

**Aquila Real Asset Finance II a.s.**

**Bonds AQUILA RAF 5,25/22**

Unsecured fixed-rate bonds in the anticipated total nominal amount of CZK1,000,000,000

with the possibility of increase of up to CZK1,500,000,000

due 2022

**ISIN CZ0003522245**

Bonds in the anticipated total nominal amount of up to CZK1,000,000,000 (in words: one billion Czech crowns) with the possibility of increase of up to CZK1,500,000,000 (in words: one billion five hundred thousand million Czech crowns) due 2022 (the **Bonds** or the **Issue**), whose issuer is Aquila Real Asset Finance II a.s., with its registered office at Pobřežní 297/14, Karlín, 186 00 Prague 8 Czech Republic, Identification No.: 081 64 452, registered in the Commercial Register of the Municipal Court in Prague, file number: B 24406 (the **Issuer**), are issued under the laws of the Czech Republic in the book-entry form as bearer bonds. Once issued, the Issuer will apply for their admission to trading on the regulated market (in Czech: *Regulovaný trh*) of Burza cenných papírů Praha, a.s. (the **PSE**); however, no guarantee can be given that the admission will be granted. The nominal value of each Bond is CZK50,000 (in words: fifty thousand Czech crowns). The date of issue of the Bonds is 8 July 2019 (the **Issue Date**).

The Bonds bear a fixed interest rate of 5.25% p.a. The interest income for each interest income period will be paid in annual arrears always on 8 July of each year. The first interest income will be paid on 8 July 2020. For more information, see Condition 9 of the transcript of the Terms and Conditions. The Bonds are redeemable in a single payment on 8 July 2022. Payments under the Bonds will be made only in Czech crowns and will be subject to the applicable taxes and fees prescribed by law. The Issuer will be under no obligation to make any other payments to holders of the Bonds as compensation for these withholdings. For more information, see clause 4.6 “*Taxation and foreign exchange regulation*”.

The obligations of the Issuer under the Bonds are borne by no other person but the Issuer.

This prospectus of the Bonds dated 11 June 2019 (the **Prospectus**) was prepared according to annexes IV, V, XXII and XXX of the EU Regulation (EC) No. 809/2004 of 29 April 2004 implementing the EU Directive 2003/71/EC of 4 November 2003 for the purposes of a public offerings of the Bonds in the Czech Republic and Slovak Republic and for the purposes of their admission to trading on the regulated market (in Czech: *Regulovaný trh*) of the PSE. The Prospectus will be only approved by the National Bank of Slovakia (the **NBS**) and the Issuer will request the NBS to notify the Czech National Bank (the **CNB**) about the approval of the Prospectus by the NBS. The Prospectus will not be registered, authorised or approved by any authority of any other country. In particular, the Bonds have not been and will not be registered under the United States Securities Act of 1933. Therefore, the Bonds may only be offered, sold or delivered within the United States or to the account or for the benefit of U.S. persons subject to the exemption from the registration requirements under that Act or as part of a deal not subject to this registration requirement. The persons who get hold of this Prospectus are responsible for compliance with the restrictions applicable in individual states to the offering, purchase or sale of the Bonds or the holding and dissemination of any materials relating to the Bonds, including this Prospectus. For more information, see clause 4.5 “*Restrictions applicable to dissemination of the Prospectus and sale of the Bonds*”.

This Prospectus was prepared on 11 June 2019 and any information given in it is current only as at that date. Provision of this Prospectus after the date of its preparation does not mean that information given in it would remain current on that later date. When contemplating investment in the Bonds, the investors must consider all other information published by the Issuer after the date of preparation of this Prospectus as well as other publicly available information. The Issuer only approved the representations and information regarding the Bonds that are contained in this Prospectus.

An investment in Bonds issued under this Prospectus involves certain risks. For a discussion of these risks see part 2 “*Risk Factors*”.

*Manager*

**J & T BANKA, a.s.**

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## 1. SHRnutí

Níže uvedený souhrn splňuje požadavky Směrnice Evropského parlamentu a Rady 2003/71 / ES (dále jen Směrnice o prospektu) a Nařízení Komise (ES) č. 809/2004, kterým se provádí Směrnice o prospektu (dále jen Nařízení o prospektu), včetně požadavků na obsah uvedených v příloze XXII Nařízení o prospektu. Tyto požadavky se vztahují na Dluhopisy se jmenovitou hodnotou nižší než 100 000 EUR (nebo její ekvivalent v jiné měně) a níže uvedený souhrn je určen potenciálním investorům do těchto Dluhopisů. Souhrn se sestává z povinně zveřejňovaných informací, tzv. "Prvků". Tyto prvky jsou číslovány v oddílech A - E (tj A1 - E7). Tento souhrn obsahuje všechny prvky, které musí být obsaženy v souhrnu pro tento typ cenných papírů a Emitenta. Jelikož některé prvky se dle Nařízení o prospektu pro tento typ cenných papírů a Emitenta nevyžadují, posloupnost číslování uvedených prvků nemusí být kontinuální (tj. v číselném pořadí jednotlivých prvků mohou být mezery). I když určitý prvek musí být podle Nařízení o prospektu pro tento typ cenných papírů a Emitenta do souhrnu zahrnut, je možné, že ohledně takového prvku neexistují žádné relevantní informace. V takovém případě je v souhrnu uveden stručný popis příslušného prvku s poznámkou "Nepoužije se".

### Oddíl A – Úvod a upozornění

Prvek	Požadavek na zveřejnění
A.1	<p><b>Upozornění</b></p> <p>Toto shrnutí představuje a mělo by být chápáno jako úvod Prospektu. V tomto souhrnu jsou uvedeny základní informace o Emitentovi a Dluhopisech, které jsou obsaženy na jiných místech Prospektu.</p> <p>Jakékoli rozhodnutí investovat do Dluhopisů by mělo být založeno na tom, že investor zváží tento Prospekt jako celek, tj. potenciální investoři by si před přijetím konkrétního investičního rozhodnutí měli pozorně přečíst celý Prospekt, včetně finančních údajů a příslušných poznámek. Obzvláště je nutné pečlivě zvážit všechny rizikové faktory vztahující se k Dluhopisům.</p> <p>Pokud je u soudu vznesen nárok na základě informací uvedených v Prospektu, žalujícímu investorovi se může podle vnitrostátních právních předpisů členských států uložit povinnost nést náklady spojené s překladem Prospektu před zahájením soudního jednání.</p> <p>Občanskoprávní odpovědnost mají jen ty osoby, které souhrn, včetně jeho překladu, předložily, ale jen v případě, pokud je tento souhrn zavádějící, nepřesný, nebo v rozporu s ostatními částmi Prospektu, nebo neobsahuje ve spojení s jinými částmi Prospektu klíčové informace, které mají investorům pomoci při rozhodování investovat do Dluhopisů.</p> <p>Odpovědnou osobou je Emitent, za kterého jedná pan Rostislav Chabr a paní Kateřina Winterling Vorlíčková, členové představenstva.</p>
A.2	<p><b>Souhlas Emitenta s použitím prospektu pro následnou nabídku finančními zprostředkovateli</b></p> <p>Emitent souhlasí s použitím Prospektu pro pozdější další prodej nebo konečné umístění Dluhopisů vybranými finančními zprostředkovateli, a to výhradně v České republice a Slovenské republice v průběhu nabídkového období.</p> <p>Podmínkou udělení souhlasu s použitím Prospektu je písemné svolení Emitenta s použitím tohoto Prospektu pro účely veřejné nabídky nebo konečného umístění Dluhopisů, které dostatečně přesně určí finančního zprostředkovatele, kterému bylo svolení uděleno. Seznam příslušných finančních zprostředkovatelů, kterým byl souhlas udělen, bude uveřejněn na internetových stránkách Emitenta <a href="http://www.aquila-real-asset.com">www.aquila-real-asset.com</a>.</p> <p>Souhlas s použitím Prospektu byl udělen do uplynutí 12 měsíců ode dne,</p>

		<p>kdy nabylo právní moci rozhodnutí NBS o schválení Prospektu.</p> <p><b>Údaje o podmínkách nabídky jakéhokoliv finančního zprostředkovatele budou investorovi poskytnuty v době předložení nabídky finančním zprostředkovatelem.</b></p>
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### Oddíl B – Emitent

Prvek	Požadavek na zveřejnění	
<b>B.1</b>	<b>Obchodní firma Emitenta</b>	<p>Aquila Real Asset Finance II a.s.</p> <p>IČO: 081 64 452</p> <p>LEI: 315700Y2R4ZJ2W50GJ38</p>
<b>B.2</b>	<b>Sídlo a právní forma Emitenta, země registrace a právní předpisy, podle nichž Emitent provozuje činnost</b>	<p>Sídlo Emitenta je Pobřežní 297/14, Karlín, 186 00 Praha 8, Česká republika.</p> <p>Emitent je akciovou společností založenou podle práva České republiky a je zapsán v obchodním rejstříku vedeném u Městského soudu v Praze pod spisovou značkou B 24406. Identifikační číslo Emitenta je 081 64 452.</p> <p>Emitent se při své činnosti řídí českými právními předpisy, zejména zákonem č. 89/2012 Sb., občanský zákoník, ve znění pozdějších předpisů, zákonem č. 90/2012 Sb., o obchodních společnostech a družstvech (zákon o obchodních korporacích), ve znění pozdějších předpisů, či zákonem č. 455/1991 Sb., o živnostenském podnikání (živnostenský zákon), ve znění pozdějších předpisů.</p>
<b>B.4b</b>	<b>Informace o známých trendech</b>	<p>Emitenta nepřímo ovlivňují především trendy v oblasti podnikání Provozních společností (jak jsou definovány v Prvku B.15 tohoto shrnutí níže):</p> <p><b>Trendy v oblasti nemovitostí</b></p> <p>Evropská ekonomika stále zaznamenává nadprůměrný růst v roce 2019. Španělsko, Irsko a země střední Evropy zaznamenávají nejrychlejší tempo růstu. Hospodářský růst zvyšuje poptávku po komerčních nemovitostech a volná kapacita postupně zaniká zejména ve velkých městech. Vyšší dlouhodobé úrokové sazby začnou představovat výzvu pro stanovení cen nemovitostí na mnoha trzích, a to i přes další očekávaný růst nájemného, avšak sazby by se měly od konce roku 2020 snižovat. Růst zaměstnanosti v kancelářích by měl v posledních několika letech zmírnit z 2 % - 3 % ročně na 1,5 % - 2 % v řadě měst, včetně Paříže, Berlína, Mnichova, Amsterdamu, Stockholmu a Londýna. Trhy Španělska a Portugalska, spolu s Dublnem, vypadají silněji. Španělsko bude pravděpodobně spolu s Německem patřit mezi oblasti s růstem nájemného v roce 2019.</p> <p><b>Trendy v oblasti obnovitelných zdrojů energie</b></p> <p>Celkové investice do čisté energie dosáhly v roce 2018 výše 332,1 miliardy amerických dolarů, což je o 8 % méně než v roce 2017. Loňský rok byl pátý v řadě, kdy investice překročily hranici 300 miliard amerických dolarů. Evropa zaznamenala skok investic do čisté energie o 27 % na 74,5 miliardy dolarů, což bylo podpořeno financováním pěti větrných projektů na moři v kategorii nad miliardu dolarů.</p> <p>Emitentovi nejsou známy jiné trendy, nejistoty, poptávky, závazky nebo události, které by s přiměřenou pravděpodobností mohly mít významný</p>

		vliv na vyhlídky Emitenta v průběhu běžného finančního roku.
<b>B.5</b>	<b>Informace o skupině</b>	<p>Emitent má jediného akcionáře, společnost Corporate Business Solutions Partners S.á r.l. (<b>Akcionář</b>). Akcionář je plně ovládan společností CBM Holding S.á r.l. (celá skupina ovládaná touto společností, včetně Akcionáře a Emitenta, dále jen <b>Skupina Emitenta</b>), jejímiž akcionáři jsou paní Verena von Wartenberg, dat. nar. 29. dubna 1974, bytem Elmarstr. 53, D-33014 Bad Driburg, Spolková republika Německo, a pan Götz Syllm, dat. nar. 20. ledna 1970, bytem Val des Bons-Malades 235, L-2121, Lucemburské velkovévodství. K datu vyhotovení tohoto Prospektu jsou konečnými vlastníky celé Skupiny Emitenta výše uvedené osoby.</p> <p>Schéma Skupiny Emitenta:</p> <pre> graph TD     V[Verena von Wartenberg] -- 50% --&gt; CBM[CBM Holding S.á r.l.]     G[Götz Syllm] -- 50% --&gt; CBM     CBM -- 100% --&gt; CBSP[Corporate Business Solutions Partners S.á r.l.]     CBSP -- 100% --&gt; ARAF[Aquila Real Asset Finance II a.s.] </pre> <p>Společnost CBM Holding S.á r.l. je holdingovou společností, která kromě 100% účasti ve společnosti Corporate Business Solutions Partners S.á r.l., drží též 100% účast ve společnosti Lux Office Rental Services S.á r.l. (Lucembursko) zabývající se pronájmem kancelářských prostor v Lucemurku, přičemž mezi její klienty k Datu prospektu patří cca 40 komerčních subjektů, a ve společnosti Ceres Business Solutions S.á r.l. (Lucembursko), která poskytuje podpůrné služby Lucemurským subjektům spočívající v administrativní a manažerské podpoře, či v podpoře související se zakládáním společností.</p> <p>Společnost Corporate Business Solutions Partners S.á r.l. drží účast v řadě dalších společností. Jde o společnosti zakládané k realizaci různých projektů („SPV“), které jsou nezávislé na Emitentovi a ani jinak nesouvisí s obchodním záměrem Emitenta nebo s emisí Dluhopisů.</p>
<b>B.9</b>	<b>Prognózy či odhady zisku</b>	Nepoužije se; Emitent prognózu ani odhad zisku nepřipravil a ani nezveřejnil a ani je neuvádí v Prospektu
<b>B.10</b>	<b>Výhrady auditora</b>	Nepoužije se; vzhledem k tomu, že Emitent vznikl zápisem do obchodního rejstříku méně než dva měsíce před vyhotovením tohoto Prospektu a od svého vzniku nevykonával žádnou činnost, nebyly vyhotoveny žádné auditorské zprávy ve vztahu k historickým finančním informacím.

