the rates set forth in the Bonds; and

(d) payment to the Security Agent of all charges, commissions, fees, expenses, damages and all other amounts as are now or shall from time to time be payable by the Issuer and / or the respective Security Provider to the Security Agent pursuant to the Bonds (including the registration fee, court expenses, enforcement expenses, fees of the notary and attorneys and other fees in connection with the execution and performance of the Bonds (amounts in (a), (b), (c) and (d) shall be collectively referred to for the purposes of this Article as the **Maximum Claim Amount**)

(for the purposes of this Article as the **Secured Obligations**).

The Maximum Claim Amount may be increased, inter alia, in the event of (i) increase of the anticipated total nominal value of the Bonds and / or interest rate / other payables under the Bonds; and (ii) accrual of default interest on overdue amounts – by the amount of such default interest.

The Guarantor further undertook in the Intercreditor Agreement that all claims of the Guarantor against the Issuer arising from the enforcement of the respective Shares pledge shall be satisfied only after all claims of the Security Agent against the Issuer are fully satisfied. The Guarantor further undertakes to do so also in the event of the Issuer's bankruptcy in accordance with Section 172 of the Insolvency Act.

The Guarantor shall within 5 Business Days of execution of the respective Share Pledge Agreement register the pledge created pursuant to the respective Share Pledge Agreement in its internal register of mortgages and pledges in accordance with Section 99 of the Cyprus Companies Law, Cap 113 and shall deliver evidence thereof to the Security Agent (including scanned copy of such evidence).

The Guarantor shall within 42 days of execution of the respective Share Pledge Agreement file the relevant forms and documents to the Registrar of Companies and pay all necessary fees for the registration of the respective pledge in accordance with Section 90 of the Cyprus Companies Law, Cap 113 and shall deliver to the Security Agent evidence (including scanned copy of such evidence), to its satisfaction, that the relevant documents have been filed to the Registrar of Companies to effect the registration of the pledge created under the respective Share Pledge Agreement in favour of the Security Agent.

In the event that the Shares pledge becomes enforceable, the Security Agent (after meeting other conditions under the respective Share Pledge Agreement) may enforce the security in following manners: (i) initiate court enforcement proceedings, obtain the relevant court order and initiate execution proceedings with an execution officer resulting in the sale of the pledged Shares by the execution officer; (ii) upon notification of the debtor(s) and the pledgor and expiry of the 30-day waiting period proceed with the transfer of title to the Shares to the Security Agent in accordance with the respective Share Pledge Agreement.

The Shares pledge shall cease to exist on the date when all the Secured Obligations have been fully discharged to the Security Agent's satisfaction.

The Share Pledge Agreement shall be governed by and construed in accordance with the laws of Ukraine. Any and all disputes arising under, or in connection, with the respective Share Pledge Agreement shall be settled by a competent court of Ukraine, in accordance with applicable jurisdiction rules.

1.2 Ukrainian Mortgage Agreements

1.2.1 Security assets

The security assets are:

(a) WGL Property (for purposes of this Article as **WGL Property**);

(b) the building of a small wholesale shopping center (Letter A) with transformer substation (Letter Б), with total area of 16,886.7 sq.m located on 4 Myshugy Oleksandra Street, Kyiv, Ukraine owned by APV with value, as agreed by the Security Agent an APV of UAH38,626,724.35 (thirty eight million six hundred twenty six thousand seven hundred twenty four hryvnias 35 kopecks) (exclusive of VAT) (for purposes of this Article as **Piramida Property**);

(c) EGL Property (for purposes of this Article as **EGL Property**);

(d) PMS 1 Property (for purposes of this Article as **PMS 1 Property**); and

(e) PMS 2 Property (for purposes of this Article as **PMS 2 Property**);

(WGL Property, Piramida Property, EGL Property, PMS 1 Property and PMS 2 Property Shares together for purposes of this Article as **Properties**).

1.2.2 Security providers

The security providers are:

(a) with respect to WGL Property, West Gate Logistik LLC as the owner of WGL Property;

(b) with respect to Piramida Property, Atlantic Pacific Ventures as the owner of Piramida Property;

(c) with respect to EGL Property, East Gate Logistik LLC as the owner of EGL Property;

(d) with respect to PMS 1 Property, PMS One as the owner of PMS 1 Property; and

(e) with respect to PMS 2 Property, PMS Two as the owner of PMS 2 Property;

(West Gate Logistik LLC, Atlantic Pacific Ventures, East Gate Logistik LLC, PMS 1 and PMS 2 together for purposes of this Article as the **Security Providers** and each of them as the **Security Provider**).

1.2.3 Creation of the security

WGL Property will be mortgaged on the basis of the agreement on mortgage of WGL Property, which will be concluded between West Gate Logistik LLC as mortgagor and the Security Agent as security agent (the for purposes of this Article as **WGL Mortgage Agreement**).

Piramida Property will be mortgaged on the basis of the agreement on mortgage of Piramida Property, which will be concluded between Atlantic Pacific Ventures as mortgagor and the Security Agent as security agent (the for purposes of this Article as **Piramida Mortgage Agreement**).

EGL Property will be mortgaged on the basis of the agreement on mortgage of EGL Property, which will be concluded between East Gate Logistik LLC as mortgagor and the Security Agent as security agent (the for purposes of this Article as **EGL Mortgage Agreement**).

PMS 1 Property will be mortgaged on the basis of the agreement on mortgage of PMS 1 Property, which will be concluded between PMS One as mortgagor and the Security Agent as security agent (the for purposes of this Article as **PMS 1 Mortgage Agreement**).

PMS 2 Property will be mortgaged on the basis of the agreement on mortgage of PMS 2 Property, which will be concluded between PMS Two as mortgagor and the Security Agent as security agent (the for purposes of this Article as **PMS 2 Mortgage Agreement**).

(WGL Mortgage Agreement, Piramida Mortgage Agreement, EGL Mortgage Agreement, PMS 1 Mortgage Agreement and PMS 2 Mortgage Agreement together for purposes of this Article as **Mortgage Agreements** and each of them as the **Mortgage Agreement**).

1.2.4 Description of the security

Each Properties mortgage will secure, inter alia, all of the Issuer's liabilities arising from the Bonds up to the amount of CZK5,000,000,000 (in words five billion Czech Koruna), as further described in the respective Mortgage Agreement.

1.2.5 The scope of the security

The Mortgage Agreements will be concluded between the Security Agent as mortgagee and each respective Security Provider as mortgagor, whereas the Properties mortgage will be established as of the Issue Date as a first ranking mortgage.

The Properties mortgage will be established for the benefit of the Security Agent and each Bondholder will be in a position of a joint and several creditor to the Security Agent. The Properties mortgage will secure, inter alia, all of the Security Agent's claims for the fulfillment of any and all of the Issuer's and / or the Security Providers' obligations under the Bonds including, without limitation:

(a) repayment to the Security Agent of the outstanding amount under the Bonds in the anticipated total nominal value of up to CZK5,000,000,000 (in words five billion Czech Koruna);

(b) payment by the Issuer to the Security Agent of interest (including default interest, if any) at the rates set forth in the Bonds;

(c) indemnification of any expenses of the Security Agent incurred in connection with the maintenance and preservation of the Properties in the event of, as the case may be, transfer of the Properties into the management of the Security Agent; and

(d) payment to the Security Agent of all charges, commissions, fees, expenses, damages and all other amounts as are now or shall from time to time be payable by the Issuer and / or the respective Security Provider to the Security Agent pursuant to the Bonds (including the registration fee, court expenses, enforcement expenses, fees of the notary and attorneys and other fees in connection with the execution and performance of the Bonds (amounts in (a), (b), (c) and (d) shall be collectively referred to for the purposes of this Article as the **Maximum Claim Amount**)

(for purposes of this Article as the **Secured Obligations**).

The Maximum Claim Amount may be increased, inter alia, in the event of (i) increase of the anticipated total nominal value of the Bonds and / or interest rate / other payables under the Bonds; and (ii) accrual of default interest on overdue amounts – by the amount of such default interest.

The Security Providers further undertook in the Intercreditor Agreement that all claims of respective Security Providers against the Issuer arising from the enforcement of the respective Properties mortgage shall be satisfied only after all claims of the Security Agent against the Issuer are fully satisfied. Each Security Provider further undertakes to do so also in the event of the Issuer's bankruptcy in accordance with Section 172 of the Insolvency Act.

To establish the priority of the Properties mortgage over all other possible encumbrances of the Properties by any third parties, the parties to the respective Mortgage Agreement shall carry out any and all acts as may be required in order to validly register the information on Properties mortgage under the respective Mortgage Agreement in the State Registry of Proprietary Rights to Immovable Property. In the event that the Properties mortgage becomes enforceable, the Security Agent (after meeting other conditions under the relevant Mortgage Agreement) may enforce the security in following manners: appropriation of the Properties and private or public sale.

The Properties mortgage granted under the relevant Mortgage Agreement shall be in effect until satisfaction in full of the Secured Obligations to the Security Agent's satisfaction or as otherwise provided under the Bonds.

The Mortgage Agreement shall be governed by and construed in accordance with the laws of Ukraine. Any and all disputes arising under, or in connection, with the respective Mortgage Agreement shall be settled by a competent court of Ukraine, in accordance with applicable jurisdiction rules.