<b>B.12</b>	<b>Vybrané finanční údaje</b>	<p>Vzhledem k tomu, že Emitent vznikl zápisem do obchodního rejstříku méně než dva měsíce před vyhotovením tohoto Prospektu a od svého vzniku nevykonával žádné činnosti, uvádí se jen zahajovací rozvaha Emitenta v souladu s účetními předpisy České republiky k datu jeho vzniku, tj. 14. května 2019:</p> <table border="1" data-bbox="608 398 1422 651"> <tr> <td><i>tis. CZK</i></td> <td>14/5/2019</td> </tr> <tr> <td>Krátkodobý majetek celkem</td> <td>2.000</td> </tr> <tr> <td><b>Majetek celkem</b></td> <td><b>2.000</b></td> </tr> <tr> <td>Vlastní kapitál celkem</td> <td>2.000</td> </tr> <tr> <td><b>Vlastní kapitál a závazky celkem</b></td> <td><b>2.000</b></td> </tr> </table> <table border="1" data-bbox="608 734 1422 1025"> <tr> <td><i>tis. CZK</i></td> <td>14/5/2019</td> </tr> <tr> <td>Peněžní prostředky</td> <td>2.000</td> </tr> <tr> <td><b>Krátkodobý majetek celkem</b></td> <td><b>2.000</b></td> </tr> <tr> <td><b>Majetek celkem</b></td> <td><b>2.000</b></td> </tr> <tr> <td>Základní kapitál</td> <td>2.000</td> </tr> <tr> <td><b>Vlastní kapitál celkem</b></td> <td><b>2.000</b></td> </tr> <tr> <td><b>Vlastní kapitál a závazky celkem</b></td> <td><b>2.000</b></td> </tr> </table> <p>Emitent prohlašuje, že od data svého vzniku nedošlo k žádné významné negativní změně vyhlídek Emitenta ani k významným změnám finanční nebo obchodní situace Emitenta.</p>	<i>tis. CZK</i>	14/5/2019	Krátkodobý majetek celkem	2.000	<b>Majetek celkem</b>	<b>2.000</b>	Vlastní kapitál celkem	2.000	<b>Vlastní kapitál a závazky celkem</b>	<b>2.000</b>	<i>tis. CZK</i>	14/5/2019	Peněžní prostředky	2.000	<b>Krátkodobý majetek celkem</b>	<b>2.000</b>	<b>Majetek celkem</b>	<b>2.000</b>	Základní kapitál	2.000	<b>Vlastní kapitál celkem</b>	<b>2.000</b>	<b>Vlastní kapitál a závazky celkem</b>	<b>2.000</b>
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<b>Vlastní kapitál a závazky celkem</b>	<b>2.000</b>																									
<b>B.13</b>	<b>Popis veškerých nedávných událostí specifických pro Emitenta</b>	Žádné takové události. Emitent je nově založená společnost, která se během své existence nikdy neocitla v platební neschopnosti, nevyvíjela žádnou činnost a nepřevzala žádné významné závazky.																								
<b>B.14</b>	<b>Závislost na skupině</b>	<p>Emitent je závislý na Akcionáři, který mu poskytuje IT služby, a který s Emitentem sdílí svou manažerskou a IT infrastrukturu.</p> <p>Kromě výše uvedené závislosti na Akcionáři není Emitent k datu vyhotovení tohoto Prospektu závislý na jiných osobách ve Skupině Emitenta.</p> <p>Informace o Skupině Emitenta jsou uvedeny v prvku B.5 výše.</p>																								
<b>B.15</b>	<b>Hlavní podnikatelské aktivity</b>	Emitent je společnost zřízená výhradně za účelem vydání Dluhopisů. Emitent využije prostředky získané z Dluhopisů k poskytování půjček/úvěrů s fixním úrokem, nebo k poskytování jiných forem financování s fixním úrokem (zejména ve formě nákupu dluhových cenných papírů s pevným výnosem) společností aktivním v oblasti nemovitostí a obnovitelných zdrojů energie ( <b>Provozní společnosti</b> ) prostřednictvím holdingových společností se sídlem v členských státech Evropské unie ( <b>HoldCos</b> ).																								
<b>B.16</b>	<b>Ovládající osoba</b>	<p>Emitent je ovládán společností Corporate Business Solutions Partners S.á r.l., která je nepřímo vlastněná paní Verenou von Wartenberg a panem Götzem Syllmem.</p> <p>Informace o Emitentovi, obchodních společnostech patřících do Skupiny</p>																								

		Emitenta a Propojených osobách jsou rovněž uvedeny v prvku B.5 výše.
<b>B.17</b>	<b>Rating Emitenta nebo Dluhopisů</b>	Nepoužije se; Emitentovi ani emisi Dluhopisů nebyl přidělen rating.
<b>B.18</b>	<b>Popis povahy a rozsahu záruky</b>	Nepoužije se; Dluhopisy nemají žádné ručení či jiné zajištění.
<b>B.19.</b>	<b>Údaje oddílu týkající se ručitele</b>	Nepoužije se; žádná osoba nebude ručit za dluhy Emitenta z Dluhopisů.

### Oddíl C – Cenné papíry

<b>Prvek</b>	<b>Požadavek na zveřejnění</b>	
<b>C.1</b>	<b>Popis cenných papírů/ISIN</b>	<p>Dluhopisy jsou nezajištěnými zaknihovanými dluhopisy vydávanými podle českého práva s pevnou úrokovou sazbou 5,25 % p. a. o jmenovité hodnotě jednoho Dluhopisu 50.000 Kč. Dluhopisy budou vydány v celkové předpokládané jmenovité hodnotě emise do 1.000.000.000 Kč, s možným navýšením jmenovité hodnoty až na celkovou výši 1.500.000.000 Kč, a budou splatné v roce 2022. Datum emise je 8. července 2019 (<b>Datum emise</b>). ISIN Dluhopisů je CZ0003522245.</p> <p>Dluhopisy jsou vydávány dle zákona č. 190/2004 Sb., o dluhopisech, ve znění pozdějších předpisů (dále jen <b>Zákon o dluhopisech</b>).</p>
<b>C.2</b>	<b>Měna</b>	Koruna česká (Kč)
<b>C.5</b>	<b>Převoditelnost</b>	<p>Převoditelnost Dluhopisů není omezena.</p> <p>K převodu Dluhopisů dochází zápisem tohoto převodu na účtu vlastníka v společnosti Centrální depozitář cenných papírů, a.s., IČO: 250 81 489, se sídlem Rybná 14, 110 00 Praha 1 (dále jen <b>Centrální depozitář</b>) v souladu s platnými právními předpisy České republiky a předpisy Centrálního depozitáře. V případě Dluhopisů evidovaných u Centrálního depozitáře na účtu zákazníků dochází k převodu Dluhopisů (i) zápisem převodu na účtu zákazníků v souladu s platnými právními předpisy a předpisy Centrálního depozitáře s tím, že majitel účtu zákazníků je povinen bezodkladně zapsat takový převod na účet vlastníka, a to k okamžiku zápisu na účet zákazníků, nebo (ii) pokud jde o převod mezi vlastníky Dluhopisů v rámci jednoho účtu zákazníků, zápisem převodu na účtu vlastníka v evidenci.</p>
<b>C.8</b>	<b>Práva spojená s cennými papíry</b>	<p>Práva a povinnosti plynoucí z Dluhopisů upravují emisní podmínky Dluhopisů. S Dluhopisy je spojeno zejména právo na splacení jmenovité hodnoty a právo na výnos. S Dluhopisy je též spojeno právo účastnit se a hlasovat na schůzích vlastníků Dluhopisů v případech, kdy je taková schůze svolána v souladu se Zákonem o dluhopisech, resp. s emisními podmínkami. S Dluhopisy nejsou spojena žádná předkupní ani výměnná práva.</p> <p>Dluhopisy zakládají přímé, obecné, nepodmíněné, nezajištěné a nepodřízené peněžité závazky Emitenta, které jsou a vždy budou vzájemně rovnocenné (pari passu) jak mezi sebou navzájem, tak i vůči všem dalším současným i budoucím nezajištěným a nepodřízeným závazkům Emitenta, s výjimkou těch dluhů Emitenta, u nichž tak stanoví ustanovení právních předpisů, která mají kogentní povahu. Emitent se zavazuje nakládat za stejných podmínek se všemi Vlastníky dluhopisů</p>

		<p>stejně.</p> <p>S Dluhopisy je spojeno právo na splacení jmenovité hodnoty ke dni jejich konečné splatnosti, tj. dne 8. července 2022.</p> <p>K předčasné splatnosti může dojít (i) z rozhodnutí Emitenta, a to buď částečně anebo zcela, přičemž den předčasné splatnosti nemůže nastat dříve než po uplynutí 2 let od Data emise a den částečného předčasného splacení Dluhopisů může nastat pouze v den výplaty úroků; (ii) z rozhodnutí vlastníka Dluhopisů, dojde-li ke změně ve vlastnictví obchodního podílu s nímž je spojeno 10 % nebo více hlasovacích práv na Emitentovi s výjimkou případů, kdy k takovéto změně dojde ve prospěch společnosti xRIT Lux, se sídlem 4 Rue Dicks, 1417 Lucemburk, Lucemburské velkovévodství a zapsané u lucemburského obchodního a podnikového rejstříku (RCS) pod číslem B229999, ve které má pan Jost Rodewald, narozen 31. května 1971, bytem Blumenpfad 4a, 22605 Hamburk, Spolková republika Německo, 100% přímou nebo nepřímou účast; (iii) z rozhodnutí vlastníka Dluhopisů, pokud Emitent porušuje své povinnosti (nebo nastane nebo trvá jiná definovaná skutečnost); (iv) z rozhodnutí vlastníka Dluhopisů, z důvodu, že schůze vlastníků Dluhopisů souhlasila se změnou emisních podmínek Dluhopisů, k jejíž změně se její souhlas vyžaduje a vlastník Dluhopisů nehlasoval pro přijetí nebo se schůze neúčastnil.</p>
<b>C.9</b>	<b>Úrok/Splacení jmenovité hodnoty/Zástupce vlastníků dluhopisů</b>	<p>Dluhopisy budou úročeny pevnou úrokovou sazbou ve výši 5,25 % p. a. Úrokové výnosy z Dluhopisů, případně jejich poměrná část, budou vypláceny ročně zpětně, vždy ke dni 8. července. První výplata úrokových výnosů bude provedena ke dni 8. července 2020.</p> <p>Dnem konečné splatnosti Dluhopisů je 8. červenec 2022 (pokud nedojde k předčasnému splacení Dluhopisů).</p> <p>Jestliže dlužná částka (jmenovitá hodnota nebo výnos) v souvislosti s jakýmkoli Dluhopisem není Emitentem řádně splacena v termínu její splatnosti, bude taková splatná částka úročena pouze úrokem z prodlení ve výši 5.25% p. a., a to až do dne, kdy vlastníků Dluhopisů budou vyplaceny veškeré k tomu dni splatné částky.</p> <p>Schůze vlastníků Dluhopisů může usnesením ustanovit fyzickou nebo právnickou osobu za společného zástupce vlastníků Dluhopisů. K Datu prospektu nebyl společný zástupce vlastníků Dluhopisů ustanoven.</p>
<b>C.10</b>	<b>Derivátová složka</b>	Nepoužije se; Dluhopisy nemají derivátovou složku výnosu.
<b>C.11</b>	<b>Přijetí Dluhopisů na regulovaný či jiný trh</b>	Emitent požádá o přijetí Dluhopisů k obchodování jenom na Regulovaném trhu Burzy cenných papírů Praha, a. s., se sídlem Rybná 14, PSČ 110 00, IČO: 471 15 629 a předpokládá, že Dluhopisy budou přijaty k obchodování k Datu emise. Emitent nemůže zaručit že žádosti bude vyhověno.

#### Oddíl D – Rizika

<b>Prvek</b>	<b>Zveřejňovaná informace</b>	
<b>D.2</b>	<b>Hlavní rizika vztahující se k Emitentovi a Provozním</b>	<p><b>Rizikové faktory vztahující se k Emitentovi zahrnují především následující faktory:</b></p> <p>Rizika spojená s podnikáním Emitenta</p>



<p><b>společnostem</b></p>	<p>Rizika spojená s rámcovými smlouvami o financování</p> <p>Riziko závislosti na ACM</p> <p>Potenciální střet zájmů akcionáře Emitena a vlastníků Dluhopisů</p> <p>Riziko změny akcionářské struktury</p> <p>Riziko spojené s právním, regulačním a daňovým prostředím</p> <p>Devizové riziko</p> <p>Riziko spojené s případným konkurzním (insolvenčním) řízením</p> <p>Rizika spojená s technologickou infrastrukturou</p> <p><b>Rizikové faktory vztahující se k Provozním společnostem zahrnují především následující faktory:</b></p> <p>Kreditní riziko</p> <p>Provozní společnosti jsou vystavené riziku změny úrokových sazeb a směnných kurzů cizích měn</p> <p>Zdravotní, bezpečnostní, enviromentální a další právní předpisy a nařízení</p> <p>Závislost na dodavatelích a třetích stranách</p> <p>Provozní společnosti mohou být nepříznivě ovlivněny katastrofami, živelnými pohromami, nepříznivými povětrnostními podmínkami, neočekávanými geologickými nebo jinými přírodními podmínkami nebo trestnými činy nebo teroristickými činy v továrnách, výrobních zařízeních a na staveništích</p> <p>Pojištění nemusí být dostatečné na pokrytí příslušných rizik a náklady na pojištění se mohou zvýšit</p> <p>Riziko soudních a jiných sporů</p> <p>Neoprávněné používání patentované technologie Provozních společností třetími stranami může snížit hodnotu jejich produktů, služeb a značky a narušit jejich schopnost účinně konkurovat</p> <p>Provozní společnosti mohou utrpět finanční ztrátu, pokud budou žalované za porušení práv duševního vlastnictví třetích stran</p> <p>Provozní riziko</p> <p>Podnikání bude negativně ovlivněno, pokud si Provozní společnosti neudrží svůj vrcholný management a klíčové zaměstnance nebo pokud nedokáží přivést nebo udržet vysoce kvalifikované zaměstnance</p> <p>Systémy informačních technologií Provozních společností mohou selhat nebo se jejich fungování může zhoršit</p> <p>Daňová rizika</p> <p>Rizika spojená s vystoupením Velké Británie z Evropské Unie</p> <p>Vnímání trhu týkající se nestability eura, potenciálního opětovného zavedení národních měn v rámci eurozóny nebo potenciálního úplného zrušení eura by mohlo nepříznivě ovlivnit podnikání nebo finanční postavení Provozních společností</p> <p><b>Rizikové faktory vztahující se k Provozním společnostem v souvislosti s trhem nemovitostí zahrnují především následující faktory:</b></p>
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		<p>Všeobecné ekonomické podmínky týkající se trhu s nemovitostmi</p> <p>Finanční rizika</p> <p>Riziko trhu s nemovitostmi</p> <p>Riziko změn hodnoty majetku</p> <p>Riziko konkurence</p> <p>Riziko developerské činnosti</p> <p>Riziko stavební činnosti</p> <p>Rizika související se schopností generovat nepřetržitý příjem z nájmu</p> <p>Riziko údržby nemovitostí</p> <p>Klimatické změny a klimatické podmínky</p> <p>Životní prostředí</p> <p><b>Rizikové faktory vztahující se k Provozním společnostem v souvislosti s trhem obnovitelné energie zahrnují především následující faktory:</b></p> <p>Spoléhání se na určité nařízení, dotace a daňové pobídky v souvislosti s trhem s obnovitelnou energií, které mohou být změněny nebo právně napadeny</p> <p>Politická rizika – Provozní společnosti podléhají přísné regulaci životního prostředí</p> <p>Solární, vodní a větrné projekty budou negativně ovlivněny v případě nepříznivých změn ve vnitrostátní a mezinárodní podpoře obnovitelných zdrojů energie</p> <p>Tlak na zlepšení konkurenceschopnosti služeb a výrobků z obnovitelné energie</p> <p>Konkurenceschopnost by mohla být nepříznivě ovlivněna změnami v technologiích, cenách, odvětvové regulaci a dalších faktorech</p> <p>Příjmy ze zařízení generující energii jsou částečně vystaveny tržním cenám elektrické energie</p> <p>Akviziční a stavební rizika</p> <p>Provozní riziko</p> <p>Nedostatečná kapacita přenosu energie, potenciální náklady na modernizaci přenosové soustavy a další systémová omezení by mohly významně ovlivnit schopnost vybudovat fotovoltaické elektrárny a generovat příjmy z prodeje elektrické energie</p> <p>Rizika spojená s počasím</p>
D.3	Hlavní rizika vztahující se k cenným papírům	<p><b>Rizikové faktory vztahující se k Dluhopisům zahrnují především následující faktory:</b></p> <p>Všeobecná rizika spojená s Dluhopisy</p> <p>Riziko spojeno s dalšími podřízenými dluhopisy vydávanými Emitentem</p> <p>Riziko pevně stanovené úrokové sazby</p> <p>Riziko předčasného splacení</p>

		<p>Riziko krácení objednávek na upsání Dluhopisů</p> <p>Poplatky</p> <p>Riziko nesplacení</p> <p>Riziko likvidity</p> <p>Riziko inflace</p> <p>Riziko přijetí dalšího dluhového financování Emitentem</p> <p>Měnové riziko</p> <p>Zdanění</p> <p>Změny práva</p> <p>Zákonnost koupě</p>
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### Oddíl E – Nabídka

Prvek	Zveřejňovaná informace	
<b>E.2b</b>	<b>Důvody nabídky</b>	<p>Čistý celkový výnos z emise Dluhopisů bude Emitentem použit na poskytování pevně úročených půjček/úvěrů, nebo k poskytování jiných forem pevně úročeného financování (zejména ve formě nákupu dluhových cenných papírů s pevným výnosem) Provozním společností prostřednictvím HoldCos.</p>
<b>E.3</b>	<b>Podmínky nabídky</b>	<p>Dluhopisy budou nabízeny Emitentem prostřednictvím J&amp;T Banky jakožto manažera (<b>Manažer</b>) v rámci veřejné nabídky dle § 34 odst. 1 Zákona o podnikání na kapitálovém trhu v České republice a veřejné nabídky podle § 120 slovenského zákona č. 566/2001 Z. z. o cenných papírech a investičních službách, ve znění pozdějších předpisů, ve Slovenské republice, a to po dobu od 24. června 2019 do 19. června 2020. Dluhopisy mohou být vydávány v tranších. Emitent hodlá prostřednictvím Manažera nabízet Dluhopisy v rámci veřejné nabídky všem kategoriím investorů v České republice a Slovenské republice a vybraným kvalifikovaným investorům (a případně též dalším investorům za podmínek, které v dané zemi nezakládají povinnost nabízejícího vypracovat a uveřejnit prospekt) v zahraničí, a to vždy v souladu s příslušnými právními předpisy platnými v každé zemi, ve které budou Dluhopisy nabízeny.</p> <p>Nabídka bude činěna tzv. na „best efforts“ bázi. Manažer ani žádná jiná osoba v souvislosti s emisí Dluhopisů nepřevzali vůči Emitentovi povinnost Dluhopisy upsat či koupit.</p> <p>Investoři budou osloveni zejména za použití prostředků komunikace na dálku. Podmínkou nabytí Dluhopisů prostřednictvím Manažera je uzavření smlouvy o poskytování investičních služeb mezi investorem a Manažerem (nebo jeho pobočkou umístěnou ve Slovenské republice) a vydání pokynu k obstarání nákupu Dluhopisů podle této smlouvy. Manažer je oprávněn objem Dluhopisů uvedený v pokynech investorů dle svého výhradního uvážení krátit. V případě krácení objemu pokynu vrátí Manažer dotčeným investorům případný přeplatek zpět bez zbytečného prodlení za podmínek smluvně sjednaných ve smlouvě o investičních službách. Konečná jmenovitá hodnota Dluhopisů přidělená jednotlivému investorovi bude uvedena v potvrzení o vypořádání daného obchodu, které Manažer doručí investorovi emailem bez zbytečného odkladu po provedení pokynu. Před doručením tohoto potvrzení nemůže investor s upisovanými Dluhopisy</p>

		<p>obchodovat.</p> <p>Emisní kurz všech Dluhopisů vydaných k Datu emise činí 100 % (sto procent) jejich jmenovité hodnoty. Emisní kurz jakýchkoli Dluhopisů vydaných po Datu emise bude vždy určen Manažerem tak, aby zohledňoval očekávaný poměrný alikvotní výnos za období od Data emise do dne splatnosti emisní ceny a převažující aktuální podmínky na trhu.</p> <p>Minimální částka, za kterou bude jednotlivý investor oprávněn upsat Dluhopisy, nebyla stanovena. Maximální částka, za kterou bude jednotlivý investor oprávněn upsat Dluhopisy, bude omezena předpokládanou celkovou jmenovitou hodnotou Emise. Celková částka, kterou je upisovatel povinen uhradit, se stanoví jako součin emisního kurzu a počtu upsaných dluhopisů daným upisovatelem. Upisovatelé jsou povinni uhradit tuto částku bezhotovostně na bankovní účet Manažera nebo Emitenta ve lhůtách dle pokynu Manažera, nejpozději do data provedení pokynu.</p> <p>Vypořádání úpisu Dluhopisů bude probíhat metodou delivery-versus-payment prostřednictvím Centrálního depozitáře, respektive osob vedoucích evidenci navazující na centrální evidenci, obvyklým způsobem v souladu s pravidly a provozními postupy Centrálního depozitáře. Úpis Dluhopisů lze vypořádat v Centrálním depozitáři pouze prostřednictvím účastníka Centrálního depozitáře.</p>
<b>E.4</b>	<b>Zájem osob zúčastněných na emisi</b>	<p>Emitentovi není, s výjimkou Manažera, který Dluhopisy umísťuje na základě dohody typu „nejlepší snaha“ („best efforts“) a který dále působí jako administrátor, agent pro výpočty a kotační agent, a s výjimkou společnosti J&amp;T IB and Capital Markets, a.s., IČO: 247 66 259, se sídlem Pobřežní 297/14, PSČ 186 00 Praha 8, zapsané v obchodním rejstříku vedeném Městským soudem v Praze pod spisovou značkou B 16661 (<b>Aranžér</b>), která jako Aranžér zabezpečuje činnosti související s Emisí, znám žádný zájem osob zúčastněných na nabídce nebo na emisi Dluhopisů, který by byl pro Emisi dluhopisů podstatný.</p>
<b>E.7</b>	<b>Náklady účtované investorovi</b>	<p>Investor, který upíše či koupí Dluhopisy prostřednictvím Manažera, resp. jeho ústředí v Praze, hradí poplatky spojené s nabytím Dluhopisů dle standardního aktuálního sazebníku Manažera k datu obchodu. K datu vyhotovení prospektu Dluhopisů tyto náklady činí 0,15 % z objemu transakce, minimálně 2.000 Kč. Standardní aktuální sazebník Manažera je uveřejněn na jeho internetové stránce <a href="http://www.jtbank.cz">www.jtbank.cz</a>, v části označené jako „Důležité informace“, pod odkazem „Sazebník poplatků“.</p> <p>Investor, který upíše či koupí Dluhopisy prostřednictvím slovenské pobočky Manažera, hradí poplatky spojené s nabytím Dluhopisů dle standardního aktuálního sazebníku slovenské pobočky Manažera k datu obchodu. K datu vyhotovení prospektu Dluhopisů tyto náklady činí 0,60 % z objemu transakce. Pokud je obchod vypořádán na jiný majetkový účet než je zákaznický účet (ve slovenštině: „držitel'ský účet“) tento poplatek činí 1,00 % z objemu transakce, minimálně 480 EUR. Standardní aktuální sazebník slovenské pobočky Manažera je uveřejněn na její internetové stránce <a href="http://www.jtbanka.sk">www.jtbanka.sk</a>, v části označené jako „Užitočné informácie“, pod odkazem „Sazobník“.</p> <p>Investor může být povinen platit další poplatky účtované zprostředkovatelem koupě nebo prodeje Dluhopisů, osobou vedoucí evidenci Dluhopisů, osobou provádějící vypořádání obchodu s Dluhopisy nebo jinou osobou, tj. např. poplatky za zřízení a vedení investičního účtu,</p>

		za obstarání převodu Dluhopisů, služby spojené s úschovou Dluhopisů, resp. jejich evidencí, apod.
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## 2. RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but its inability to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which the Issuer may not currently be able to anticipate. The risks and uncertainties the Issuer describes below are not the only ones the Issuer may face. Additional risks not currently known to the Issuer or that the Issuer now deems immaterial may also harm the Issuer and affect its businesses, results of operations, financial condition and the investors' investment. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and in the terms of the Bonds offer and reach their own conclusions prior to making any investment decision.*

*The risk factors described below are not stated in order of priority reflecting their significance or probability of occurrence.*

### 2.1 Risk factors related to the Issuer

From the Issuer's point of view, there exist, in particular, the following risks, which may have a negative impact on its financial and economic situation, business activities and its ability to repay debts under the Bonds.

#### ***Risks associated with the Issuer's business***

The Issuer is a newly established company with no business history. The Issuer has been established solely for the purpose of issuing Bonds and its main business activity is to provide fixed interest loans/credit or other forms of fixed interest rate financing (in particular in the form of purchasing fixed income debt securities) to companies engaged in realization of real estate and renewable energy projects and holding real estate and renewable energy assets (the **Operating Companies**) through holding companies having their seat in member states of the European Union (the **HoldCos**). The Issuer therefore intends to use the proceeds of the Bonds to provide financing. The principal source of income for the Issuer will be interest payments and repayments of loans/borrowings provided indirectly to the Operating Companies. The financial and economic circumstances of the Issuer, its business activity, market position, and ability to fulfil its obligations under the Bonds depend on the ability of the Operating Companies (respectively HoldCos) to fulfil their cash obligations in respect of the Issuer properly and in a timely manner. If a Operating Company (respectively a HoldCo) is unable to fulfil its due cash obligations in respect of the Issuer properly and in a timely manner, this may have an adverse impact on the financial and economic circumstances of the Issuer, its business activity and its ability to fulfil its obligations under the Bonds. The provision of loans/credit and the mentioned type of financing is associated with a number of risks and there is no guarantee that a Operating Company will be able to repay its liabilities to the Issuer in a properly and timely manner and that the Issuer will thus obtain cash to enable him to pay its obligations under the Bonds.

#### ***Risks associated with framework financing agreements***

The Issuer will invest in different projects under the conditions set out in the terms and conditions of the Bonds. One of such conditions is that prior to investment in any single project, the Issuer must enter into relevant framework financing agreement with the relevant HoldCo and the relevant Operating Company. The relevant framework financing agreements may be governed by law of jurisdiction other than that of the Czech Republic and the relevant parties to the agreement may breach its obligations under it, which could have a material adverse effect on the financial and economic situation of the Issuer, its business activities and its ability to meet its obligations under the Bonds.

***Risk of dependency on ACM***

The Issuer has entered into a Memorandum of Understanding (the **MOU**) with Aquila Capital Management GmbH with its registered office at Valentinskamp 70, 20355 Hamburg, Germany, registered in the Commercial Register B of the Local Court of Hamburg (**ACM**) which is a part of the Aquila Group (i.e. Aquila Holding GmbH and any other entity directly or indirectly controlling Aquila Holding GmbH, controlled by Aquila Holding GmbH, or under direct or indirect common control with Aquila Holding GmbH (the **Aquila Group**)). Under the MOU the parties agreed that ACM will offer the Issuer to participate in transactions from ACM's pipeline of investment opportunities relating to the Operating Companies. The Issuer has no means of sourcing investment opportunities of its own. The realization of the Issuer's business plan is therefore highly dependent on ACM performing under its obligations as stipulated under the MOU and on the MOU remaining in place over the term of the Bonds.

***A potential conflict of interests between the Issuer's shareholder and the holders of the Bonds***

The Issuer is a 100% subsidiary of Corporate Business Solutions Partners S.á r.l. established and existing under Luxembourg law, with its registered office at Am Scheerleck 23, Wecker, 6868 Luxembourg, ID: B191847 (the **Shareholder**). Since changes in the strategy of the Shareholder cannot be ruled out in the future, the Shareholder might take steps (mergers, acquisitions, profit sharing, asset sales, etc.) that may be carried out in favour of the Shareholder rather than to the benefit of the Issuer. Such changes may have a negative impact on the financial and economic situation of the Issuer, its business activity, and its ability to meet its obligations under the Bonds.

***Risk of a change to the shareholding structure***

It cannot be ruled out that a change of the Issuer's shareholder structure will occur in the future. This step may lead to an adjustment of the Issuer's business strategy. A change of Issuer's business strategy may subsequently have a negative impact on the financial and economic situation of the Issuer, its business activity, and its ability to meet its obligations under the Bonds.

***Risk associated with the legal, regulatory and tax environment***

Although the Issuer has no other significant obligations to date, the risk of litigation or execution cannot be ruled out including unjustified ones. Potential litigation could, to a certain extent and for a certain period of time, limit the Issuer's access to its assets, and could possibly incur additional costs on the part of the Issuer.

The legal, regulatory and tax environment is subject to change and laws may not always be applied uniformly by the courts and public authorities. Changes in laws or changes to their interpretation in the future may adversely affect the Issuer's operations and financial prospects.

Particular changes to tax regulations may adversely affect the repayment method and amount of the Issuer's proceeds from repayment of intragroup financing, which may have a detrimental effect on the Issuer's ability to meet its obligations under the Bonds.

### ***Foreign exchange risk***

The Issuer's investment of the proceeds acquired from the issuance of the Bonds may be denominated in EUR. The Issuer is, however, obliged to repay its debts from the Bonds in CZK. Currency fluctuations may affect the reported investment value which will fall if CZK is appreciated against EUR in which the investment is denominated. The Issuer may actively manage this risk by entering into currency hedges (options and swaps). If the risk management strategy is, however, not successful in limiting the exposure to changes in foreign currency exchange rates, the business, financial condition and result of operations of the Issuer could be materially and adversely affected.

### ***Risk associated with possible bankruptcy (insolvency) proceedings***

If the Issuer is not able to meet its due liabilities, its assets may be subject to bankruptcy (insolvency) proceedings. In accordance with EU Regulation (EU) No. 2015/848 of 20 May 2015 on insolvency proceedings (the **Insolvency Regulation**), the court with jurisdiction to initiate insolvency proceedings in respect of a company is a court of a member state of the European Economic Area, excluding Denmark, in whose territory the centre of main interests of the company lies (as this term is defined in Article 3(1) of the Insolvency Regulation). Determining the centre of main interests of a company is a matter of fact to which the courts of different EEA member states may have different and even conflicting views. As far as the Issuer is aware, at the date of the Prospectus no definitive decisions have been taken in any proceedings before the European Court of Justice on issues of the interpretation or effect of the Insolvency Regulation throughout the European Union. For these reasons, should the Issuer face financial problems, it may not be possible to foresee with certainty under which law or laws the bankruptcy or similar proceedings would be initiated and conducted.