1.3 Ukrainian Intragroup Receivables Pledge Agreements

1.3.1 Security assets

The security assets are:

(a) Receivables from West Gate Logistik LLC to the Guarantor (for purposes of this Article as **NUPEH Receivables 1**);

(b) Receivables from East Gate Logistik LLC to the Guarantor (for purposes of this Article as **NUPEH Receivables 2**);

(c) Receivables from PMS 1 to the Guarantor (for purposes of this Article as **NUPEH Receivables 3**);

(d) Receivables from PMS 2 to the Guarantor (for purposes of this Article as **NUPEH Receivables 4**); and

(e) Receivables from Atlantic Pacific Ventures to the Guarantor (for purposes of this Article as **NUPEH Receivables 5**);

(NUPEH Receivables 1, NUPEH Receivables 2, NUPEH Receivables 3, NUPEH Receivables 4 and NUPEH Receivables 5 together for purposes of this Article as **Receivables**).

1.3.2 Security provider

The security providers are:

(a) with respect to NUPEH Receivables 1, the Guarantor as the creditor of NUPEH Receivables 1;

(b) with respect to NUPEH Receivables 2, the Guarantor as the creditor of NUPEH Receivables 2;

(c) with respect to NUPEH Receivables 3, the Guarantor as the creditor of NUPEH Receivables 3;

(d) with respect to NUPEH Receivables 4, the Guarantor as the creditor of NUPEH Receivables 4; and

(e) with respect to NUPEH Receivables 5, the Guarantor as the creditor of NUPEH Receivables 5.

1.3.3 Creation of the security

NUPEH Receivables 1 will be pledged on the basis of the agreement on pledge of NUPEH Receivables 1, which will be concluded between the Guarantor as pledgor and the Security Agent as security agent (for purposes of this Article as the **NUPEH Receivables 1 Pledge Agreement**).

NUPEH Receivables 2 will be pledged on the basis of the agreement on pledge of NUPEH Receivables 2, which will be concluded between the Guarantor as pledgor and the Security Agent as security agent (for purposes of this Article as the **NUPEH Receivables 2 Pledge Agreement**).

NUPEH Receivables 3 will be pledged on the basis of the agreement on pledge of NUPEH Receivables 3, which will be concluded between the Guarantor as pledgor and the Security Agent as security agent (for purposes of this Article as the **NUPEH Receivables 3 Pledge Agreement**).

NUPEH Receivables 4 will be pledged on the basis of the agreement on pledge of NUPEH Receivables 4, which will be concluded between NUPEH as pledgor and the Security Agent as security agent (for purposes of this Article as the **NUPEH Receivables 4 Pledge Agreement**).

NUPEH Receivables 5 will be pledged on the basis of the agreement on pledge of NUPEH Receivables 5, which will be concluded between the Guarantor as pledgor and the Security Agent as security agent (for purposes of this Article as the **NUPEH Receivables 5 Pledge Agreement**).

(NUPEH Receivables 1 Pledge Agreement, NUPEH Receivables 2 Pledge Agreement, NUPEH Receivables 3 Pledge Agreement, NUPEH Receivables 4 Pledge Agreement and NUPEH Receivables 5 Pledge Agreement together for purposes of this Article as **Intragroup Receivables Pledge Agreements** and each of them as the **Intragroup Receivables Pledge Agreement**).

1.3.4 Description of the security

Each Receivables pledge will secure, inter alia, all of the Issuer's liabilities arising from the Bonds up to the amount of CZK5,000,000,000 (in words five billion Czech Koruna), as further described in the respective Intragroup Receivables Pledge Agreement.

1.3.5 The scope of the security

The Intragroup Receivables Pledge Agreements will be concluded between the Security Agent as pledgee and the Guarantor as pledgor, whereas the Receivables pledge will be established as a second ranking pledge as of the Issue Date and no later than 15 (fifteen) Business Days after the Issue Date as the first ranking pledge.

The Receivables pledge will be established for the benefit of the Security Agent and each Bondholder will be in a position of a joint and several creditor to the Security Agent. The Receivables pledge will secure, inter alia, all of the Security Agent's claims for the fulfilment of any and all of the Issuer's and / or the Guarantor's obligations under the Bonds including, without limitation:

(a) repayment to the Security Agent of the outstanding amount under the Bonds in the anticipated total nominal value of up to CZK5,000,000,000 (in words five billion Czech Koruna);

(b) payment by the Issuer to the Security Agent of interest (including default interest, if any) at the rates set forth in the Bonds; and

(c) payment to the Security Agent of all charges, commissions, fees, expenses, damages and all other amounts as are now or shall from time to time be payable by the Issuer and / or the respective Security

Provider to the Security Agent pursuant to the Bonds (including the registration fee, court expenses, enforcement expenses, fees of the notary and attorneys and other fees in connection with the execution and performance of the Bonds (amounts in (a), (b) and (c) shall be collectively referred to for the purposes of this Article as the **Maximum Claim Amount**)

(for purposes of this Article as the **Secured Obligations**).

The Maximum Claim Amount may be increased, inter alia, in the event of (i) increase of the anticipated total nominal value of the Bonds and / or interest rate / other payables under the Bonds; and (ii) accrual of default interest on overdue amounts – by the amount of such default interest.

The Guarantor further undertook in the Intercreditor Agreement that all claims of the Guarantor against the Issuer arising from the enforcement of the respective Receivables pledge shall be satisfied only after all claims of the Security Agent against the Issuer are fully satisfied. The Guarantor further undertakes to do so also in the event of the Issuer's bankruptcy in accordance with Section 172 of the Insolvency Act.

The Security Agent shall register the Receivables pledge in the Encumbrance Registry. The Guarantor shall, at its own cost and expense, make, and comply with, any other required filings, registrations, notifications or formalities with respect to, the respective Intragroup Receivables Pledge Agreement (as amended) and the Receivables Pledge, including without limitation:

(a) the registration of pledge under the respective Intragroup Receivables Pledge Agreement (and any amendments hereto, if registration thereof is required under the laws of the Republic of Cyprus) in the public files of the Guarantor maintained by the Registrar of Companies, within 42 days from the date of execution thereof, in accordance with Section 90 of the Cyprus Companies Law, Cap 113; and

(b) the registration of pledge under the respective Intragroup Receivables Pledge Agreement (and any amendments hereto, if registration thereof is required under the laws of the Republic of Cyprus) as a pledge in the internal register of pledges and mortgages of the Guarantor in accordance with Section 99 of the Cyprus Companies Law, Cap 113 within 5 Business Days from execution of the respective Intragroup Receivables Pledge Agreement,

and shall provide evidence thereof to the Security Agent (including a scanned copy of the official Certificate of Registration of Pledge (and any Certificate of Registration of Amendment of Pledge) to be issued by the Registrar of Companies, within 10 Business Days from the date of receipt thereof, along with a scanned copy of the updated register of pledges and mortgages of the Guarantor containing reference to the respective Intragroup Receivables Pledge Agreement (and any amendments thereof).

In the event that the Receivables pledge becomes enforceable, the Security Agent (after meeting other conditions under the relevant Intragroup Receivables Agreement) may enforce the security in following manners: appropriation of the Receivables.

The Receivables pledge shall terminate upon full discharge of the Secured Obligations to the Security Agent's satisfaction or as otherwise provided under the Bonds.

The Intragroup Receivables Pledge Agreement shall be governed by and construed in accordance with the laws of Ukraine. Any and all disputes arising between the parties under, or in connection, with the Intragroup Receivables Pledge Agreement shall be settled by a competent court of Ukraine, in accordance with applicable jurisdiction rules.

1.4 Ukrainian Bank Accounts Receivables Pledge Agreements

1.4.1 Security assets

The security assets are:

(a) West Gate Logistik LLC's bank accounts at OTP Bank and Oschadbank (for purposes of this Article as the **WGL Bank Accounts Receivables**);

(b) Atlantic Pacific Ventures' bank account at Alfa Bank and Oschadbank (for purposes of this Article as the **APV Bank Accounts Receivables**);

(c) East Gate Logistik LLC's bank accounts at Raiffeissen Bank and Oschadbank (for purposes of this Article as the **EGL Bank Accounts Receivables**);

(d) PMS 1's bank account at Ukrsibbank and Oschadbank (for purposes of this Article as the **PMS 1 Bank Accounts Receivables**);

(e) PMS 2's bank account at Ukrsibbank and Oschadbank (for purposes of this Article as the **PMS 2 Bank Accounts Receivables**);

(f) ServiceCo's bank account at Ukrgasbank and Ukrsibbank (for purposes of this Article as the **ServiceCo Bank Accounts Receivables**);

(WGL Bank Accounts Receivables, APV Bank Account Receivables, EGL Bank Accounts Receivables, PMS 1 Bank Account Receivables, PMS 2 Bank Account Receivables and ServiceCo Bank Account Receivables together for purposes of this Article as **Bank Accounts Receivables**).

1.4.2 Security providers

The security providers are:

(a) with respect to WGL Bank Accounts Receivables, West Gate Logistik LLC as the creditor with respect to WGL Bank Accounts Receivables;

(b) with respect to APV Bank Accounts Receivables, Atlantic Pacific Ventures as the creditor with respect to APV Bank Accounts Receivables;

(c) with respect to EGL Bank Accounts Receivables, East Gate Logistik LLC as the creditor with respect to EGL Bank Accounts Receivables;

(d) with respect to PMS 1 Bank Accounts Receivables, PMS 1 as the creditor with respect to PMS 1 Bank Accounts Receivables;

(e) with respect to PMS 2 Bank Accounts Receivables, PMS 2 as the creditor with respect to PMS 2 Bank Accounts Receivables; and

(f) with respect to ServiceCo Bank Accounts Receivables, ServiceCo as the creditor with respect to ServiceCo Bank Accounts Receivables;

(West Gate Logistik LLC, Atlantic Pacific Ventures, East Gate Logistik LLC, PMS 1, PMS 2 and ServiceCo together for purposes of this Article as the **Security Providers** and each of them as the **Security Provider**).