### ***Technological infrastructure risks***

The Issuer's activities depend on the use of Shareholder's, as well as third party's IT technologies, which may be adversely affected by a number of issues such as hardware or software malfunction, physical damage to important IT systems, computer hacker attacks and/or computer viruses.

The Issuer's activities also depend on sharing of the Shareholder's management and IT infrastructure and the infrastructure of third parties managing the Issuer's administrative and accounting activities. Possible failure of some elements or the whole of these infrastructures may have a negative impact on the financial and economic situation of the Issuer, its business activities and its ability to meet its obligations under the Bonds.



## **2.2 Risk factors related to all the Operating Companies**

The business purpose of the Issuer is to use the net issue proceeds of the Bonds to provide fixed interest loans/credit or other forms of fixed interest rate financing (in particular in the form of purchasing fixed income debt securities) to the Operating Companies through the HoldCos. An overview of the general risk factors relating to the Operating Companies is set out hereafter. The Operating Companies invest in projects and assets at various stages in the real estate market and the renewable energy market.

### ***Credit risk***

The exposure to credit risk implied on the grounds of transactions with counterparties (ie. customers, providers, partners and/or financial entities) could impact the Operating Companies' businesses, financial conditions and results of operations. Although the Operating Companies actively manage the credit risk (eg. through the use of non-recourse factoring contracts or credit insurance), the risk management strategy may not be successful in limiting the exposure to credit risk, which could adversely affect the Operating Companies' business, financial condition and results of operations.

### ***The Operating Companies are exposed to risk of change of interest exchange rates and foreign currency exchange rates***

The Operating Companies are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes and foreign currency exchange rate fluctuations. Debt financing often bears interest at variable rates, generally linked to market benchmarks such as EURIBOR and LIBOR. Any increase in interest rates would increase the finance expenses relating to variable rate indebtedness and increase the costs of refinancing the existing indebtedness and obtaining new financing. In addition, the Operating Companies often conduct business and incur costs in the local currency of the countries in which they operate. As a result, they are subject to the currency exchange risk, whereby changes in exchange rates may result in their losses.

The Operating Companies may actively manage these risks by entering into interest and currency hedges (options and swaps). If the risk management strategies are, however, not successful in limiting the exposure to changes in interest rates and foreign currency exchange rates, the business, financial condition and result of operations of the Operating Companies could be materially and adversely affected.

### ***Health, safety, environmental and other laws and regulations***

The Operating Companies are subject to numerous laws and regulations of the various jurisdictions in which they conduct their business. Such laws and regulations govern, among other matters, land utilization, development and zoning plans, property tax, HSE (health, safety and environment), power market, grid operation, air pollution emissions, wastewater discharges, solid and hazardous waste management, and the use, composition, handling, distribution and transportation of hazardous materials. Many of these laws and regulations are becoming increasingly stringent (and as such may contain the strict liability concept), and the cost of compliance with these requirements can be expected to increase over the time.

The Operating Companies cannot predict the impact of new or changed laws or regulations or changes in the ways that such laws or regulations are administered, interpreted and enforced. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. To the extent that any of these requirements impose substantial costs or constrain the Operating Companies' ability to expand or change its processes, the Operating Companies' business, prospects, financial results and results of operations could suffer.

### ***Reliance on contractors and third parties***

Some of the contracts entered into by the Operating Companies constitute an obligation to provide supply, services, equipment or software which is then subcontracted to subcontractors. The delivery of products or services which are not in compliance with the requirements of the subcontract, or the late supply of products and services, can cause the Operating Companies to be in default under their contracts with their customers. To the extent they are not able to transfer all of the risk or be fully indemnified by third-party contractors and suppliers, they may be subject to a claim by their customers as a result of a problem caused by a third-party that could have a material adverse effect on their reputation, business, results of operations and financial condition.

### ***The Operating Companies may be adversely affected by catastrophes, natural disasters, adverse weather conditions, unexpected geological or other physical conditions, or criminal or terrorist acts at the plants, facilities and construction sites***

The Operating Companies' plants, facilities or construction sites may be affected by fire, flood or a natural disaster, adverse weather conditions, terrorism, power loss or other catastrophe, or by unexpected geological or other adverse physical conditions. This may cause the Operating Companies not being able to carry out their business activities at the affected location or the relevant operations could be significantly reduced. This could result in lost revenue at these sites during the period of disruption and costly remediation, which could have a material adverse effect on the Operating Companies' business, financial condition and results of operations. In addition, despite security measures taken by the Operating Companies, it is possible that the sites could be affected by criminal or terrorist acts. Any such acts could have a material adverse effect on the Operating Companies' business, financial condition and results of operations.

### ***Insurance may be insufficient to cover relevant risks and the cost of insurance may increase***

The Operating Companies are exposed to the risks in the markets in which they operate. Although they seek to obtain appropriate insurance coverage in relation to the principal risks associated with their business, they cannot guarantee that such insurance coverage is, or will be, sufficient to cover all of the possible losses they may face in the future. If they were to incur a serious uninsured loss or a loss that significantly exceeded the coverage limits established in their insurance policies, the resulting costs could have a material adverse effect on their business, financial condition and results of operations.

In addition, the Operating Companies' insurance policies are normally reviewed by the respective insurer. If the levels of premiums were to increase in the future, or certain types of insurance coverage were to become unavailable, the Operating Companies might not be able to maintain insurance coverage comparable to those that are currently in effect at comparable cost, or at all. If the Operating Companies are unable to pass any increase in insurance premiums on to their customers, such additional costs could have a material adverse effect on their business, financial condition and results of operations.

### ***Risk of litigation and other legal proceedings***

The Operating Companies are subject to the risk of legal claims and proceedings and regulatory enforcement actions in the ordinary course of their business and otherwise. The results of legal and regulatory proceedings cannot be predicted with certainty. It may neither be guaranteed that the results of current or future legal or regulatory proceedings or actions will not materially harm the Operating Companies' business, financial condition and results of operations nor that the Operating Companies will not incur losses in connection with current or future legal or regulatory proceedings or actions that exceed any provisions they may have set aside in respect of such proceedings or business, financial condition or results of operations.

***Unauthorized use of the Operating Companies' proprietary technology by third parties may reduce the value of their products, services and brand, and impair their ability to compete effectively***

In order to protect their proprietary rights, the Operating Companies rely across their business on a combination of trade secret and intellectual property laws, non-disclosure and other agreements and technical measures. These measures, however, may not be sufficient to protect their technology from third-party infringement and, notwithstanding any remedies available, could subject them to increased competition or cause them to lose their market share. In addition, these measures may not protect them from the claims of employees and other third parties. The Operating Companies also face risks with respect to the protection of their proprietary technology because the markets where their products are sold or their services are provided include jurisdiction that provide less protection for intellectual property than is provided under the laws of the United States or the European Union. Unauthorized use of the Operating Companies' intellectual property could weaken their competitive position, reduce the value of their products, services and brand, and harm their business, financial condition and results of operations.

***The Operating Companies may suffer if they are sued for infringing upon the intellectual property rights of third parties***

The Operating Companies are subject to the risk of adverse claims and litigation alleging their infringement of the intellectual property rights of others. In the future, third parties may assert infringement claims, alleging infringement by their current, or future, services or solutions. These claims may result in protracted and costly litigation which may ultimately result in the Operating Companies to be held liable if they are found to have infringed upon third parties' intellectual property rights, and, regardless of the merits or ultimate outcome, may divert management's attention from the operation of their business.

#### ***Operational risks***

The operational risks that the Operating Companies face include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, employee misconduct or external events such as fraud. These events may result in financial loss and may harm the Operating Companies' reputation. The Operating Companies attempt to keep operational risk at appropriate levels by maintaining a well-controlled environment in light of the characteristics of their business, the markets and the regulatory environments in which they operate. While these control measures mitigate operational risks, it may not be guaranteed that they eliminate them completely.

***A business will suffer if the Operating Companies do not retain their senior management and key employees or if they do not attract and retain highly skilled employees***

The future success of the Operating Companies depends significantly on the full involvement of the Operating Companies' senior management and key employees, who have valuable expertise in all areas of their business. The ability to retain and motivate the senior management and key employees and attract highly skilled employees will significantly affect the Operating Companies' ability to run a successful business and to expand their operations in the future. If the Operating Companies were to lose one or more of their senior management they might encounter difficulty in appointing replacements. This could have an adverse impact on the Operating Companies' business, financial condition and results of operations.

***The Operating Companies' information technology systems could malfunction or become impaired***

The Operating Companies' information technology systems are often essential for their business operations and success. Any interruptions, failures of or damage to their information technology systems could lead to delays or interruptions in the Operating Companies' business processes. Information technology systems may be vulnerable to security breaches and cyber-attacks from unauthorised persons outside and within the Operating Companies. Any malfunction or impairment of the Operating Companies' computer systems could interrupt their operations, lead to increased costs and may result in lost revenue. The Operating Companies cannot guarantee that anticipated or recognised malfunctions can be avoided by appropriate preventive security measures in every case. The materialisation of one or more of these risks could have material adverse effects on the Operating Companies' business.

### ***Tax risks***

The Operating Companies are subject to risks that foreign countries in which they operate, or will operate in the future, may impose additional withholding taxes, income taxes or other taxes, as well as changing tax levels from those in force at the date of the respective projects or the date hereof. Any such additional taxation or change in tax regimes or rates may have a significant adverse effect on the Operating Companies' business, prospects, financial results and results of operations.

### ***The risk associated with the United Kingdom's withdrawal from the European Union***

The Operating Companies (and not only those operating in the United Kingdom) are exposed to the Brexit risk of the United Kingdom's withdrawal from the European Union. It is not known at this time when, and under what specific conditions, Brexit will take place. Uncertainty relates primarily to the effects on exchange rates, the regulatory environment, the overall economic position of the United Kingdom and inflation. The impact of Brexit affects all European Union member states, including those in which the Operating Companies operate. Global impacts at the financial and political levels cannot be excluded, particularly with regard to international trade, contract execution and banking, financial and labour markets.

### ***Market perceptions concerning the instability of euro, the potential re-introduction of individual national currencies within the Eurozone, or the potential dissolution of euro entirely, could adversely affect the Operating Companies' business or financial position***

Uncertainty persists regarding the debt burden of certain Eurozone countries and regional governments and the solvency of certain European financial institutions and their respective ability to meet future financial obligations. The protracted adverse market conditions have created doubts as to the overall stability of euro and the suitability of euro as a single currency given the diverse economic and political circumstances in individual European Union member states. These and other concerns could lead to the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of euro entirely. Should euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the Operating Companies' business or financial position.

## 2.3 Risk factors relating to the Operating Companies in respect of the real estate market

### *General economic conditions in relation to the real estate market*

Changes in prevailing economic conditions in the locations where the Operating Companies operate will have impact (either favourable or unfavourable) on the Operating Companies' businesses. Relevant economic factors may include but are not limited to: (i) changes in interest rates and inflation, (ii) changes in gross domestic product and economic growth, (iii) employment rates, (iv) consumer spending, (v) consumer and investment sentiment, (vi) property market volatility and (vii) availability of debt and equity capital. Global economic conditions are currently challenging, with significant downside risks to growth in different geographic regions and disruptions to global capital markets in the face of uncertain economic conditions and the risk of sovereign debt defaults within the Eurozone and potential uncertainties arising in the United States. Whilst the Operating Companies monitor economic, market, industry and company specific developments, it is difficult to predict how long the current challenges will persist and how strong the different real estate markets will be affected.

### *Financing risks*

The property investment and development sector is capital intensive. The ability of the Operating Companies to raise funds (either through their own equity or through debt financing) on acceptable terms will depend on a number of factors including capital market conditions, general economic and political conditions, the Operating Companies' performance and credit rating, and credit availability. Both the cost and availability of such financing may be negatively affected by the current disruptions in the global capital markets. Changes in the cost of current and future borrowings and equity raisings may impact the earnings of the Operating Companies and impact the availability of financing for new projects or increase refinancing risks as debt facilities mature.

### *Property market risks*

The Operating Companies' earnings will be subject to prevailing property market conditions in the countries and sectors where the Operating Companies operate. Increases in supply (or falls in demand) or adverse changes in prevailing market sentiment in any of the sectors of the property market in which the Operating Companies operate or invest may adversely affect their financial position. These factors may adversely affect the value of, and returns generated from, property investments, management and development and construction projects undertaken by the Operating Companies from time to time, and may influence the acquisition of sites, the timing and value of sales, and the carrying value of projects and income-producing assets. Property markets in different areas are currently in differing cycles and residential and commercial markets are currently facing a great number of challenges requiring on-going review of the carrying values of affected assets. There are market uncertainties which are difficult to predict. These uncertainties may impact the carrying value and returns generated from certain development projects, but may also present new opportunities. The Operating Companies try to monitor the markets on an on-going basis, seeking to implement strategies to minimise adverse impacts and take advantage of opportunities.

### *Risk of change in property values*

Unanticipated factors influencing the value of investment property or the realisable value of development trading stock, such as those listed below, could impact the future earnings of the Operating Companies:

- (a) adverse movements in the capitalisation rates that are considered appropriate by professional appraisers, for the income-producing properties held by the Operating Companies, in response to changes in market conditions;

- (b) a sustained downturn in the property market, such as continued under-performance of residential and commercial property markets, may result in the decrease in the value of assets, a lower reported profit and a higher debt/equity ratio for the Operating Companies;
- (c) changes in the conditions of town planning consents applicable to the Operating Companies' projects, as a consequence of the unpredictable nature of council policies;
- (d) variances in the cost of development as a consequence of the imposition of levies by state and local government agencies;
- (e) the presence of previously unidentified threatened flora and fauna species, which may influence the amount of developable land on major projects;
- (f) the activities of resident action groups;
- (g) native title claims;
- (h) land resumptions for roads and major infrastructure, which cannot be adequately offset by the amount of compensation eventually paid; and
- (i) changes to the value of property developments currently in progress due to changes in market conditions.

Furthermore, it may not be excluded that events (for example, occurrence of unanticipated environmental issues or finding of hazardous materials) which affect the value of land or development costs and which may impact the financial returns generated from particular property related investments, businesses or projects, including potential rezoning on some projects will occur from time to time.

### ***Risk of competition***

The Operating Companies face competition in the countries in which they operate. The Operating Companies also operate with the threat of new competitors entering the market. Existence of competition may lead to an over-supply through over-development, or to prices for existing properties or services being impacted by competing bids. The existence of such competition may have an adverse impact on the Operating Companies' ability to secure tenants for its properties at satisfactory rental rates and on a timely basis or the pricing of construction projects or development opportunities, which in turn may impact the Operating Companies' financial performance and returns to investors.