1.4.3 Creation of the security

WGL Bank Accounts Receivables will be pledged on the basis of the agreement on pledge of WGL Bank Accounts Receivables, which will be concluded between West Gate Logistik LLC as pledgor and the Security Agent as security agent (for purposes of this Article as the **WGL Bank Accounts Receivables Pledge Agreement**).

APV Bank Accounts Receivables will be pledged on the basis of the agreement on pledge of APV Bank Accounts Receivables, which will be concluded between Atlantic Pacific Ventures as pledgor and the Security Agent as security agent (for purposes of this Article as the **APV Bank Accounts Receivables Pledge Agreement**).

EGL Bank Accounts Receivables will be pledged on the basis of the agreement on pledge of EGL Bank Accounts Receivables, which will be concluded between East Gate Logistik LLC as pledgor and the Security Agent as security agent (for purposes of this Article as the **EGL Bank Accounts Receivables Pledge Agreement**).

PMS 1 Bank Accounts Receivables will be pledged on the basis of the agreement on pledge of PMS 1 Bank Accounts Receivables, which will be concluded between PMS 1 as pledgor and the Security Agent as security agent (for purposes of this Article as the **PMS 1 Bank Accounts Receivables Pledge Agreement**).

PMS 2 Bank Accounts Receivables will be pledged on the basis of the agreement on pledge of PMS 2 Bank Accounts Receivables, which will be concluded between PMS 2 as pledgor and the Security Agent as security agent (for purposes of this Article as the **PMS 2 Bank Accounts Receivables Pledge Agreement**).

ServiceCo Bank Accounts Receivables will be pledged on the basis of the agreement on pledge of ServiceCo Bank Accounts Receivables, which will be concluded between ServiceCo as pledgor and the Security Agent as security agent (for purposes of this Article as the **ServiceCo Bank Accounts Receivables Pledge Agreement**).

(WGL Bank Accounts Receivables Pledge Agreement, APV Bank Accounts Receivables Pledge Agreement, EGL Bank Accounts Receivables Pledge Agreement, PMS 1 Bank Accounts Receivables Pledge Agreement, PMS 2 Bank Accounts Receivables Pledge Agreement and ServiceCo Bank Accounts Receivables Pledge Agreement together for purposes of this Article as **Bank Accounts Receivables Pledge Agreements** and each of them as the **Bank Accounts Receivables Pledge Agreement**).

1.4.4 Description of the security

Each Bank Accounts Receivables pledge will secure, inter alia, all of the Issuer's liabilities arising from the Bonds up to the amount of 5,000,000,000 (in words five billion Czech Koruna), as further described in the respective Bank Accounts Receivables Pledge Agreement.

1.4.5 The scope of the security

The Bank Accounts Receivables Pledge Agreements will be concluded between the Security Agent as pledgee and each respective Security Provider as pledgor, whereas the Bank Accounts Receivables pledge will be established as a first ranking pledge no later than 15 (fifteen) Business Days after the Issue Date.

The Bank Accounts Receivables pledge will be established for the benefit of the Security Agent and each Bondholder will be in a position of a joint and several creditor to the Security Agent. The Bank Accounts Receivables pledge will secure, inter alia, all of the Security Agent's claims for the fulfilment of any and all of the Issuer's and / or the Security Providers' obligations under the Bonds including, without limitation:

(a) repayment to the Security Agent of the outstanding amount under the Bonds in the anticipated total nominal value of up to CZK5,000,000,000 (in words five billion Czech Koruna);

(b) payment by the Issuer to the Security Agent of outstanding interest (including default interest, if any) at the rates set forth in the Bonds; and

(c) payment to the Security Agent of all charges, commissions, fees, expenses, damages and all other amounts as are now or shall from time to time be payable by the Issuer and / or the respective Security Provider to the Security Agent pursuant to the Bonds (including the registration fee, court expenses,

enforcement expenses, fees of the notary and attorneys and other fees in connection with the execution and performance of the Bonds (amounts in (a), (b) and (c) shall be collectively referred to for the purposes of this Article as the **Maximum Claim Amount**)

(for purposes of this Article as the **Secured Obligations**).

The Maximum Claim Amount may be increased, inter alia, in the event of (i) increase of the anticipated total nominal value of the Bonds and / or interest rate / other payables under the Bonds; and (ii) accrual of default interest on overdue amounts – by the amount of such default interest.

The Security Providers further undertook in the Intercreditor Agreement that all claims of respective Security Providers against the Issuer arising from the enforcement of the respective Shares pledge shall be satisfied only after all claims of the Security Agent against the Issuer are fully satisfied. Each Security Provider further undertakes to do so also in the event of the Issuer's bankruptcy in accordance with Section 172 of the Insolvency Act.

To establish the first priority of the Bank Accounts Receivables pledge over all other possible encumbrances by any third parties, except for the Existing Pledge (as defined in the respective Bank Accounts Receivables Pledge Agreement, the Security Agent shall register the Bank Accounts Receivables pledge in the Encumbrance Registry.

The Bank Accounts Receivables pledge granted by the respective Bank Accounts Receivables Pledge Agreement shall be in effect until full discharge of the Secured Obligations to the Security Agent's satisfaction or as otherwise provided under the Bonds or as provided under applicable law.

The respective Bank Accounts Receivables Pledge Agreement shall be governed by and construed in accordance with the laws of Ukraine. Any and all disputes arising between the parties under, or in connection, with respective Bank Accounts Receivables Pledge Agreement shall be settled by a competent court of Ukraine, in accordance with applicable jurisdiction rules.

1.5 Czech Participation Pledge Agreement

1.5.1 Security asset

The security asset is the Guarantor's 100% participation in the Issuer representing 100% contribution in the amount of CZK200,000 into the Issuer's registered capital (for purposes of this Article as the **Participation**).

1.5.2 Security provider

The security provider is the Guarantor (for purposes of this Article as the **Security Provider**).

1.5.3 Information on publication of information

The Issuer is a limited liability company established under Czech law. According to relevant legal regulations, especially Act no. No. 304/2013 Coll., on Public Registers of Legal and Natural Persons, as amended, the Issuer is obliged to deposit selected documents, in particular the founding legal act, annual reports, decision on election or appointment, recall or proof of other termination of office of members of a statutory body, or a transformation project, to a collection of documents kept by the relevant court of registration and available on the following website: https://or.justice.cz/ias/ui/vypis-sl-firma?subjektId=1036996.

1.5.4 Historical financial information

Historical financial information on the Issuer is described in more detail in Chapter IX (*Information about the Issuer*), Section 10 (*Financial Information Concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses*) of this Prospectus.

1.5.5 Creation of the security

The Participation will be pledged on the basis of the agreement on pledge of Participation, which will be concluded between the Guarantor as pledgor and the Security Agent as security agent (for purposes of this Article the **Participation Pledge Agreement**).

1.5.6 Description of the security

Participation pledge will secure, inter alia, all of the Issuer's liabilities arising from the Bonds and the debts of the Guarantor arising from the Financial Guarantee, as further described in the Participation Pledge Agreement.

1.5.7 The scope of the security

The Participation Pledge Agreement will be concluded between the Security Agent as pledgee and the Security Provider as pledgor, whereas the Participation pledge will be established as of the Issue Date as a first ranking pledge.

The Participation pledge will be established for the benefit of the Security Agent and each Bondholder will be in a position of a joint and several creditor to the Security Agent. The Participation pledge will secure, inter alia, all monetary debts of the Issuer to the Security Agent that exist on the date of the Participation Pledge Agreement and that have come into existence under clause 3.4 of the Terms and Conditions as a result of debts arising under the Bonds (for purposes of this Article the **Secured Debts 1**). The Participation pledge established pursuant to the Participation Pledge Agreement will further secure up to an aggregate amount not exceeding CZK5,000,000,000 at any time, all monetary debts of the Issuer to the Security Agent that will arise under clause 3.4 of the Terms and Conditions in the future at any time up to and including 30 October 2035, as a result of the certain types of debts arising under the Bonds as further described in the Participation Pledge Agreement (for purposes of this Article the **Secured Debts 2** and together with the Secured Debts 1 as the **Secured Debts**).

In the Participation Pledge Agreement the Security Provider undertook that without prior written consent of the Security Agent from the execution date of the Participation Pledge Agreement until the end of the Security Period (as defined in the Participation Pledge Agreement) it:

(a) will not create or permit to subsist any other pledge of the Participation;

(b) create or permit to subsist any other encumbrance (including any pre-emptive right) on the Participation, the Participation Rights (as defined in the Share Pledge Agreement) or any other right attached to the Share;

(c) sell, transfer or otherwise dispose of the Participation or any of its parts, the Participation Rights or any other right attached to the Participation;

(d) will not attach the Participation to any collective business asset (in Czech *věc hromadná*) that is encumbered by a security interest created earlier than the Security Agent's pledge of the Participation;

(e) waive, amend or terminate, in whole or in part, any accessory or ancillary right or other right in respect of the Participation or waive, amend or terminate, in whole or in part, any accessory or ancillary debt or other debt in respect of the Participation; or

(f) perform any act which:

    (i) may result in a reduction in the value of the Participation; or

(ii) may adversely affect any right of the Security Agent under the Participation Pledge Agreement

with exceptions as provided under the Participation Pledge Agreement (these exceptions are, however, of immaterial nature) (for the purposes of this Article **Restrictions on Dealings**).