### ***Development activity risk***

The Operating Companies are involved in a number of large development projects and are subject to risks associated with development and redevelopment activities including general decline in property values, income derived from redeveloped properties being lower than expected, fluctuations in land values, industrial disputes, cost overruns, increases in financing costs, construction not being completed on budget or on schedule, environmental issues, and failure to obtain, or delays in obtaining, required plan registrations, approvals, permits or licenses.

As is often the case with development projects, a number of the Operating Companies' development sites are subject to rezoning requirements, carrying the risk of delays in obtaining, or an inability to obtain, required zoning approvals. These risks may adversely affect the value of these projects. Development activity involves an assumption of risk by the Operating Companies as to the ultimate value of the development asset. The Operating Companies' practice is to seek to mitigate that risk

through selling down some or all of the exposure to third party investors, or position itself to fund the project through capital management initiatives. However, in differing circumstances the Operating Companies may not be able to obtain their desired timing and value for sell-down and consequently may carry exposures to projects in excess of that which they intend to hold for the longer term or which may impact the value of those assets or their credit rating.

### ***Construction activity risk***

The Operating Companies are subject to risk associated with construction activities, including (but not limited to):

- (a) the ability of third parties such as designers and subcontractors to perform their work in accordance with their obligations;
- (b) defective work and latent defects arising from incorrect design and poor subcontractor workmanship and related third party claims;
- (c) liquidated damages from delays in delivery on projects;
- (d) cost overruns as a consequence of inadequate design, change in pricing conditions, industrial disputes, unforeseen conditions including inclement weather or underperformance of third parties; and
- (e) professional liability claims arising from allegations of negligence.

The nature of construction means that at any one time there are claims where the outcome remains uncertain for many years and is dependent on the ability to recover from third parties and insurance policies.

### ***Risks related to the ability to generate continued rental income***

The property lease market depends largely on the economic conditions and parameters relating specifically to the property such as location and the condition of the property. In addition, the legal context or regulatory changes may impose constraints on the indexation of lease income. The value of a rental property depends largely on the remaining term of the related rental agreements as well as the creditworthiness of the respective tenants. The Operating Companies conclude contracts with reputable companies that have a solid financial reputation in order to assure themselves of a recurrent rental income. If a significant number of customers, or one or more of their largest customers, were unable to meet their lease obligations, this could materially affect the Operating Companies' business, financial condition, operating results and cash flows.

### ***Property maintenance risk***

The desirability of rental property depends not only on its location but also on its condition. To remain attractive and to generate a revenue stream over the longer term, a property's condition must be maintained or, in some cases, improved to meet the changing needs of the market. It is expected that most of the Operating Companies' properties will be new, and will thus require only standard maintenance in the near term. As these properties age, or as market requirements change, maintaining or upgrading these properties in accordance with market standards may entail significant costs, which are typically borne primarily by the property owner, not the tenants. If the actual costs of maintaining or upgrading a property exceed the Operating Companies estimates, or if hidden defects are discovered during maintenance or upgrading that are not covered by insurance or contractual warranties, or if the Operating Companies are not permitted to raise its rents, the Operating Companies will have to bear the additional costs. Furthermore, any failure by the

Operating Companies to undertake relevant repair work in response to the factors described above could adversely affect the income earned from affected properties.

### ***Climate changes and climatic conditions***

The Operating Companies failure to adequately respond to the impact of climate change and associated legislative requirements could result in litigation, reduced profit due to the impact of increased costs associated with energy efficiency and other costs associated with upgrading existing buildings to comply with new building standards or contractual obligations. The Operating Companies may also be adversely impacted by a loss of market share if buildings designs do not address community expectations or match competitor products in relation to sustainability issues. Prolonged adverse weather conditions may result in delays in construction, giving rise to possible project losses, liquidated damages, claims and/or deferral of revenue or profit recognition.

### ***Environment***

The Operating Companies will, from time to time, be exposed to a range of environmental risks including: (i) soil and water contamination, (ii) construction pollution (eg. presence of lead paint, asbestos and/or polychlorinated biphenyl), (iii) risks relating to cultural heritage, (iv) risks relating to flora and fauna (native vegetation, endangered species) and (v) risks relating to greenhouse gases. In addition, there is a risk that property owned or projects undertaken by the Operating Companies may from time to time be contaminated by materials harmful to human health (such as asbestos and other hazardous materials). In these situations, the Operating Companies may be required to undertake remedial works on contaminated sites and may be exposed to third party compensation claims and other environmental liabilities. Although the Operating Companies are not currently aware of any material risks, there is a risk of discovery of, or incorrect assessment of costs associated with, environmental contamination of any of the Operating Companies' projects, assets or sites.



## 2.4 Risk factors relating to the Operating Companies in respect of the renewable energy market

### *Reliance on certain regulations, subsidies and tax incentives in relation to the renewable energy market that may be changed or legally challenged*

The whole renewable energy industry is relying in a significant part on environmental and other regulation of the activities, including regulations relating to, among other things, reduction of carbon or other greenhouse gas emissions and minimum biofuel content in fuel or use of energy from renewable sources. If the business to which such regulations relate or the industry as a whole were deregulated or if such regulations were materially changed or weakened, the profitability of current and future projects could suffer and could therefore have a material adverse effect on the entire industry. In addition, uncertainty regarding possible changes to any such regulations has adversely affected in the past, and may adversely affect in the future, the ability to finance or refinance a relevant project or to satisfy other financing needs. Subsidy regimes for renewable energy generation have been challenged in the past on constitutional and other grounds (including that such regimes constitute restricted European state aid).

Production from renewable energy facilities may be the subject to various tax relief measures or tax incentives in the relevant jurisdictions. These tax relief and tax incentive measures may play an important role in the profitability of the different projects. In the future, it is possible that some or all of these tax incentives will be suspended, curtailed, not renewed or revoked.

### *Political risks – the Operating Companies are subject to stringent environmental regulation*

The renewable energy industry is subject to significant environmental regulation, which, among other things, requires the Operating Companies to perform environmental impact studies on future projects or changes to projects, obtain regulatory licenses, permits and other approvals and comply with the requirements of such licenses, permits and other approvals. The Operating Companies hold assets and operate in many jurisdictions. Further to this, the Operating Companies' operations are subject to international and national laws and regulations applied by various government authorities and international organisations in connection with inter alia obtaining and renewing various licenses and permits, as well as their on-going and future operations in general.

Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits and in monitoring licensees' compliance with the terms thereof. Commercial practices and legal and regulatory frameworks differ significantly between jurisdictions and may change at any time. As a result, it may be difficult to ensure compliance with existing and changes in regulatory requirements in the jurisdictions where the Operating Companies operate, and any non-compliance can have an adverse effect on the Operating Companies' operations, business, financial performance and prospects.

There can be no assurance that:

- (a) governmental authorities will approve these environmental impact studies;
- (b) public opposition will not result in delays, modifications to or cancellation of any proposed project or license; and/or
- (c) laws or regulations will not change or be interpreted in a manner that increases the costs of compliance or materially or adversely affects different projects.

If the Operating Companies (i) fail to comply with any laws and regulations, permits or conditions, (ii) fail to obtain any necessary permits, including but not limited to permission to use water for the

cleaning of solar panels and (iii) fail to comply with regulations of environmental issues such as the safeguard of natural conditions and animal wild life, (iv) fail to extend current permits or registrations upon expiry of their terms, or (v) fail to comply with any restrictive terms its current permits or registrations, then the Operating Companies may be subject to, among other things, civil and criminal penalties and, in certain circumstances, the temporary or permanent curtailment or shutdown of a part of their operations, which could have a significant adverse effect on their business, prospects, financial results and results of operations. Generally, relevant governmental authorities are empowered to clean up and remediate releases of environmental damage and to charge the costs of such remediation and clean-up to the owners or occupiers of the relevant property, the persons responsible for the release and environmental damage, the producer of the contaminant and other parties, or to direct the responsible parties to take appropriate action. These governmental authorities may also impose a tax or other liens on the responsible parties to secure the parties' reimbursement obligations.

Environmental regulation has changed rapidly in recent years, and it is possible that the industry will be subject to even more stringent environmental standards in the future. All the activities are likely to be covered by increasingly strict national and international standards relating to climate changes and related costs, and may be subject to potential risks associated with climate changes, which may have a material adverse effect on the Operating Companies' business, financial condition or results of operations. It is impossible to predict the amounts of any increased capital expenditures or any increases in operating costs or other expenses that the Operating Companies' may incur to comply with applicable environmental, or other regulatory, requirements, or whether these costs can be passed on to customers through product price increases.

***Solar, hydro and wind projects will be negatively affected if there are adverse changes to the national and international support for renewable energy sources***

Although the support for solar energy, hydro energy and wind energy by governments and regulatory authorities in the jurisdictions in which the Operating Companies operate has historically been strong and European authorities have reaffirmed their intention to continue such support, certain policies currently in place may expire, be suspended or be phased out over time, cease upon exhaustion of the allocated financing or be subject to cancellation or non-renewal. Accordingly, the Operating Companies cannot guarantee that such government support will be maintained in full, in part or at all. If the governments and regulatory authorities in the jurisdictions in which the Operating Companies operate were to further decrease or abandon their support for development of solar, hydro and wind energy due to, for example, competing funding priorities, political considerations or a desire to favour other energy sources (renewable or other), the power plants the Operating Companies plan to develop in the future could become less profitable or cease to be economically viable. Such an outcome could have a material adverse effect on the business, financial condition and result of operations of the Operating Companies.

***Pressure to improve the competitiveness of renewable energy services and products***

To ensure a long-term future of renewable energy, it is necessary to be able to compete on a non-subsidized basis with conventional and other renewable energy sources. The current levels of government support for renewable energy are generally intended to grant the industry a "grace period" to reduce the cost per kilowatt-hour of electricity generated through technological advances, cost reductions and process improvements. Consequently, and as generation or production costs decrease, this level of government support is likely to be gradually phased out for many critical projects in the future, although existing and commissioned projects are expected to continue to benefit from feed in tariffs or similar government incentives already set. In the medium – to long-term, a gradual but significant reduction of the tariffs, premiums and incentives for renewable energy is likely to occur. If these reductions continue and/or increase, market participants may need to reduce prices to remain competitive against other alternatives. If cost reductions and product

innovations do not occur, or occur at a slower pace than is required to achieve the necessary price reductions, this could have a material adverse effect on the Operating Companies' business, financial condition and results of operations.

There is also a significant increase of competition from other renewable energy providers, as a result of new market entrants and/or substitute renewable energy sources due to increased demand for renewable energy sources. Other contributing factors to this increased competition are lower barriers to entry in these markets due to the increased standardisation of technologies, improved funding opportunities and increased governmental support. Failure to compete successfully would negatively impact the ability to grow a business and generate revenue, which could have a material adverse effect on the Operating Companies' business, financial condition and results of operations.

***The competitive position could be adversely affected by changes in technology, prices, industry standards and other factors***

The renewable energy market changes rapidly because of the technological innovations, the changes in prices, the industry standards, the product instructions, the customer requirements and the economic environment. New technology or changes in industry and customer requirements may render existing products or services obsolete, excessively costly or otherwise unmarketable. As a result, participants of the renewable energy industry must continuously enhance the efficiency and reliability of their existing technologies and seek to develop new technologies in order to remain at the forefront of industry standards and customer requirements. If they are unable to introduce and integrate new technologies into their products and services in a timely and cost-effective manner, their competitive position will suffer and their prospects for growth will be impaired.

***Revenue from power generation facilities is partially exposed to market electricity prices***

In addition to regulated incentives, revenue from power generation facilities may partially depend on market prices for sales of electricity. Variable renewable energy is at a disadvantage in the electricity markets as it cannot be controlled when renewable energy plants generate power, unlike fossil fuel driven plants. Market prices may be volatile and are affected by various factors, including the cost of raw material, user demand, and if applicable, the price of greenhouse gas emission rights.

In several of the jurisdictions the Operating Companies are exposed to remuneration schemes which contain both regulated incentive and market price components. In such jurisdictions, the regulated incentive component may not compensate for the fluctuations in the market price component, and, consequently, total remuneration may be volatile. There can be no assurance that market prices will remain at levels which enable the Operating Companies to maintain profit margins and desired rates of return on investment. A decline in market prices below anticipated levels could have a material adverse effect on the Operating Companies' business, financial condition and results of operations.

***Acquisition and building risks***

It cannot be assured that all acquisitions of power plants or operating companies are free from third party encumbrances. The Operating Companies are therefore subject to the risk that a certain acquisition or investment cannot be carried out or is only possible at considerable high costs. If the planning, development and construction of power plants or facilities are undertaken by third parties, these matters are outside of direct control of the Operating Companies. During the planning and construction of the relevant plants or facilities, there is possibility that a Operating Company is unable to continuously supervise the responsible third party. Any error or deviations from planning during the construction phase may lead to additional costs or expenses to be incurred by such Operating Company. If no compensation from the relevant third party (or its guarantor) can be obtained, the ability of the relevant Operating Company to repay the principal or interest of debt instruments issued by it and held by the Operating Company or the performance of any equity

interest held by the Operating Company may be adversely affected. As renewable projects are capital-intensive, damage to assets can have a significant impact on the overall costs. The construction phase is the most risky period of a project from this point of view: accidents are more likely to occur as, for example, wind turbines are hoisted into position; solar panels may be cracked when being fixed into place.

The dates of completion and entry into operation of the different renewable energy plants may be delayed, owing to factors including adverse weather conditions during the construction phase, problems or disputes with, or non-performance by contractors, subcontractors and suppliers, design or manufacturing defects or delivery shortages by suppliers. Cost increases or delays could arise from shortages of materials and labour, engineering or structural defects, work stoppages, labour disputes and unforeseen engineering, environmental or geographical problems. Any such delay might have an adverse effect on the business, financial condition and result of operations of the Operating Companies.

### ***Operational risk***

Following construction and putting into operation, the power plants or facilities may not be fully functional due to construction errors or defects. Even if the power plants or facilities are functional, there remains a material risk of damage to physical assets as a result of accident, negligence, wear and tear, design flaws or natural catastrophe during the operation. More efficient wind turbine technology enables projects to be profitable in less windy sites, where components are under less stress. However, as development expands into areas with consistently high wind speeds and more turbulence, developers may see higher failure rates and therefore higher costs. Especially in respect of offshore wind farms, it is more expensive to access the project and to do the repairs. For solar projects as well as hydro projects, risk levels are lower overall, as there is less likelihood of component failure compared to wind projects.

Downtime from equipment failure or natural catastrophe also causes lost revenue. The loss of revenue due to component damage or failure can be significantly greater than the cost of replacement parts. For offshore wind projects, the large turbines and high capacity factors mean that a failure of an individual turbine or transformer can have a big impact on the project's top line. An increased number of damages to physical assets, without the coverage of insurances or manufacturer warranties, can have a material adverse effect on the Operating Companies' business, financial condition and results of operations.