The Issuer will be obliged to file a petition to register the Participation pledge and Restrictions on Dealings in the Commercial Register with the relevant court within 2 Business Days from the date of signing the Participation Pledge Agreement. In the event that the Participation pledge becomes enforceable, the Security Agent (after meeting other conditions under the Participation Pledge Agreement) may enforce the security in the following manners: public auction, court sale, direct sale and appropriation of the Participation by the Security Agent.

The Participation pledge shall cease to exist on the date on which all the Secured Debts have been unconditionally and irrevocably paid and discharged in full and the Secured Parties (as defined in the Intercreditor Agreement) are under no further obligation to provide financial accommodation to, or enter into a transaction with, the Issuer under the Bonds.

The Participation Pledge Agreement, any obligations under it and any non-contractual obligations arising in connection with it are governed by Czech law. The courts of the Czech Republic have exclusive jurisdiction to settle any dispute in connection with the Participation pledge Agreement.

1.6 Czech Guarantor Bank Accounts Receivables Pledge Agreements

1.6.1 Security assets

The security assets are receivables resulting from the following bank account agreements (for purposes of this Article as the **Guarantor Bank Accounts Receivables**):

Account Bank, registered address, ID number	Bank Account Agreement: - date - serial no.	Account Number	Type of Account	Currency
JT Account Bank	Agr. No. 1000131291/ CZ/BI/001, 01.11.2016	IBAN CZ4558000000002500067921	Current	GBP
JT Account Bank	Agr. No. 1000131291/ CZ/BI/001, 01.11.2016	IBAN CZ6758000000002500067913	Current	USD
JT Account Bank	Agr. No. 1000131291/ CZ/BI/001, 21.06.2018	IBAN CZ8058000000002500077767	Current	EUR
JT Account Bank	Agr. No. 1000131291/ CZ/BI/001, 10.02.2020	IBAN CZ2258000000000002350733	Current	CZK

JT Account Bank	Agr. No. 1000131291/ CZ/BI/001, 12.02.2018	IBAN CZ6858000000002500076625	DSR	USD
JT Account Bank	Agr. No. 1000131291/ CZ/BI/001, 21.08.2019	IBAN CZ1358000000002500084502	CAPEX	USD

(for purposes of this Article as the **Guarantor Bank Account Agreements**).

1.6.2 Security provider

The security provider is the Guarantor (for purposes of this Article as the **Security Provider**).

1.6.3 Creation of the security

The Guarantor Bank Account Receivables will be pledged on the basis of the agreement on pledge of Guarantor Bank Account Receivables, which will be concluded between the Guarantor as pledgor and the Security Agent as security agent (for purposes of this Article as the **Guarantor Bank Accounts Receivables Pledge Agreement**).

1.6.4 Description of the security

Each Guarantor Bank Accounts Receivables pledge will secure, inter alia, all of the Issuer's liabilities arising from the Bonds and the debts of the Guarantor arising from the Financial Guarantee, as further described in the Guarantor Bank Accounts Receivables Pledge Agreement.

1.6.5 The scope of the security

The Guarantor Bank Accounts Receivables Pledge Agreement will be concluded between the Security Agent as pledgee and the Security Provider as pledgor, whereas the Guarantor Bank Accounts Receivables pledge will be established as a first ranking pledge no later than 15 (fifteen) Business Days after the Issue Date..

The Guarantor Bank Accounts Receivables pledge will be established for the benefit of the Security Agent and each Bondholder will be in a position of a joint and several creditor to the Security Agent. The Guarantor Bank Accounts Receivables pledge will secure, inter alia, all monetary debts of the Issuer to the Security Agent that exist on the date of the Guarantor Bank Accounts Receivables Pledge Agreement and that have come into existence under clause 3.4 of the Terms and Conditions as a result of debts arising under the Bonds (for purposes of this Article as the **Secured Debts 1**). The Guarantor Bank Accounts Receivables pledge established pursuant to the Guarantor Bank Accounts Receivables Pledge Agreement will further secure up to an aggregate amount not exceeding CZK5,000,000,000 at any time, all monetary debts of the Issuer to the Security Agent that will arise under clause 3.4 of the Terms and Conditions in the future at any time up to and including 30 October 2035, as a result of the certain types of debts arising under the Bonds as further described in the Guarantor Bank Accounts Receivables Pledge Agreement (for purposes of this Article as the **Secured Debts 2** and together with the Secured Debts 1 as the **Secured Debts**).

In the Guarantor Bank Accounts Receivables Pledge Agreement the Security Provider undertook that without prior written consent of the Security Agent from the execution date of the Guarantor Bank Accounts Receivables Pledge Agreement until the end of the Security Period (as defined in the Bank Accounts Receivables Pledge Agreement) it:

(a) will not create or permit to subsist any other pledge of the Guarantor Bank Accounts Receivables (**Negative Pledge**);

(b) will not create or permit to subsist any other encumbrance on the Guarantor Bank Accounts Receivables;

(c) will not attach the Guarantor Bank Accounts Receivables to any collective business asset (in Czech *věc hromadná*) that is encumbered by a security interest created earlier than the Security Agent's pledge of the Guarantor Bank Accounts Receivables;

(d) will not waive any right or debt from any Guarantor Bank Account Agreement; or

(e) will not perform any act which may have a Material Adverse Effect,

with exceptions as provided under the Guarantor Bank Accounts Receivables Pledge Agreement (these exceptions are, however, of immaterial nature).

The Security Provider must make every effort without undue delay following the execution of the Guarantor Bank Accounts Receivables Pledge Agreement the Negative Pledge is registered in the Pledge Register in the form satisfactory to the Security Agent. The Security Provider must deliver to the Security Agent evidence of the registration of the Negative Pledge in the Pledge Register, or a copy of the entry in the Pledge Register evidencing the registration, within 2 Business Days after the date of the Guarantor Bank Accounts Receivables Pledge Agreement.

In the event that the Guarantor Bank Accounts Receivables pledge becomes enforceable, the Security Agent (after meeting other conditions under the Guarantor Bank Accounts Receivables Pledge Agreement) may enforce the security in the following manners: sending the Enforcement Notice in which the Security Agent notifies the Account Bank (as defined in the Issuer Bank Accounts Receivables Pledge Agreement) and will order it to pay the Security Agent the balance on each Bank Account (as defined in the Guarantor Bank Accounts Receivables Pledge Agreement) and set off.

The Guarantor Bank Accounts Receivables pledge shall cease to exist on the date on which all the Secured Debts have been unconditionally and irrevocably paid and discharged in full and the Secured Parties (as defined in the Intercreditor Agreement) are under no further obligation to provide financial accommodation to, or enter into a transaction with, the Issuer under the Bonds.

The Guarantor Bank Accounts Receivables Pledge Agreement, any obligations under it and any non-contractual obligations arising in connection with it are governed by Czech law. The pledge and any prohibitions created as rights in rem created or to be created under the Guarantor Bank Accounts Receivables Pledge Agreement are governed by Czech law.

1.7 Czech Issuer Bank Accounts Receivables Pledge Agreements

1.7.1 Security assets

The security assets are receivables resulting from the following bank account agreements (for purposes of this Article as the **Issuer Bank Accounts Receivables**):

Account Bank, registered address, ID number	**Bank Account Agreement:** **- date** **- serial no.**	**Account Number**	**Type of Account**	**Currency**

JT Account Bank	Agr. No. 1000275568/ CZ/BI/001, 06.01.2020	IBAN CZ6058000000000002338603	Current	CZK
JT Account Bank	Agr. No. 1000275568/ CZ/BI/001, 06.01.2020	IBAN CZ0458000000002500086022	Current	USD
JT Account Bank	Agr. No. 1000275568/ CZ/BI/001, 06.01.2020	IBAN CZ2658000000002500086014	Current	EUR

(for purposes of this Article as the **Issuer Bank Account Agreements**).

1.7.2 Security provider

The security provider is the Issuer (for purposes of this Article as the **Security Provider**).

1.7.3 Creation of the security

The Issuer Bank Account Receivables will be pledged on the basis of the agreement on pledge of Issuer Bank Account Receivables, which will be concluded between the Issuer as pledgor and the Security Agent as security agent (for purposes of this Article as the **Issuer Bank Accounts Receivables Pledge Agreement**).

1.7.4 Description of the security

Each Issuer Bank Accounts Receivables pledge will secure, inter alia, all of the Issuer's liabilities arising from the Bonds and the debts of the Guarantor arising from the Financial Guarantee, as further described in the Issuer Bank Accounts Receivables Pledge Agreement.

1.7.5 The scope of the security

The Issuer Bank Accounts Receivables Pledge Agreement will be concluded between the Security Agent as pledgee and the Security Provider as pledgor, whereas the Issuer Bank Accounts Receivables pledge will be established as a first ranking pledge no later than 15 (fifteen) Business Days after the Issue Date.

The Issuer Bank Accounts Receivables pledge will be established for the benefit of the Security Agent and each Bondholder will be in a position of a joint and several creditor to the Security Agent. The Issuer Bank Accounts Receivables pledge will secure, inter alia, all monetary debts of the Issuer to the Security Agent that exist on the date of the Issuer Bank Accounts Receivables Pledge Agreement and that have come into existence under clause 3.4 of the Terms and Conditions as a result of debts arising under the Bonds (for purposes of this Article as the **Secured Debts 1**). The Issuer Bank Accounts Receivables pledge established pursuant to the Issuer Bank Accounts Receivables Pledge Agreement will further secure up to an aggregate amount not exceeding CZK5,000,000,000 at any time, all monetary debts of the Issuer to the Security Agent that will arise under clause 3.4 of the Terms and Conditions in the future at any time up to and including 30 October 2035, as a result of the certain types of debts arising under the Bonds as further described in the Issuer Bank Accounts Receivables Pledge Agreement (for purposes of this Article as the **Secured Debts 2** and together with the Secured Debts 1 as the **Secured Debts**).

In the Issuer Bank Accounts Receivables Pledge Agreement the Security Provider undertook that without prior written consent of the Security Agent from the execution date of the Issuer Bank Accounts Receivables

Pledge Agreement until the end of the Security Period (as defined in the Bank Accounts Receivables Pledge Agreement) it:

(a) will not create or permit to subsist any other pledge of the Issuer Bank Accounts Receivables (**Negative Pledge**);

(b) will not create or permit to subsist any other encumbrance on the Issuer Bank Accounts Receivables;

(c) will not attach the Issuer Bank Accounts Receivables to any collective business asset (in Czech *věc hromadná*) that is encumbered by a security interest created earlier than the Security Agent's pledge of the Issuer Bank Accounts Receivables;

(d) will not waive any right or debt from any Issuer Bank Account Agreement; or

(e) will not perform any act which may have a Material Adverse Effect,

with exceptions as provided under the Issuer Bank Accounts Receivables Pledge Agreement (these exceptions are, however, of immaterial nature).

The Security Provider must make every effort without undue delay following the execution of the Issuer Bank Accounts Receivables Pledge Agreement the Negative Pledge is registered in the Pledge Register in the form satisfactory to the Security Agent. The Security Provider must deliver to the Security Agent evidence of the registration of the Negative Pledge in the Pledge Register, or a copy of the entry in the Pledge Register evidencing the registration, within 2 Business Days after the date of the Issuer Bank Accounts Receivables Pledge Agreement.

In the event that the Issuer Bank Accounts Receivables pledge becomes enforceable, the Security Agent (after meeting other conditions under the Issuer Bank Accounts Receivables Pledge Agreement) may enforce the security in the following manners: sending the Enforcement Notice in which the Security Agent notifies the Account Bank (as defined in the Issuer Bank Accounts Receivables Pledge Agreement) and will order it to pay the Security Agent the balance on each Bank Account (as defined in the Issuer Bank Accounts Receivables Pledge Agreement) and set off.

The Issuer Bank Accounts Receivables pledge shall cease to exist on the date on which all the Secured Debts have been unconditionally and irrevocably paid and discharged in full and the Secured Parties (as defined in the Intercreditor Agreement) are under no further obligation to provide financial accommodation to, or enter into a transaction with, the Issuer under the Bonds.

The Issuer Bank Accounts Receivables Pledge Agreement, any obligations under it and any non-contractual obligations arising in connection with it are governed by Czech law. The pledge and any prohibitions created as rights in rem created or to be created under the Issuer Bank Accounts Receivables Pledge Agreement are governed by Czech law.

1.8 Cypriot Charge and Assignment over Bank Accounts Agreement

1.8.1 Charged assets

The charged assets are all monies from time to time standing to the credit of the following accounts together with all other rights and benefits accruing to or arising in connection with the following accounts (including, but not limited to, entitlements to interest) but excluding any debit or liabilities arising from the following accounts (for purposes of this Article as the **Charged Assets**):

(a) account of the Chargor (as this term is defined below) maintained with Eurobank Cyprus Ltd, a bank incorporated and existing pursuant to the laws of the Republic of Cyprus under registration number HE 217050, the registered office of which is located at Archiepiskopou Makariou III, 41, 1065,

Nicosia, Cyprus (**Eurobank Cyprus**) under IBAN: CY3401800001000020010035200 0 (as such account may be renumbered or re-designated from time to time); and

(b) account of the Chargor maintained with Eurobank Cyprus under IBAN: CY0601800001000020110034597 1 (as such account may be renumbered or re-designated from time to time); and

(c) any account established by the Chargor after the date of the Cypriot Charge and Assignment over Bank Accounts Agreement with Eurobank Cyprus, whether in addition to or in replacement of the accounts under (a) and (b) above;

(for purposes of this Article collectively as the **Security Accounts**).

1.8.2 Chargor

The chargor is the Guarantor (for purposes of this Article as the **Chargor**).

1.8.3 Creation of the security

The Charged Assets will be charged and assigned on the basis of the agreement on charge and assignment of the Charged Assets, which will be concluded between the Guarantor as chargor and the Security Agent as security agent (for purposes of this Article as the **Charge and Assignment over Bank Accounts Agreement**).

1.8.4 Description of the security

Each Charged Asset charge will secure, inter alia, all of the Issuer's liabilities arising from the Bonds and the debts of the Guarantor arising from the Financial Guarantee, as further described in the Charge and Assignment over Bank Accounts Agreement.

1.8.5 The scope of the security

The Charge and Assignment over Bank Accounts Agreement will be concluded between the Security Agent as the security agent and the Guarantor as chargor, whereas the Charged Assets charge and assignment will be established as a first ranking security no later than 15 (fifteen) Business Days after the Issue Date.

The Charge and Assignment over Bank Accounts Agreement will secure the Secured Obligations (as defined in the Intercreditor Agreement) in favour of the Security Agent (for purposes of this Article as the **Secured Debts**).

In the Charge and Assignment over Bank Accounts Agreement the Chargor undertook during the Security Period (as defined in the Charge and Assignment over Bank Accounts Agreement) and until the Secured Debts have been discharged or fulfilled in full it:

(a) shall use the Charged Assets and shall operate the Security Accounts in its ordinary course of business and only in accordance with the terms of the Junior Debt agreement and the Charge and Assignment over Bank Accounts Agreement and shall not make or attempt to effect any withdrawals, payments or other disposals from any Security Accounts or any other acts in contravention of the provisions of the Junior Debt agreement;

(b) shall promptly notify the Security Agent of any attachment or other legal process levied or attempted to be levied against the Security Accounts and/or the Charged Assets and of any other event affecting such Security Accounts and/or the Charged Assets or that might in any way have a material adverse effect on the validity or enforceability of the security created by the Charge and Assignment over Bank Accounts Agreement or on the rights or remedies of the Security Agent thereunder;

(c) shall not create or permit to exist by any means any pledge, charge, lien, transfer of rights, assignment, agreement or arrangement for security or any encumbrance of any kind on or in connection with the Security Accounts and the Charged Assets, other than by the Charge and Assignment over Bank Accounts Agreement;

(d) shall refrain from taking any action whatsoever which could hinder the performance of the Charge and Assignment over Bank Accounts Agreement or give rise to a breach thereof;

(e) shall promptly communicate changes to the contact details of the Chargor to the Security Agent; and

(f) shall not enter into, condone or authorize any transactions or acts or obligations in contravention of the undertakings or obligations of the Chargor and the rights and interests of the Security Agent contained therein.

In connection with the notice of grant of security and filing requirements, the Chargor undertook in the Charge and Assignment over Bank Accounts Agreement:

(a) promptly after the execution of the Charge and Assignment over Bank Accounts Agreement (but in any event within five Business Days of execution of the Charge and Assignment over Bank Accounts Agreement), to serve a notice of charge (the **Notice of Charge**), to Eurobank Cyprus in relation to the Charged Assets in each Security Account existing as at the date of the Charge and Assignment over Bank Accounts Agreement, and to use its reasonable endeavours in order for Eurobank Cyprus to acknowledge the Notice of Charge, by signing and delivering to the Security Agent upon receipt of the Notice of Charge (but in any event within ten Business Days of receipt of the Notice of Charge), an acknowledgement;

(b) within two Business Days from the date of the Charge and Assignment over Bank Accounts Agreement, to enter the particulars of the Charge and Assignment over Bank Accounts Agreement into the Chargor's register of charges and mortgages and to provide the Security Agent with a certified true copy of the same; and

(c) within twenty one calendar days from the date of the Charge and Assignment over Bank Accounts Agreement (if executed by the parties thereto in Cyprus) or within forty two calendar days from the date of Charge and Assignment over Bank Accounts Agreement (if executed by the parties thereto abroad) to register the same as a charge in its public files maintained by the Department of Registrar of Companies and Official Receiver of the Republic of Cyprus, in accordance with section 90 of the Companies Law, and provide evidence to the Security Agent of such filing; The Chargor further hereby undertakes to provide to the Security Agent a scanned copy of the relevant certificate of registration of charge promptly upon its issuance and receipt from the Cyprus Registrar of Companies and Official Receiver.

In the event that the security created by the the Charge and Assignment over Bank Accounts Agreement becomes enforceable, the Security Agent may, subject to applicable law and the provisions of the Intercreditor Agreement, serve a notice of default to Eurobank Cyprus and:

(a) appropriate the Charged Assets standing to the credit of the Security Accounts, following deduction of any and all relevant costs and charges of Eurobank Cyprus regarding the Security Accounts;

(b) apply the Charged Assets appropriated in such manner as is specified in the Intercreditor Agreement, provided that any excess amounts shall be payable to the Chargor simultaneously upon receipt of such monies by the Security Agent; and

(c) take any other action in relation to any Security Accounts or the Charged Assets permissible under the terms of Charge and Assignment over Bank Accounts Agreement, subject to the provisions of the Intercreditor Agreement and the Junior Debt agreement..

The Charge and Assignment over Bank Accounts Agreement shall only be terminated in writing by the mutual agreement of the Chargor and the Security Agent, and any document terminating the Charge and Assignment over Bank Accounts Agreement shall be signed by all parties. The security created by the Charge and Assignment over Bank Accounts Agreement shall unconditionally and automatically cease to exist and have any effect whatsoever upon the expiry of the Security Period (as defined in the Charge and Assignment over Bank Accounts Agreement).