***Lack of power transmission capacity availability, potential upgrade costs to the power transmission grid, and other system constraints could significantly impact the ability to build photovoltaic plants and generate incomes from electricity power sales***

In order to deliver electricity from power plants to the customers, projects need to connect to the power transmission grid. The lack of available capacity on the power transmission grid could substantially impact different projects and cause reductions in project size, delays in project implementation, and increases in costs from power transmission upgrades and potential forfeitures of any deposit the Operating Companies have made with respect to a given project. These power transmission issues, as well as issues relating to the availability of large systems such as transformers and switch gear, could significantly impact the ability to build power plants and generate renewable electricity sales.

### ***Risks related to weather***

Wind, hydro and solar projects depend on favourable weather conditions for their power outputs and therefore their revenues. The variability of the weather means that the volume of power is subject to variation over short and long timescales.

Solar and wind reports and historical data analysis are normally being produced. However, meteorological factors, including a lack of sunshine, lack of water or excessive cloud cover, may reduce the amount of energy produced by the wind, hydro and photovoltaic plants. Any solar and wind reports are subject to uncertainties and the data contained in any such reports might differ from actual solar and wind conditions. In addition, even if long-term historic solar and wind data is used to forecast future yields, no assurance can be given that general conditions will not change in the future. Variations in solar and wind conditions may occur from year to year, and if any such variations were to occur over a longer period or to have a substantial effect on the levels of energy produced, no assurance can be given that the plants would generate sufficient cash flow.

Severe weather, as in the case of a storm at seas preventing access to offshore wind turbines for scheduled maintenance of repair, can cause longer interruptions and lost revenue. Such circumstances could have a material adverse effect on the Operating Companies' business, financial condition and result of operations.

## 2.5 Risk factors related to the Bonds

### *General risks related to the Bonds*

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any of its supplements;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- (d) understand thoroughly the terms and conditions of the Bonds (the **Terms and Conditions**), this Prospectus and its supplements (if any) and be familiar with the behaviour or development of the respective financial market; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios of further development of economics, interest rates and other factors that may affect its investment and its ability to bear the applicable risks.

### *Risk connected with the additional junior bonds to be issued by the Issuer*

In addition to the Bonds, the Issuer is obliged to issue additional bonds (the **Junior Bonds**) under separate terms and conditions prepared by the Issuer. Terms and conditions of the Junior Bonds may differ from the Terms and Conditions of the Bonds, save for the specific mandatory conditions specified in the Terms and Conditions, which have to be fully reflected in the terms and conditions for the Junior Bonds, and may not be derogated from, or otherwise altered.

Any payment related to the Junior Bonds - especially payment of coupon and principal - will be conditional on the payment related to the Bonds and will only be made after the payment on the Bonds is made. Additionally, the terms and conditions of Junior Bond shall not be changed without prior consent of the holders of the Bonds (subject to certain exceptions as described in the Terms and Conditions) and Junior Bonds will be subordinated in creditors process. Despite these restrictions imposed on the Issuer regarding the Junior Bond, it cannot be guaranteed that the Issuer will not violate these restrictions or that the subordination will not be respected in insolvency/creditors process, which may have a detrimental effect on the Issuer's ability to meet its obligations under the Bonds.

### *Interest rate risk*

The Bonds are fixed rate bonds. A holder of a fixed rate bond is exposed to a risk of a decline in the value of such bonds as a result of a change in the market interest rates. While the nominal interest rate of the Bonds is fixed for the term of the Bonds, the current interest rate on the capital market (the **Market Interest Rate**) generally changes every day. Every change in the Market Interest Rate also entails a change in the price of fixed rate notes but in reverse direction. If the Market Interest Rate rises, the price of the Bonds which bear a fixed rate generally declines to a level when the yield on such Bonds approximately equals the Market Interest Rate. If the Market Interest Rate declines,

the price of the Bonds which bear a fixed rate generally rises to a level when the yield on such Bonds approximately equals the Market Interest Rate

### ***Risk of early redemption***

In certain events specified in the Terms and Conditions, the Bonds may be redeemed prior to their maturity date. If the Bonds are redeemed prior to their maturity date, the holders of the Bonds is exposed to the risk of a lower yield than expected due to such early redemption. Moreover such redemption may be done at the moment when the yield of comparable bonds on the capital markets is reduced, which means that the investor may be able to reinvest the redeemed yields only in bonds with a lower yield.

### ***Risk of reducing the order for the subscription of the Bonds***

The Manager will be entitled, at its sole discretion, to reduce the volume of the Bonds specified in the investors' orders / instructions and any overpayment, if any, shall be returned to the relevant investor's account without undue delay. If the order is reduced, the potential investor will not be able to make an investment into the Bonds in the originally intended volume. Therefore, shortening of the order may have a negative impact on the value of the investment into the Bonds. The Issuer may also suspend or terminate the offer based on its decision, with no further orders accepted after such suspension or termination of the offer.

### ***Fees***

The overall return on investments in the Bonds may be affected by the fees charged by the fiscal and paying agent of the Bond issue, an agent for the sale/purchase of the Bonds (such as the Manager) or charged by the relevant settlement system used by the investor. Any such person or institution may charge fees for the opening and keeping of an investment account, securities transfers, securities safekeeping services, etc. The Issuer recommends that potential investors in the Bonds familiarise themselves with the materials that will serve as the basis for charging fees related to the Bonds. This can negatively influence expected return from the Bonds.

### ***Risk of non-payment***

Like any other monetary debt, Bonds are exposed to the risk of non-payment. Under certain circumstances, the Issuer may be unable to pay interest on the Bonds or even the principal. The redemption value may be lower for the holders of the Bonds than the amount of the initial investment in the Bonds and it can be even zero.

### ***Liquidity risk***

The Issuer applied for admission of the Bonds to trading at the regulated market of the PSE. The fact that Bonds are listed on a regulated market does not necessarily lead to higher liquidity of the listed Bonds than the unlisted ones. The investor may not be able to sell the Bonds at any time at a fair market price on an illiquid market.

### ***Inflation risk***

Potential buyers or sellers of the Bonds should be aware of the fact that the Bonds do not contain an anti-inflationary clause and that the real value of Bonds may decline as inflation reduces the value of the currency. Thus, the yield on the Bonds can be negatively affected by inflation. If the value of inflation rate exceeds the interest rate of the Bonds, the real yield on the Bonds will be negative.

### ***Risk of accepting further debt financing by the Issuer***

There is no significant legal limitation regarding the volume and conditions of any future undrawn debt financing of the Issuer (except for the limitations under the Terms and Conditions). Acceptance of any other debt financing may ultimately mean that in the event of bankruptcy or similar proceedings, the holders of the Bonds' receivables will be satisfied to a lesser extent than would have been the case for if such debt financing had not been applied. With an increase in the Issuer's debt financing, there is also the growing risk that the Issuer may be delayed in fulfilling its debt obligations under the Bonds.

### ***Foreign exchange risk***

The Bonds will be issued in CZK, a currency that may be different from the local currency of the holder of the Bond. In that case, the investment of the holder of the Bond may, in case of a unfavorable movement of the currency exchange rate, lose its value for the given holder of the Bond. Fluctuation of currency exchange rates is linked to a number of economic, social and political factors. Currency exchange rates may significantly fluctuate, even within one day. It is important to note that some countries apply foreign exchange control measurements, which may restrict the exchange or handover of money, possibly leading to currency depreciation. Use of hedging instruments may increase or decrease exposure to that currency, but may not fully eliminate the exposure.

This risk relates specifically to investors in the Slovak Republic whose domestic currency is the euro.

### ***Taxation***

Any potential investor in the Bonds should be aware of the fact that he may be required to pay taxes or other claims or charges in accordance with the laws and customs of the state in which the Bonds are assigned, or any other state relevant in the situation concerned. In certain states, there may not be any official opinions of tax offices or judgments on financial instruments like the Bonds available. Before purchasing, selling or redeeming the Bonds, the prospective investors should not rely on the brief summary of the tax issues included in this Prospectus or in the Terms and Conditions, but should consult their own tax adviser for more information about the tax consequences of acquiring, owning and disposing of the Bonds in their particular circumstances. Potential investors should be aware that any changes of the applicable tax laws or regulations may result in revenue from the Bonds being lower than they expected and/or that, as at the maturity date of the Bonds or the date on which the Bonds will be sold by such investor, the investor may receive a lower amount than the amount originally expected by such investor.

Proceeds from the Bonds can be subject to the withholding tax. The holders of the Bonds are responsible for all tax duties that may arise from any payments in relation to the Bonds regardless of jurisdiction, government or regulatory body, state body or local tax requirement. The Issuer will not compensate the holders of the Bonds for any taxes, fees and other expenses that the holders of the Bonds will incur in accordance with payments from the Bonds.

### ***Change of law***

The Terms and Conditions are governed by the Czech legislation valid on the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in the applicable Czech law or official administrative practice after the date of this Prospectus, which can have negative impact on holders of the Bonds as well as on the position of the Issuer.

### ***Legality of purchase***



Potential purchasers of the Bonds (in particular foreign entities) should be aware that the purchase of the Bonds may be subject to legal restrictions affecting the validity of the purchase. Neither the Issuer, nor the Manager have or assume responsibility for the legality of the acquisition of the Bonds by any potential purchaser of the Bonds, whether under the laws of the jurisdiction of its incorporation or jurisdictions where it operates (if different). A potential purchaser cannot rely on the Issuer or the Manager when deciding in the matter of legality of the Bonds purchase.

### **3. INFORMATION ABOUT THE ISSUER**

#### **3.1 Persons responsible**

The person responsible for the information given in this part 3 “*Information about the Issuer*”, as well as in the rest of this Prospectus, is the Issuer, Aquila Real Asset Finance II a.s., with its registered office at Pobřežní 297/14, Karlín, 186 00 Prague 8, Czech Republic, Identification No.: 081 64 452, registered in the Commercial Register maintained by the Municipal Court in Prague, file number: B 24406, represented by Rostislav Chabr and Kateřina Winterling Vorlíčková, members of the Board of Directors.

Signatures of the persons representing the Issuer are included in clause 4.1 of this Prospectus.

#### **3.2 Statutory auditors**

##### **(a) The auditors of the Issuer for the period covered by historical financial information**

Since the Issuer was incorporated in the Commercial Register on 14 May 2019 and has not carried out any activities since its creation, no audited annual financial statements or other historical financial information has been prepared. The financial information presented in Schedule 1 is selected from the Issuer’s opening balance sheet prepared in accordance with the accounting regulations of the Czech Republic. The Issuer’s opening balance sheet has not been audited by the auditor.

The Issuer will be obliged to prepare the first regular audited financial statements of the Issuer in the year 2020 for the period since its creation up to 31 December 2019.

The Issuer’s auditor is expected to be KPMG Česká republika Audit, s.r.o., with its registered office at Pobřežní 648/1a, 186 00 Praha 8, ID no.: 496 19 187, registered in the register kept by the Chamber of Auditors of the Czech Republic under no. 071.

##### **(b) Replacements of auditors during the period covered by historical financial information**

Information about withdrawal, revocation or re-appointment of auditors during the period covered by historical financial information is not applicable and is therefore not stated.

#### **3.3 Selected financial information related to the Issuer**

The issuer has not yet been obliged to prepare any financial statements. The Issuer was incorporated in the Commercial Register on 14 May 2019, i.e., less than two months before the preparation of this Prospectus and has not been engaged in any activity since its incorporation. Therefore, for the purposes of this Prospectus, only the Issuer’s opening balance sheet prepared in accordance with the accounting regulations of the Czech Republic as at the date of its incorporation is disclosed.

All financial information from the Issuer’s opening balance sheet is set out in paragraph 3.11 (a) below.

### 3.4 Risk factors

Risk factors with respect to the Issuer are stated in clause 2.1 “*Risk factors related to the Issuer*”. As the proceeds from the Issue will be used to provide financing to the Operating Companies, the risk factors stated in clause 2.2 “*Risk factors related to all the Operating Companies*”, clause 2.3 “*Risk factors related to the Operating Companies in respect of the real estate market*” and clause 2.4 “*Risk factors related to the Operating Companies in respect of the renewable energy market*”.

### 3.5 Information about the issuer

#### (a) History and development of the Issuer

The Issuer was founded under Czech law as a Czech joint-stock company. The Issuer was established on 14 May 2019 on the basis of an Issuer's record in the Commercial Register maintained by the Municipal Court in Prague. Issuer's Identification number is: 081 64 452.

The Issuer is a company founded for a specific purpose (issuance of the Bonds and related activities) and the Issuer has not carried out any business activity in the past.

#### (b) Basic information about the Issuer

<b>Business name:</b>	Aquila Real Asset Finance II a.s.
<b>Registered in:</b>	the Czech Republic in the Commercial Register maintained by the Municipal Court in Prague, file no.: B 24406
<b>Identification No.:</b>	081 64 452
<b>LEI:</b>	315700Y2R4ZJ2W50GJ38
<b>Issuer incorporated on:</b>	14 May 2019, on the basis of a record in the Commercial Register maintained by the Municipal Court in Prague, file no.: B 24406.
<b>Term:</b>	The Issuer was established for an indefinite term.
<b>Founded as:</b>	The Issuer was founded as a joint-stock company by the foundation deed dated 2 May 2019.
<b>Legal form and laws</b>	A joint-stock company with dualistic structure organised and existing under the laws of the Czech Republic
<b>Registered office at:</b>	Pobřežní 297/14, Prague 8 – Karlín, Postal Code 186 00, the Czech Republic
<b>Phone number:</b>	+420 221 710 111
<b>Registered capital:</b>	The Issuer's registered capital is CZK2,000,000. The Issuer's registered capital is divided into 20 (twenty) ordinary book-entry bearer shares, each in the nominal value of CZK100,000. The underwritten registered capital was repaid in full.
<b>Foundation deed and articles of association:</b>	The Issuer was established by a notarial deed on the foundation of a joint-stock company and the adoption of articles of association regulating the fundamental relationships within the company dated 2 May 2019.
<b>Object:</b>	The Issuer is a legal person established to do business. The object of the Issuer is rental of real estates, residential and non-residential premises.

<b>Website:</b>	www.aquila-real-asset.com
<b>Principal laws governing the Issuer's activities</b>	The Issuer operates in accordance with the laws of the Czech Republic, which laws include, without limitation (in each case as amended): Act No. 90/2012 Coll., on Business Corporations and Cooperatives; Act No. 89/2012 Coll., the Civil Code; and Act No. 455/1991 Coll. on Trade Licensing (the Trade Licensing Act).

**(c) Most recent and most important events necessary to assess the solvency of the Issuer**

There has been no material event in the financial or trading situation of the Issuer from the date of the Issuer's incorporation until the date of preparation of this Prospectus that would have material impact on Issuer's solvency.

**(d) Investments**

No investments have been initiated or completed by the Issuer as of the date of this Prospectus nor have any investments been approved by any of the Issuer's governing body nor has the Issuer committed to any future investments that would be relevant in relation to an assessment of the Issuer's ability to repay its obligations under the Bonds.

**3.6 Business overview**

**(a) Principal activities**

The Issuer is a company founded for the specific purpose of issuance of the Bonds. The Issuer will also, in addition to the Bonds, issue the Junior Bonds in accordance with specific terms and conditions. The Issuer will use the proceeds from the Bonds and Junior Bonds to provide fixed interest rate loans/credit or other forms of fixed interest rate financing (in particular in the form of purchasing fixed income debt securities) to the Operating Companies through the HoldCos. The Operating Companies are active in the segments of real estate and renewable energy (the **Project Assets**) as described below.