The Charge and Assignment over Bank Accounts Agreement shall be governed by and construed and enforced in accordance with the laws of the Republic of Cyprus. In relation to any dispute arising out of or in connection with the Charge and Assignment over Bank Accounts Agreement, the courts of Cyprus shall have exclusive jurisdiction.

1.9 Czech Intragroup Receivables Pledge Agreement

1.9.1 Security assets

The security assets are receivables resulting from loan agreement entered into between the Issuer as creditor and the Guarantor as debtor on or about the Issue Date (for purposes of this Article as the **Intragroup Loan Agreement**), on the basis of which the Issuer will provide the Guarantor with a loan in amount of up to USD50,000,000 (for purposes of this Article as the **Intragroup Receivables**).

1.9.2 Security provider

The security provider is the Issuer (for purposes of this Article as the **Security Provider**).

1.9.3 Creation of the security

Intragroup Receivables will be pledged on the basis of the agreement on pledge of Intragroup Receivables, which will be concluded between the Issuer as pledgor and the Security Agent as security agent (for purposes of this Article as the **Intragroup Receivables Pledge Agreement**).

1.9.4 Description of the security

Intragroup Receivables pledge will secure, inter alia, all of the Issuer's liabilities arising from the Bonds and the debts of the Guarantor arising from the Financial Guarantee, as further described in the Intragroup Receivables Pledge Agreement.

1.9.5 The scope of the security

The Intragroup Receivables Pledge Agreement will be concluded between the Security Agent as pledgee and the Security Provider as pledgor, whereas the Intragroup Receivables pledge will be established as of the Isue Date as a first ranking security.

The Intragroup Receivables pledge will be established for the benefit of the Security Agent and each Bondholder will be in a position of a joint and several creditor to the Security Agent. The Intragroup Receivables pledge will secure, inter alia, all monetary debts of the Issuer to the Security Agent that exist on the date of the Intragroup Receivables Pledge Agreement and that have come into existence under clause 3.4 of the Terms and Conditions as a result of debts arising under the Bonds (for purposes of this Article as the **Secured Debts 1**). The Intragroup Receivables pledge established pursuant to the Intragroup Receivables Pledge Agreement will further secure up to an aggregate amount not exceeding CZK5,000,000,000 at any time, all monetary debts of the Issuer to the Security Agent that will arise under clause 3.4 of the Terms and Conditions in the future at any time up to and including 30 October 2035, as a result of the certain types of debts arising under the Bonds as further described in the Intragroup Receivables Pledge Agreement (for purposes of this Article as the **Secured Debts 2** and together with the Secured Debts 1 as the **Secured Debts**).

In the Intragroup Receivables Pledge Agreement the Security Provider undertook that without prior written consent of the Security Agent from the execution date of the Intragroup Receivables Pledge Agreement until the end of the Security Period (as defined in the Intragroup Receivables Pledge Agreement) it:

(a) will not create or permit to subsist any other pledge of the Intragroup Receivables (**Negative Pledge**);

(b) will not create or permit to subsist any other encumbrance on the Intragroup Receivables;

(c) will not sell, transfer or otherwise dispose of the Intragroup Receivables;

(d) will not assign any Intragroup Loan Agreement;

(e) will not attach the Intragroup Receivables to any collective business asset (in Czech *věc hromadná*) that is encumbered by a security interest created earlier than the Security Agent's pledge of the Intragroup Receivables;

(f) will not waive any right or debt from any Intragroup Loan Agreement; or

(g) perform any act which:

    (i) may result in a reduction in the value of the Intragroup Receivables; or

    (ii) may adversely affect any right of the Security Agent under the Intragroup Receivables Pledge Agreement

with exceptions as provided under the Intragroup Receivables Pledge Agreement (these exceptions are, however, of immaterial nature).

The Security Provider must ensure that without undue delay following the execution of the Intragroup Receivables Pledge Agreement the Negative Pledge is registered in the Pledge Register in the form satisfactory to the Security Agent. The Security Provider must deliver to the Security Agent evidence of the registration of the Negative Pledge in the Pledge Register, or a copy of the entry in the Pledge Register evidencing the registration, within 2 Business Days after the date of the Intragroup Receivables Pledge Agreement.

In the event that the Intragroup Receivables pledge becomes enforceable, the Security Agent (after meeting other conditions under the Intragroup Receivables Pledge Agreement) may enforce the security in the following manners: the right to collect and enforce any amounts payable in respect of any Intragroup Receivables, direct sale and assign the Intragroup Receivables to the Security Agent.

The Intragroup Receivables pledge shall cease to exist on the date on which all the Secured Debts have been unconditionally and irrevocably paid and discharged in full and the Secured Parties (as defined in the Intercreditor Agreement) are under no further obligation to provide financial accommodation to, or enter into a transaction with, the Issuer under the Bonds.

The Intragroup Receivables Pledge Agreement, any obligations under it and any non-contractual obligations arising in connection with it are governed by Czech law. The pledge and any prohibitions created as rights *in rem* created or to be created under the Intragroup Receivables Pledge Agreement are governed by Czech law. The courts of the Czech Republic have exclusive jurisdiction to settle any dispute in connection with the Intragroup Receivables Pledge Agreement.

XIII. TAXATION

It is recommended that parties interested in acquiring any Bonds consult their legal and tax advisors (taking into account all the relevant factual and legal circumstances relevant to their particular situation) with regard to the tax, foreign exchange and legal consequences of purchasing, holding and selling the Bonds and receiving payments under the tax and foreign exchange legislation in effect in the Czech Republic and the countries where such parties reside, as well as countries in which proceeds from holding or selling the Bonds could be taxed.

The tax regulations of the Czech Republic and the tax regulations of the investor's Member State may have an impact on the income from the Bonds.

As the tax regulations may change, the yield on the Bonds will be taxed in accordance with the applicable legislation at the time of redemption.

The Issuer shall not provide Bondholders with any compensation in relation to any tax.

The following brief summary of selected tax impacts regarding the purchasing, holding and selling of the Bonds and foreign exchange regulation in the Czech Republic is mainly based on Czech Act No. 586/1992 Coll., on Income Taxes, as amended and Slovak Act No. 595/2003 Coll., on Income Tax, as amended and related legislation effective as of the date of this Prospectus, as well as the prevailing interpretation of these laws and other regulations applied by the Czech and Slovak tax and other state authorities that are known to the Issuer as of the date of this Prospectus. However, the information contained herein is not intended and should not be construed as legal or tax advice. All the information below is of a general nature (it does not take into account, for example, the possible specific tax regime of selected potential acquirers such as investment funds, mutual funds, pension funds, etc.) and may change depending on changes in applicable legislation that may occur after that date, or in the interpretation of such legislation that may be applied after that date.

The description below assumes that the person receiving any payments arising from the Bonds is the beneficial owner of such income, i.e. that person is not an agent or depositary who receives such payments on behalf of another person.

1 Taxation in the Czech Republic

Interest Income

Interest income (as well as income in the form of the difference between the nominal value of the Bond paid and its issue price, or between the redemption price of the Bond at its early redemption and its issue price (**Interest Income**) paid to a natural person is subject to a special rate of withholding tax withheld at source (i.e. by the Issuer as the tax payer when Interest Income is paid). The rate of the withholding tax is 15%. However, if the recipient of the Interest Income is a natural person who is not a Czech tax resident, does not hold the Bonds through a permanent establishment in the Czech Republic and is not a tax resident of another EU Member State or other states forming the European Economic Area (**EEA**) or a third country with which the Czech Republic concluded a valid and effective international double taxation treaty or an international agreement on the exchange of information in tax matters in the field of income taxes, including a multilateral international treaty, the withholding tax rate is 35%. In the case of natural persons who are Czech tax residents, the above mentioned withholding tax represents the final tax liability of interest income on the Bonds in the Czech Republic. In the case of natural persons who are tax residents in an EU/EEA-Member State and decide to include the interest income in a Czech tax return, the above mentioned withholding tax represents a tax advance. A natural person having a permanent establishment in the Czech Republic is generally obliged to file a tax return in the Czech Republic.

Interest Income (as opposed to natural persons, for corporate income taxpayers, the difference between the price of the Bond on its early redemption and its lower issue rate is not considered as interest) paid to a corporate income taxpayer that is a Czech tax resident or not a Czech tax resident but holds the Bonds

through a permanent establishment in the Czech Republic is not subject to withholding tax and forms part of the general corporate income tax at the rate of 19% (in the case of non-resident taxpayers, the Issuer may be obliged to hedge this tax - see below). Interest Income paid to a corporate income taxpayer that is not a Czech tax resident and does not hold the Bonds through a permanent establishment in the Czech Republic is subject to a special rate of withholding tax withheld at source (i.e. by the Issuer as the tax payer when Interest Income is paid). The rate of the withholding tax is 15%. However, if the Interest Income recipient is a corporate income taxpayer that is not a Czech tax resident, does not hold the Bonds through a permanent establishment in the Czech Republic and is not a tax resident of another EU/EEA-Member State or a third country with which the Czech Republic has a valid and effective international double tax treaty or international tax information exchange agreement for income tax matters, including a multilateral international treaty, the withholding tax rate is 35%. In the case of corporate income taxpayers that are residents of another EU/EEA-Member State, do not hold the Bonds in the Czech Republic through a permanent establishment and decide to include the Interest Income in the tax return in the Czech Republic, the above mentioned withholding tax represents a tax advance. If the Interest Income accrues to the Czech permanent establishment of a corporate income taxpayer that is not a Czech tax resident and is not a tax resident of an EU/EEA-Member State, the Issuer is obliged, when paying the Interest Income, to withhold a securing tax of 10 per on this income (unless the tax administrator decides to reduce or waive this obligation). In general, a corporate income taxpayer doing business in the Czech Republic through a permanent establishment is obliged to file a tax return in the Czech Republic and any deducted tax security is included in the total tax liability reported in the tax return.

A double taxation treaty between the Czech Republic and the country where the recipient of the Interest Income is resident for tax purposes may exclude or reduce the tax rate in the Czech Republic (in the case of a natural person including the redemption of the Bond before its maturity), generally provided that the income it is not attributable to a permanent establishment which the recipient has in the Czech Republic. To benefit from the double taxation treaty, the taxpayer is subject to the condition that the recipient is a resident of the relevant state and is the beneficial owner of the income paid.

Capital Gains/Losses

Income realised from the sale of the Bonds by a natural person who is a Czech tax resident or who is not a Czech tax resident but either holds (sells) the Bonds through a permanent establishment in the Czech Republic or the income from the sale of the Bonds comes from a Czech tax resident buyer or from a Czech permanent establishment of a non-Czech tax resident buyer is included in the general tax base, within which it is subject to personal income tax at the rate of 15%. If this income is realized as a part of separate (business) activities of a natural person, such income may also be subject to a solidarity surcharge tax of 7% of the positive excess of the total sum of income included in the partial tax base from employment activities and the partial tax base from business activities in the relevant taxable period, and the amount of 48-times the average wage (CZK1,672,080 for 2020). Losses from the sale of the Bonds are generally non-tax-deductible for non-business individuals unless taxable income from the sale of other securities is reported in the same tax period; in such a case, losses from the sale of the Bonds up to the amount of income from the sale of other securities may be offset against each other.

Income from the sale of the Bonds that have not been held in connection with the business activities of a natural person is generally exempt from personal income tax, unless the worldwide income from the sale of all securities and unit income per unit upon cancellation of the mutual fund in the relevant tax period exceeds CZK100,000. In addition, the income from the sale of the Bonds that have not been held in connection with the business activities of a natural person is generally exempt from personal income tax if at least 3 years elapse between the acquisition and the sale of the Bonds (this exemption does not apply to income from future consideration transferred within 3 years of acquisition).

Income from the sale of the Bonds realized by a corporate income taxpayer that is a Czech tax resident or is not a Czech tax resident but either holds the Bonds through a permanent establishment in the Czech Republic or receives the income from the sale of the Bonds from a Czech tax resident, or from a Czech permanent establishment of a buyer that is not a Czech tax resident is included in the general corporate income tax base and is subject to a corporate income tax of 19%. Losses from the sale of the Bonds are generally tax-deductible for these persons. According to some interpretations, these losses are not deductible for corporate income

taxpayers that are Czech non-resident taxpayers and do not keep accounting books according to Czech accounting regulations.

The income for the sale of the Bonds realized by a natural person or a corporate income taxpayer that is not a Czech tax resident, does not hold the Bonds through a permanent establishment in the Czech Republic and the income from the sale of the Bonds does not come from a Czech tax resident buyer or from a Czech permanent establishment of a non-Czech tax resident buyer is not subject to tax in the Czech Republic.

In the case of the sale of the Bonds by a natural person or corporate income taxpayer that is not a Czech tax resident or a tax resident of an EU/EEA-Member State to a Czech tax resident buyer or a non-Czech tax resident buyer doing business in the Czech Republic through a permanent establishment to which the remuneration is assigned, the buyer is generally obliged to withhold the securing tax of 1% of the purchase price of the Bonds when paying the purchase price of the Bonds.

A seller who receives income from the sale of the Bonds taxable in the Czech Republic is generally obliged to file a tax return in the Czech Republic, with the tax security being credited against its final tax liability. A double tax treaty between the Czech Republic and the country in Bonds the seller of the Bonds is resident for tax purposes may exclude taxation of profits from the sale of the Bonds in the Czech Republic, including tax security, provided that the seller does not hold the Bonds through a permanent establishment in the Czech Republic. To benefit from the double taxation treaty, the taxpayer is subject to the condition that the recipient is a resident of the relevant state and is the beneficial owner of the income paid.

2 Taxation in the Slovak Republic

Taxes on the Bonds in the Slovak Republic

Under the Income Tax Act, income of legal person is subject to a 21% rate of tax and income of natural persons is subject to a 19% rate of tax, except for income exceeding 176.8 times the subsistence minimum that is subject to a 25% rate of tax.

Withholding tax has a rate of 19%; if such income is paid, remitted or credited to a non-contracting state taxpayer, a tax rate of 35% shall apply. List of taxpayers of non-contracting states is published on the website of the Ministry of Finance of the Slovak Republic.

If the recipient of yield proves to the Issuer that he is a tax resident of the Slovak Republic and the real owner of yield, this yield is not subject to withholding tax in the Czech Republic and is taxable only in the Slovak Republic in accordance with the double taxation agreement between the Czech Republic and Slovakia. If the recipient yield does not provide the Issuer with the above information, the Issuer will apply withholding tax of 35% from the yield.

Income tax on yield (interest income)

According to the applicable provisions of Slovak Act No. 595/2003 Coll., in Income Tax, as amended.

(a) the yield on the Bonds received by a tax resident is subject to the income tax in the Slovak Republic;

(b) the yield on the Bonds received by a tax resident, who is a natural person, will be included in the tax return and will be taxed at a 19% tax rate; and

(c) the yield on the Bonds received by a tax resident, who is a legal person, will be included in its general tax base and will be taxed at a 21% tax rate.

Because the income tax law may change during the life of the Bonds, the yield on the Bonds will be taxed pursuant to the law applicable at the time of its payment.

The Issuer will not provide the holders of the Bonds with any compensation or gross-up in connection with any tax withholding.

Income tax on sale

The profit from sale of the Bonds generated by a legal person who is a Slovak tax resident or a permanent establishment of a tax non-resident - a legal person with its registered office outside the territory of the Slovak Republic are included in the general tax base taxed by the applicable corporate income tax rate. Losses from sale of the Bonds calculated on a cumulative basis for all. Bonds sold during a single taxable period are generally not tax recognised, except for specific cases provided by law.

The profit from sale of the Bonds generated by a natural person who is a Slovak tax resident or a permanent establishment of a tax non-resident - a natural person with its residence outside the territory of the Slovak Republic are generally included in the common tax base for the natural person income tax. Any losses from sale of the Bonds cannot be deemed to be tax recognised. If a natural person owns the Bonds for more than one year, the profit from sale of the Bonds is exempt from the natural person income tax.

XIV. ENFORCEMENT OF CIVIL LIABILITIES AGAINST THE ISSUER AND THE GUARANTOR

The information contained in this Chapter is provided only as general information to characterize the legal situation and has been obtained from publicly available sources. Neither the Issuer nor its advisers make any representation as to the accuracy or completeness of the information included herein. Any prospective purchasers of the Bonds should therefore not rely solely upon the information included herein and should contact their legal advisers for consultation about the enforcement of claims in respect of the Issuer's private law liabilities within any relevant jurisdiction.

1 Enforcement of Civil Liabilities in the Czech Republic

Pursuant to the Terms and Conditions, the court competent for resolving any disputes between the Issuer and the Bondholders in relation to the Bonds arising from the Terms and Conditions is the Municipal Court in Prague.

The Issuer has not granted its consent to the jurisdiction of a foreign court in connection with any lawsuit commenced on the basis of the acquisition or in connection with the holding of the Bonds, nor did it appoint a representative for proceedings in any country. As a result, it may be impossible for the acquirer of the Bonds to commence any proceedings against the Issuer or require foreign courts to issue court decisions against the Issuer or require the observance of the decisions issued by such courts that are based on the provisions of foreign legal regulations.

The recognition and enforcement of foreign judgments in civil and commercial matters in the Czech Republic is governed by EU law, public international treaties and Czech law. In relation to the Member States of the European Union, EU Regulation 1215/2012 of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (**Regulation 1215/2012**) is directly applicable in the Czech Republic. Under this regulation, court rulings issued by any court authority in the EU Member States with regard to civil and commercial matters are enforceable in the Czech Republic, subject to the rules set forth therein and, conversely, court rulings issued by court authorities in the Czech Republic with regard to civil and commercial matters are reciprocally enforceable in the EU Member States.

Unless the parties to the dispute agreed otherwise, or unless courts of a different Member State have an exclusive jurisdiction, foreign entities are able to bring civil proceedings before Czech courts against individuals and legal entities domiciled therein. In court proceedings, Czech courts apply their respective national procedural rules and their judgments are enforceable in the Czech Republic, subject to certain statutory limitations on the ability of creditors to enforce judgments against certain assets.

Any person bringing an action in the Czech Republic may be required to: (i) submit to the court in the Czech Republic a translation to the Czech language of any relevant document prepared by a sworn translator authorised by such court; and (ii) pay a court filing fee.

In the event that court judgments against the Issuer are issued by court bodies of non-EU Member States, the following rules shall apply:

In cases where the Czech Republic or the European Union has concluded an international treaty with a specific country on the recognition and enforcement of court rulings, the recognition and enforcement of court rulings issued in such country is processed in accordance with the provisions of the applicable international treaty. If no international treaty on the recognition and enforcement of court rulings exists, then the rulings of foreign courts shall be recognised and enforced in the Czech Republic in accordance with Czech Act No. 91/2012 Coll., on private international law, as amended (the **Czech Private International Law Act**) and other relevant legislation. In the event of a foreign ruling against a Czech individual or legal entity, such a foreign ruling shall be recognised and enforced if, among other things, actual reciprocity has been

established regarding the recognition and enforcement of judgments rendered by Czech courts in the relevant country.