During the selection process of the Operating Companies, the Issuer will closely cooperate with ACM, in particular will use business opportunities arranged by ACM.

The Operating Companies are connected with ACM and/or with other entities of ACM Group (ie. ACM and its subsidiaries) solely on the grounds of a contractual relationship (ie. there is no participation from the perspective of corporate law) based on which ACM provides the Operating Companies advisory services.

**(b) Project Assets description**

The markets of the Project Asset (the **Project Markets**) are described below. The regional Project Markets for real estate and renewable energy investments shall be the economies of the OECD member states, with a focus on the most established markets, including, but not limited to, Germany, France, the United Kingdom, Italy, Portugal, Spain, Belgium, the Netherlands, Luxembourg as well as the Nordic countries.

## **REAL ESTATE INVESTMENTS**

### Introduction

Real estate investments of the Operating Companies are focused on individual buildings as well as development projects in any of the Project Markets, including both residential and commercial real estate.

Commercial real estate projects include shops, malls, office buildings and industrial parks. Residential real estate projects mainly include family houses, apartment buildings and residential properties for residential or investment purposes. Therefore, residential real estate revolves around the wants and needs of a homeowner and his family. It involves property purchased for individual use, most often to provide housing for families. Commercial and residential properties each have their specific features and qualities, which can be summarized as follows.

Commercial real estate prices tend to significantly exceed residential property prices. Although it is possible to buy small, individual shops and offices at prices that are comparable with those of residential properties, the costs of large, high-quality commercial properties, such as malls, office buildings or large industrial premises, are high.

The uniqueness of most commercial properties outside of main-street shops or industrial warehouses makes it difficult for investors to get an accurate valuation without access to professional advice. By contrast, it's relatively easy for residential investors to compare the prices of houses or flats in a given area, based on comparable residential properties. Professional technical advice is crucial for anyone considering direct investment in commercial property.

The lease between the landlord and the tenant varies significantly between the commercial and the residential markets - commercial leases / lease agreements are usually concluded for a longer period than residential leases, which may be associated with a higher vacancy rate, while residential leases are more easily renewable.

### Trends in real estate investments

Real estate investment is one of the most important types of investments overall.

In its "Europe Real Estate Market Outlook 2019"<sup>1</sup>, CBRE Group, Inc. (the **CBRE**) describes the state of the market as follows:

European economy still growing at an above-trend rate in 2019. Spain, Ireland and the central European countries to see the fastest rates of growth.

Europe failed to maintain 2017's pace of economic growth, but 2018 should still see growth above the long-term (15-year) average. GDP growth for western and central Europe is expected to come in at around 2% in 2018, which is down on the 2.5% recorded in 2017. It is difficult to pinpoint any single reason for the slowdown, but there are several relevant factors. Germany features heavily in these, with bad weather and a flu epidemic early in the year and a weak Q3 as parts of the German auto industry shut down to switch to lower emissions standards. Consumer tax increases in France, the impact of an appreciating euro, higher oil prices and Brexit-related uncertainty in the United Kingdom also contributed.

Growth over the next two years is expected to be broadly like 2018, that is, above (the 15-year) trend but weaker than 2017, which increasingly looks to have been an exceptional year. There are,

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<sup>1</sup> Source: <https://www.cbre.com/research-and-reports/Europe-Real-Estate-Market-Outlook-2019>

however, numerous downside risks. It is expected that a global cyclical downturn, when it comes, will originate in the US but there are risks that a combination of international events and European political complications could produce distinctly slower growth in 2019.

Looking at the five-year outlook, there will be some countries that are leaders and some that are in the peloton. The main notable changes from recent years are the improvement in the rankings of the United Kingdom and France. In the case of the United Kingdom, this reflects an expected recovery from the effect of the current uncertainty surrounding Brexit. In France, the Macron reforms are being tested by popular discontent but they are expected to produce a longer-term dividend for the economy.

In terms of property trends a number of themes can be drawn from the economic background to 2019 and beyond.

- Economic growth is driving increased demand for commercial real estate, and spare capacity is gradually being eroded, particularly in the big cities.
- A muted development response so far in this cycle in many cities. This should support further rental growth in 2019, particularly for prime properties.
- Even though the economy of the United Kingdom has suffered from Brexit-related uncertainty, employment trends in London have been surprisingly strong recently with Brexit seemingly having a less significant effect than originally thought.
- Higher long-term interest rates will start to pose a challenge to property pricing in many markets despite further anticipated rental growth, but rates should edge lower from late-2020.

Office-based employment growth looks set to slacken from 2%-3% per annum over the past couple of years to 1.5%-2% in a number of cities, including Paris, Berlin, Munich, Amsterdam, Stockholm and London. The recovery markets of Spain and Portugal look stronger, along with Dublin. Continuing its cyclical upturn, Spain is likely to be among the more positive areas of leasing growth in 2019, along with Germany.

Especially with regard to Spanish market, according to the CBRE's publication "Spain Real Estate Market Outlook 2019"<sup>2</sup>, Spain's debt and capital markets remain buoyant, as reflected in the improved borrowing conditions and entry of new lenders. According to CBRE Spain's economic outlook for the next few years indicates that the expansion phase of the cycle – which began towards the end of 2013 – is far from over. More specifically, CBRE predicts that Spain's GDP will grow by 2.4% in 2019 – a considerably higher growth rate than that enjoyed by most neighbouring countries. Furthermore, over the course of 2019 inflation will be increasingly affected by the declining influence of energy costs as oil prices fall, to the extent that the energy component will make virtually no difference from Q2 onwards. As a result, Spain's inflation rate is expected to sit at around 1.0% at the end of the year.

Office take-up in Madrid remained high throughout 2018 – a year, in which flex space providers were in full expansion. Office rents are still climbing and Madrid's projected rental price growth for 2019 is among the highest projections of the European cities. In Barcelona, one of the great unknowns at the start of 2018 was the potential impact of political uncertainty in Catalonia. Still, the office market did not seem overly concerned, with take-up outstripping expectations.

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<sup>2</sup>

Source: <https://www.cbre.com/research-and-reports/Spain-Real-Estate-Market-Outlook-2019>

Rental prices for offices in Spain are expected to continue rising in 2019, thanks to uninterrupted job creation in sectors requiring office space, led by services and tech. This demand is, however, selective; companies are looking for the best space they can get, but not at any price.

For logistics properties demand remains heightened right across the country and this is unlikely to change in 2019, as consumer spending and online retail pile on the pressure. There is a healthy appetite for new projects on the cusp of completion and for the development and acquisition of logistics land for new construction. Limited availability in Catalonia and other logistics hubs is driving up rents.

## **RENEWABLE ENERGY INVESTMENTS**

### Introduction

Renewable energy investments of the Operating Companies are focused on the investments in greenfield and brownfield investments in any of the Project Markets.

The terms of greenfield and brownfield investments with regard to renewable energy investments define the development stage at which an investment in an asset or project is made.

Greenfield projects involve an asset or structure that needs to be designed and constructed in a place where no infrastructure or building previously existed. Investors fund the building of the renewable energy asset and its maintenance when it is operational.

Brownfield projects involve an existing asset or structure that requires improvement, repair or expansion (i.e., land where a building or construction already exists). The renewable energy asset or structure is usually partially operational and may already be generating income.

In both cases, these are investments in projects which are located in OECD Member Countries and are under construction or at least with ready-to build status (with all permissions granted) or the Issuer determines in good faith that such status will be reached within a maximum timeframe of six months. Renewable energy facilities are a special segment of infrastructure. Renewable energy is generally defined as energy that comes from resources which are naturally replenished on a human timescale such as sunlight, wind, rain, tides, waves and geothermal heat. Renewable energy replaces conventional fuels in four distinct areas: electricity generation, hot water/space heating, fuels and rural energy services.

The main areas of investments include photovoltaic (PV) plants, wind power plants and hydroelectric power plants, which are briefly explained below.

Photovoltaics (PV) is a method of converting solar energy into direct current electricity using semiconducting materials that exhibit the photovoltaic effect. A photovoltaic system employs solar panels composed of a number of solar cells that supply usable solar energy. Power generation from solar PV plants has long been considered a clean sustainable energy technology which draws upon the planet's most plentiful and widely distributed renewable energy source – the sun. The direct conversion of solar radiation to electricity occurs without any moving parts or environmental emissions during operation. Photovoltaic systems have now been used for 50 years in specialized applications, and grid-connected photovoltaic systems have been in use for over twenty years.

Wind power is extracted from air flow using wind turbines or sails to generate mechanical or electrical power. Wind energy as an alternative to fossil fuels, is plentiful, renewable, widely distributed, clean, produces no greenhouse gas emissions during operation and uses little land. The effects on the environment are generally less problematic than those from other power sources. Wind power has the lowest CO<sub>2</sub> emissions of all forms of electricity production. Greater use of wind

energy therefore helps to mitigate global warming. Due to extensive research and development of wind turbines, technology has advanced considerably in recent years. A single wind turbine can supply up to 4,800 three-person households with clean power, equivalent to 15 times the performance of wind turbines built in 1995. Even electricity yield at lower wind speeds is much higher today. Another advantage of the technology evolution of the wind turbines is that their power generation costs are now lower than those of new fossil-fueled power plants. This makes wind energy on land the cheapest available source of power today. Unlike the use of fossil and nuclear energy sources, the use of wind energy does not generate any consequential social costs.

Hydropower technology has been used to generate electricity since the start of the 20th century. With an efficiency factor of between 85% and 95%, hydroelectric power plant is the most efficient electricity generation technology with a lifetime of up to 100 years. For example, during a simple process of converting the potential or kinetic energy of water into electrical energy, no frictional, thermal or air resistance losses occur. Owing to its longevity, high efficiency and minimal operating and maintenance costs, hydropower offers very competitive production costs both in comparison with other renewable energy sources as well as traditional energy sources. Hydropower is economically self-supporting and essentially independent of government subsidy programs and/or feed-in tariffs. Hydropower is a base-load-capable technology that is essentially available at any time of the day and therefore helps to stabilize the grid. Reservoir power plants in particular provide an opportunity for demand-oriented revenue maximization due to their storage capacity.

#### Trends in renewable energy investments

According to Bloomberg New Energy Finance (“Clean Energy Investment Trends”, 2018)<sup>3</sup>, global clean energy investment totaled \$332.1 billion in 2018, down 8% on 2017. Last year was the fifth in a row in which investment exceeded the \$300 billion mark. Europe saw clean energy investment leap 27% to \$74.5 billion, helped by the financing of five offshore wind projects in the billion-dollar-plus category.

The European Environment Agency (EEA) in its report “Renewable energy in Europe — 2018”<sup>4</sup> again confirmed that the share of renewable energy sources (“RES”) in Europe remained in line with the indicative trajectory designed to lead to achieving the mandatory EU targets for 2020: a 20 % renewable energy sources share of energy consumption. However, to meet these targets with certainty will require further efforts to deploy renewable sources of energy across the EU, especially in the context of recent increases in final energy consumption in some EU Member States. RES are a major contributor to the transition of Europe's energy sector. The rapid development of some renewable energy technologies has already allowed these technologies to achieve high market shares. Today, for solar photovoltaic (PV) electricity, biogas electricity and solid biomass use for heating and cooling, these shares are at, or close to, the 2020 levels anticipated by countries in their national renewable energy action plans (NREAPs), drafted in 2010.

According to the cited EEA report, the normalised production of renewable hydroelectric power remained quite stable over the period 2005-2016. According to the NREAPs, limited growth, from 30.1 to 31.8 Mtoe, is expected for the period 2016-2020. In 2016, the five countries with the most hydropower (Sweden, France, Italy, Austria and Spain) had a share of 70 % of all hydropower generation in the EU. In 2017, the normalised production of hydroelectricity is likely to have decreased slightly, to 30.0 Mtoe.

Hydropower is a flexible, mature technology for power generation, and hydropower reservoirs (dams) can provide energy storage. Investments in large-scale hydropower (> 10 MW) were mainly made before 2000. Most of the best sites have already been developed, which is why hydropower

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<sup>3</sup> Source: <https://data.bloomberglp.com/professional/sites/24/BNEF-Clean-Energy-Investment-Trends-2018.pdf>.

<sup>4</sup> Source: <https://www.eea.europa.eu/publications/renewable-energy-in-europe-2018#tab-data-references>.



capacities evolve only a little across Europe and rainfall patterns determine annual changes in hydroelectricity production.

Small and medium run-of-river hydro plants (< 10 MW) have the potential to contribute to addressing future energy needs, providing that new projects do not conflict with the objectives of nature- and water-related legislation. The European Commission published guidance for use by competent authorities, developers and consultants on how hydropower can be reconciled with the requirements of the Habitats and the Birds Directives.

Onshore wind power generation increased from 5.7 Mtoe in 2005 to 22.5 Mtoe in 2016. The largest increases came from Germany (5.5 Mtoe) and Spain (4.4 Mtoe). In 2017, the normalised onshore wind production of electricity was estimated to be 24.4 Mtoe. The greatest increase in normalised onshore wind production at the Member State level was recorded in Germany, followed by France and the United Kingdom. Germany installed additional onshore capacity of 5.1 GW, an increase of 4.7 GW net capacity, taking into account decommissioning of 0.4 GW.

Solar PV electricity production reached 9.0 Mtoe in 2016, exceeding by more than one quarter (1.9 Mtoe) the level that was expected for 2020, according to the NREAPs (7.1 Mtoe). In 2016, 36 % of all solar PV electricity across the EU was generated in Germany. Italy too had a large share, 21 %, followed by the United Kingdom, Spain and France with shares of 10 %, 8 % and 8 %, respectively. In 2017, early EEA estimates suggest that the production of solar PV electricity increased again, overtaking the NREAP levels for 2020 by 35 % and reaching 9.5 Mtoe. Results show that within the EU an additional 6.3 GW of solar PV systems was installed in 2016 and 5.6 GW in 2017. The greatest increase in solar PV capacity at the Member State level was recorded in Germany (1.7 GW), followed by France (875 MW) and the United Kingdom (861 MW). A further five Member States (Netherlands, Italy, Belgium, Austria and Spain) added more than 0.1 GW in 2017.

In June 2018, European countries gave their endorsement to a binding EU-wide renewable energy target of a minimum of 32 % of gross final consumption by 2030. Building on the Energy Union strategy of 2015, as well as on the recently agreed Regulation on the Governance of the Energy Union, Member States will have to propose an indicative level of effort contributing to the EU binding target for renewable energy as part of their draft integrated national energy and climate plans, due by the end of 2018. In the run-up to 2030, the indicative RES trajectory of the EU (based on the collective efforts of the Member States) should reach at least the following reference points for the total increase in the RES share between the binding 20 % RES share target for 2020 and the binding 30 % RES share target for 2030: 18 % by 2020; 43 % by 2025; 65 % by 2027. Should the Commission identify a gap in ambition during the assessment of the integrated national energy and climate plans, the Commission may take measures at EU level to ensure that the target is achieved, thereby closing the gap. Should Member States fall behind similar reference points in relation to their RES trajectories in the integrated national energy and climate plans, they will need to implement additional measures to cover the gap within 1 year.