The Ministry of Justice of the Czech Republic shall provide the court, upon request, with a declaration on reciprocity by a foreign country. If such declaration of reciprocity has not been issued with regard to a particular country, however, this does not automatically mean that reciprocity does not exist in a given case. The court will take into account the declaration of the Ministry of Justice of the Czech Republic on reciprocity by a foreign state as a piece of evidence.

Even if reciprocity has been established, under the Czech Private International Law Act, the decisions of foreign states' justice bodies and decisions of foreign state authorities on rights and obligations which, according to their private law nature, would be decided by courts in the Czech Republic as well as foreign court conciliations and foreign notarial deeds and other public instruments in these matters (jointly also referred to as the **Foreign Decisions**) cannot be recognized and enforced if (i) the matter falls within the exclusive jurisdiction of the courts of the Czech Republic, or in the event that the proceedings could not be conducted by any authority of a foreign state should the provisions on the jurisdiction of Czech courts be applied to considering the jurisdiction of the foreign authority, unless the party against whom the decision was issued voluntarily submitted to the authority of the foreign body; (ii) proceedings are underway before a Czech court with regard to the same legal matters and if the said proceedings commenced prior to the proceedings abroad in which the judgement whose recognition has been proposed was issued; (iii) a Czech court has issued a final judgment in the same matter, or a final judgment of a third-country authority has already been recognized in the Czech Republic; (iv) the foreign authority deprived the party to the proceedings against whom the judgment was made of the opportunity to properly participate in the proceedings, in particular, if such party had not been duly served for the purposes of the initiation of the proceedings; or (v) the recognition of a foreign judgment would be contrary to the public order. The obstacles referred to in points (ii) to (iv) above shall be taken into account only if they are invoked by the party against whom the foreign decision is to be recognized, unless the existence of the obstacle (ii) or (iii) is otherwise known to the authority deciding on recognition.

The courts of the Czech Republic would not consider the merits of an action brought in the Czech Republic on the basis of any breach by the Issuer of public law of any country other than the Czech Republic, in particular any action for breach of any foreign securities law.

Foreign exchange regulation

The issue and acquisition of the Bonds is not subject to any foreign exchange regulation in the Czech Republic.

Under Czech Constitutional Act No. 110/1998 Coll., on security of the Czech Republic, the Czech Government or its Prime Minister may declare an emergency (in Czech: *nouzový stav*). If the Czech Government declares an emergency, payments in foreign currency or abroad generally, interbank transfers of monies from abroad to the Czech Republic and/or sale of securities (including the Bonds) abroad may be suspended in accordance with Czech Act No. 240/2000 Coll., on crisis management and amendment to certain acts, as amended, for the duration of such emergency. Such an emergency may be declared for a maximum period of 30 days unless prolonged by the approval of the Chamber of Deputies of the Parliament of the Czech Republic.

2 Enforcement of Civil Liabilities in Cyprus

Any final and conclusive judgement to be issued by the Czech courts in relation to the Bonds arising from the Terms and Conditions, which is enforceable in the Czech Republic, will be recognised and enforced by a District Court in the Republic of Cyprus, subject to the provisions and requirements of Regulation 1215/2012.

To this end, the relevant District Court should be furnished with the following documents:

(a) a copy of the judgment which satisfies the conditions necessary to establish its authenticity (i.e. an original or duly certified copy thereof);

(b) a certificate issued by the Municipal Court in Prague in the form provided in Annex I of Regulation 1215/2012; and

(c) a translation of the said documents into Greek.

The said documents would be presented before the Registrar of the appropriate District Court by way of a letter notifying him/her of the issuance of the judgment in question. The Registrar would then automatically "register" the judgment in question in the Republic of Cyprus, by opening a Court file to that effect and assigning a serial number thereto, without need arising for an application to be filed before the Court to this end.

It should be noted that, as provided for under Article 45 of Regulation 1215/2012, the recognition of a judgment issued by the Municipal Court in Prague can be refused at the request of any interested party for any of the reasons stated therein, namely:

(a) If recognition is manifestly contrary to the public policy of the Republic of Cyprus; there is no legislative provision which defines the concept of public policy and the relevant case law on the matter has attempted to describe the said notion as the fundamental values which a society recognises at a specific time period (see, for example, Attorney General of the Republic of Kenya v. Wirtschaft AG (1999) 1A CLR 585). A Cypriot court would, therefore, refuse to recognise a foreign judgment in case that the judgment in question is deemed to be at variance to an unacceptable degree with the legal order of the Republic of Cyprus in as much as it would infringe a fundamental principle or would impact on the orderly functioning of the legal, social or commercial life of the Republic of Cyprus. It should be clarified that the public policy principle is very rarely invoked before the Cypriot courts in cases involving the recognition and enforcement of foreign judgments, especially of judgments issued by another EU Member State.

(b) Where the judgment was given in default of appearance, if the defendant was not served with the document instituting the proceedings or an equivalent document in sufficient time and in such a way as to enable him or her to arrange for his or her defence;

(c) Where the judgment is irreconcilable with another judgment given in a dispute between the same parties in the Republic of Cyprus;

(d) Where the judgment is irreconcilable with an earlier judgment given in another Member State or in a non-Member State between the same parties and involving the same cause of action, where the earlier decision fulfils the conditions required for recognition in the Republic of Cyprus;

(e) Where the judgment conflicts with sections 3, 4 or 5 of Chapter II (i.e. jurisdiction in matters relating to insurance, consumer contracts and employment contracts) and with section 6 of Chapter II (i.e. the provisions for exclusive jurisdiction for example) of Regulation 1215/2012.

Under no circumstances will the substance of the judgment be, however, reviewed by a Cypriot court, as provided for by Article 52 of Regulation 1215/2012.

XV. GENERAL INFORMATION

1 Internal Approval

The Issue has been approved by the resolution of the Statutory Director of the Issuer dated 12 December 2019 and 25 September 2020 and the resolution of the Guarantor acting as the Sole Shareholder of the Issuer dated 25 September 2020.

2 Applicable Legal Regulation

The Bonds are to be issued in accordance with the Czech Bonds Act, the Czech Capital Market Act and the Prospectus Regulation.

3 Approval of the Prospectus by the Czech National Bank

The Prospectus has been approved by the resolution of the Czech National Bank dated 30 September 2020, ref. no. 2020/122025/CNB/570, file no. S-Sp-2020/00047/CNB/572, which came into force on 1 October 2020. The Czech National Bank, as the competent authority under the Prospectus Regulation, has approved this Prospectus only with regard to the Prospectus meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. By deciding to approve a security prospectus, the Czech National Bank certifies that the approved prospectus contains the information required by law to enable the investor to decide whether or not to acquire the security. The Czech National Bank does not assess the issuer's financial performance or financial position and, by approving the prospectus, it does not guarantee the issuer's future profitability, the quality of the security, or the issuer's ability to repay the profit or par value of the security and the approval of the Prospectus by the Czech National Bank should not be considered as an endorsement of the Issuer or the quality of the Bonds that are the subject of this Prospectus. A potential investor in the Bonds should make its own assessment of the suitability of investing in the Bonds.

4 Date of the Prospectus

The Prospectus was prepared on 29 September 2020.

5 Third Party Information

The Issuer confirms that if the information in this Prospectus or incorporated into this Prospectus by reference originated from a third party, the information has been accurately reproduced and, to the extent that the Issuer has been able to ascertain it from the information published by that third party, no facts that would make the reproduced information inaccurate of misleading were omitted.

The valuation reports on the Group's projects that are incorporated in this Prospectus by reference (see Chapter *Information incorporated by reference*) were prepared by CBRE Ukraine (Expandia LLC), with its registered office at 100 Velyka Vasylkivska St., 03150 Kyiv, Ukraine (**CBRE Ukraine (Expandia LLC)** . CBRE Ukraine (Expandia LLC) is certified by the Ukraine's State Property Fund to perform valuations of real property and the Group's projects have been valued by valuers who were certified for the purpose of the valuation in accordance with the RICS Valuation – Global Standards 2017 (the Red Book) as well as the Ukraine's State Property Fund in accordance with Ukrainian legislation, as declared in the valuation reports.

To the best of the Issuer's knowledge, CBRE Ukraine (Expandia LLC) has no material interest in the Issuer ort the Guarantor. For the purposes of this declaration, the Issuer has considered, without limitation, the following material facts regarding its or the Guarantors's relationship with CBRE Ukraine (Expandia LLC): any (i) ownership of shares issued by the Issuer or the Guarantor or of shares of ownership interests in companies which form the Group with the Issuer or the Guarantor, or of any options to acquire or subscribe such shares or ownership interests; (ii) employment with, or compensation from, the Issuer or the Guarantor; (iii) membership in the bodies of the Issuer or the Guarantor; (iv) relationship with the Manager; or (v) listing of the Bonds on the Regulated Market of the PSE.

6 Definitions

Capitalized terms used in a particular ection of the Prospectus shall have the meaning assigned to them in the Chapter *Terms and Conditions of the Bonds* or any other section of the Prospectus. All definitions used in this Prospectus can be found using the definition index contained in Chapter XVI (*Index*) of the definitions on page 172 *et seq.* of the Prospectus, which refers to the placement of the definition in the Prospectus

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