### **3.7 Organisational structure**

#### **(a) Issuer's position within the group**

The Issuer has a single shareholder, Corporate Business Solutions Partners S.á r.l., established and existing under Luxembourg law, with its registered office at Am Scheerleck 23, Wecker, 6868 Luxembourg, ID: B191847 (the **Shareholder**).

The Shareholder owns 100% of the Issuer's shares and holds 100% of the voting rights attached to the shares.

The Issuer has no equity interest in any other person.

**(b) Organisational structure of the group**

*Major shareholder*

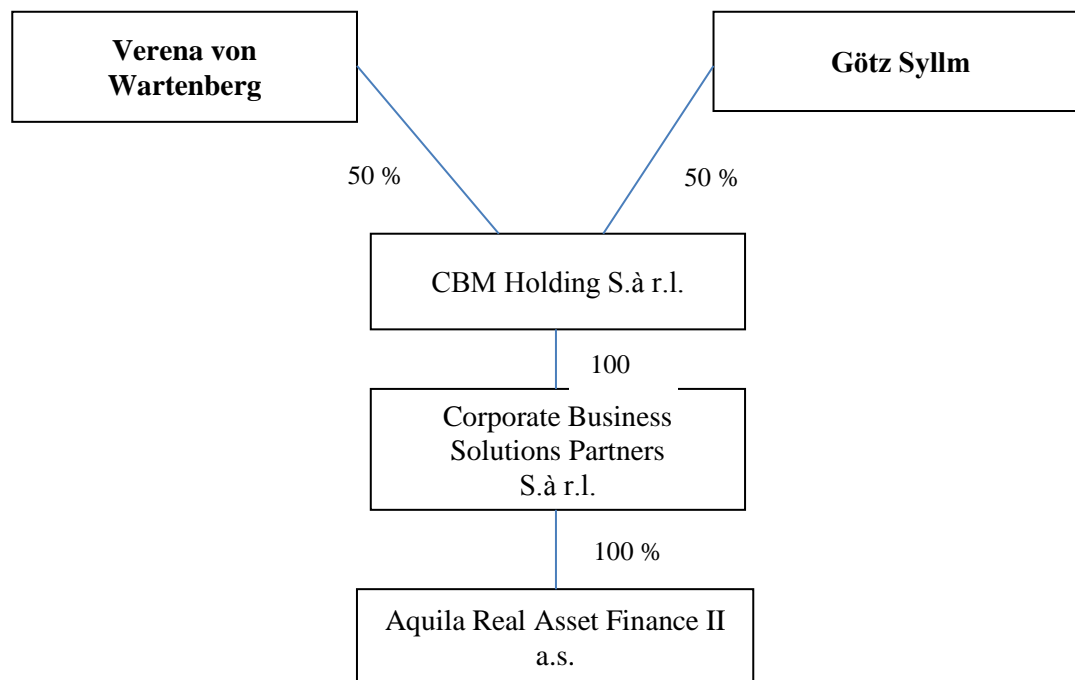
Corporate Business Solutions Partners S.á r.l.

*Controlling persons*

Shareholder is indirectly owned by Mrs. Verena von Wartenberg and Mr. Götz Syllm. Mrs. Verena von Wartenberg, born April 29, 1974, residing at Elmarstr. 53, D-33014 Bad Driburg, Germany, has legal education and extensive international practical experience in the field of legal services and corporate governance. Mr. Götz Syllm, born January 20, 1970, residing at Val des Bons-Malades 235, L-2121 Luxembourg, has a secondary education and previously held various positions in commercial companies in Germany.

Measures to ensure that the Issuer's control is not abused are set out by Czech law. To the extent known to the Issuer, there are no special measures in this regard.

The basic shareholder structure of the Issuer is in the following diagram:



CBM Holding S.á r.l. is a holding company which, in addition to 100% participation in the Shareholder, also holds a 100% stake in Lux Office Rental Services S.á r.l. (Luxembourg), a company renting office spaces in Luxembourg whereas its clients, as of the date of this Prospectus, include approximately 40 commercial entities, and Ceres Business Solutions S.á r.l. (Luxembourg), a company providing ancillary services to Luxembourg-based entities in terms of administrative and managerial support, as well as support in relation to company formation.

The Shareholder holds participation in a number of other companies. These are companies established to realize various projects that are independent of the Issuer and are not otherwise related to the Issuer's business plan.

**(c) Dependence of the Issuer on the Shareholder**

Provision of IT technologies of the Shareholder to the Issuer, respectively sharing managerial and IT infrastructure of Shareholder with the Issuer constitute dependence of the Issuer on the Shareholder.

As at the date of of this Prospectus, the Issuer is not dependent on any other entity from the Issuer's Group and does not envisage that it will become so.

**(d) Dependence of the Issuer on entities outside the group**

The Issuer has been established solely for the purpose of issuance of the Bonds. The Issuer will use proceeds from the Bonds to provide fixed interest loans/credit or other forms of fixed interest rate financing (in particular in the form of purchasing fixed income debt securities) through HoldCos to the Operating Companies investing into Project Assets on the Project Markets. In this context, the Issuer is dependant on the cooperation with ACM in particular on the realization of the business plan reflected in the MOU entered into with ACM. Without this cooperation, the Issuer would likely not be able to fulfil its business plan precondition of which is to find high quality business counterparties. During the selection process of a business counterparty, the Issuer is highly dependent on recommendations of ACM.

As at the date of preparation of this Prospectus, the Issuer has not provided any loans or issued any investment instruments that would create a credit exposure of the Issuer to a third party.

**(e) Arrangements resulting in change of control**

There are no arrangements, currently known to the Issuer, the operation of which may, at a subsequent date, result in a change of control of the Issuer.

**3.8 Trend information**

**(a) No adverse change in the prospects**

No significant change in the financial or trading position of the Issuer has occurred since its creation.

**(b) Information on any trends, uncertainties, demands, commitments or events that will have a material effect on the Issuer's prospects**

The Issuer is not aware of any trends, obligations or events that might have a significant impact on the prospects of the Issuer for the subsequent accounting period.

Trends in the markets of the Operating Companies are set out in the description of real estate investments and renewable energy investments in clause 3.6 "*Business overview*".

**3.9 Profit forecasts or estimates**

The Issuer has not included either a forecast or estimate of profits in the Prospectus, nor has it prepared or published such as of the date of the Prospectus.

### 3.10 Administrative, Management, and Supervisory Bodies

#### (a) General Information

The Issuer is a joint-stock company governed by the Czech Law. The company has dualistic organisational structure – i.e. it has created the Board of Directors as the executive statutory body and the Supervisory Board as the controlling body.

#### (b) Board of Directors

The Board of Directors is the statutory body of the Issuer. It is entitled to act on behalf of the Issuer in all matters and represents the Issuer in respect of third parties, in court proceedings and before other bodies. The Board of Directors directs the company's activities and decides on all company matters unless the laws or statutes reserve this for other bodies of the company. In particular, the Board of Directors carries on the business management of the company, ensures all its operational and organizational matters, convenes the general meeting of the shareholders (General Meeting), executes the resolutions of the General Meeting, secures the maintenance of the prescribed accounting and other records, business books and other documents of the company, maintains the list of shareholders, appoints and revokes power of attorney, issues additional written powers of attorney, submits proposals for resolutions to the General Meeting, in particular proposals for amendments to the statutes, proposals for any increase or reduction of share capital and bond issues, proposals for the approval of formal financial statements, extraordinary financial statements, the distribution of profits made, including the determination of the amount, the method of payment of dividends and royalties, the proposal for the payment of losses and any proposal for the dissolution of the Issuer.

The Board of Directors then submits for discussion by the Supervisory Board the material specified in the Articles of Association and submits to the Supervisory Board a proposal for an auditor. The Board of Directors submits to the General Meeting a report on the results of the business activities, the business plan and the financial budget and annual report.

Two members of the Board of Directors jointly act in the name of the Issuer. Members of the Board of Directors are elected and recalled by the General Meeting. The term of office of a member of the Board of Directors is 5 years.

The contact address of the members of the Board of Directors is the address of the registered office of the Issuer.

As of the date of this Prospectus, Issuer's Board of Directors consists of the following members:

#### **Rostislav Chabr**

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<b>Title, and since:</b>	Member of the Board of Directors, since 14 May 2019
<b>Education, practice, other relevant information:</b>	Mr. Chabr has been working in various positions in the banking and investment business for 26 years.

#### **Kateřina Winterling Vorlíčková**

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<b>Title, and since:</b>	Member of the Board of Directors, since 14 May 2019
<b>Education, practice, other relevant information:</b>	Mrs. Winterling-Vorlickova is a former member of the Supervisory Board of ŠKODA INVESTMENT a.s. and current member of the Supervisory Board of ADELARDIS a.s.

(c) **Supervisory Board**

The Supervisory Board is the supreme control body of the Issuer. It oversees the performance of the Board of Directors and the conduct of the Issuer's business. In the event of a serious breach of the Issuer's management, and in other cases where the Issuer's interests so require, the Supervisory Board shall convene a General Meeting. The Supervisory Board verifies procedures in relation to the Issuer and is entitled to inspect accounting documents, files and records relating to the Issuer's activity at any time and to determine the status of the Issuer. The Supervisory Board examines the due financial statements, extraordinary financial statements and any proposal for profit distribution or loss settlement, and is required to report the results of such review to the General Meeting,

The Issuer's Supervisory Board has one member. The member of the Supervisory Board is elected and dismissed by the General Meeting. The term of office of a member of the Supervisory Board is 5 years.

The contact address of the member of the Supervisory Board is the address of the registered office of the Issuer.

Information about the member of the Supervisory Board as of the date of this Prospectus are as follows:

**Armand Ineichen**

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<b>Title, and since:</b>	Member of the Supervisory Board, since 14 May 2019
<b>Education, practice, other relevant information:</b>	Mr. Ineichen, after graduating with a law degree from Zurich University in 1982, held various senior positions with major international banks and law firms.

(d) **Conflict of interest**

The Issuer has entered into the MOU with ACM, under which the parties agreed that ACM will offer the Issuer to participate in transactions from ACM's pipeline of investment opportunities.

The members of the Board of Directors of the Issuer may hold directorships in companies of the Aquila Group.

This may lead to situations in which conflicts of interest can arise as the Aquila Group is managing and may in the future, manage other investment vehicles, which may have the same geographical focus and nearly the same investment policy as the Issuer and therefore may be interested to invest in the same investment opportunity as those in which the Issuer invests or may be interested to invest. While the Aquila Group will seek to manage such potential conflicts of interest in good faith, each holders of the Bonds should understand that there may be situations in which the interests of the Issuer with respect to a particular investment opportunity or other matter conflict with the interests of one or more of the other investment vehicles. Where potential overlaps with any of the other investment vehicles do exist, the Aquila Group intends to allocate investment opportunities to the Issuer and other investment vehicles in a manner that they believe in good faith to be appropriate given the investment objectives, liquidity, available capital, remaining investment period, diversification and other limitations of the Issuer and the other investment vehicles.

This also means that, in line with statutory requirements, the Aquila Group shall take adequate precaution to identify, prevent and settle potential conflicts of interest and monitor these in order to prevent conflicts of interest from damaging the interests of the investment fund and its investors and contract partners.

Senior management of the Aquila Group shall be responsible for ensuring that processes and directives as well as the systems and access authorizations introduced are adequate to identify and manage conflicts of interest. Compliance and Legal shall support the specialist departments in identifying and monitoring potential conflicts of interest. The measures taken for dealing with conflicts of interest are laid out in the Policy on Dealing with Conflicts of Interest and shall be implemented in connection with the provision of business services.

In order to avoid conflicts of interest, Aquila Group employees undertake to maintain high ethical standards. At all times, the Aquila Group expects care and honesty from its employees along with lawful and professional conduct, compliance with market standards and regard for the interests of investors with respect to the investment funds managed.

The Aquila Group has appointed an independent compliance officer directly responsible to management (the **Compliance Officer**). The Compliance Officer is charged with ensuring the adequacy and efficacy of the measures implemented and with monitoring procedures as well as with their assessment and further development. This shall apply in particular to the identification, prevention and resolution of conflicts of interest. All employees of the Aquila Group shall be required to notify the independent Compliance Officer of all transactions in respect of which a potential conflict of interest cannot be manifestly ruled out.

In order to prevent conflicts of interest to the detriment of investors, the Aquila Group has implemented various organizational measures. These include, in particular:

- (a) creation of areas of confidentiality and information barriers, the separation of responsibilities and/or a physical separation;
- (b) rules for the personal transactions of employees with the aim of ensuring that investor transactions are not disadvantaged relative to employee transactions;
- (c) a code of conduct for the acceptance, granting and disclosure of benefits and gifts;
- (d) proper legal framework for the remuneration of employees;
- (e) recording of memberships and business interests of directors, executives and employees;
- (f) careful selection and regular training for employees; and
- (g) contractual relations with agents, sub-agents and counterparties with whom possible conflicts of interest could occur, concentrating on parties who are not subject to financial market regulation.

Senior management and the Compliance Officer shall carry out an annual evaluation and - where necessary - review of the Policy for Dealing with Conflicts of Interest.

Further information is available free of charge upon request from the Aquila Group.

(e) **Procedures of the Bodies and observing the corporate governance principles**

The Issuer observes all corporate governance demands provided by the Czech law. The Issuer does not observe any code of corporate governance as it does not have any legal obligation to do so.

**3.11 Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**

(a) **Historical financial information**

Since the Issuer was registered in the Commercial Register on 14 May 2019 and has not carried out any activities since its creation, no audited annual financial statements or other historical financial information has been prepared. Therefore, for the purposes of this Prospectus, only the Issuer's opening balance sheet prepared in accordance with the accounting regulations of the Czech Republic as at the date of its creation is disclosed.

The Issuer's opening balance sheet has not been audited by the auditor and the financial information contained therein are as follows:

<i>in CZK thousands</i>	14/5/2019
Total current assets	2.000
<b>Total assets</b>	<b>2.000</b>
Total equity	2.000
<b>Total equity and liabilities</b>	<b>2.000</b>
<i>in CZK thousands</i>	14/5/2019
Cash	2.000
<b>Total current assets</b>	<b>2.000</b>
<b>Total assets</b>	<b>2.000</b>
Registered capital	2.000
<b>Total equity</b>	<b>2.000</b>
<b>Total equity and liabilities</b>	<b>2.000</b>

The complete opening balance sheet is attached as Schedule 1.

(b) **Legal, administrative and arbitration proceedings**

As at the date of this Prospectus, the Issuer is not and has never been a party to a legal dispute, arbitration or administrative proceeding which would be significantly related to its business, results of operation, financial condition or issue of the Bonds. The Issuer is not aware of any such potential proceedings.

(c) **Significant change in the Issuer's financial or trading position**

There has been no significant change in the financial or trading position of the Issuer between the creation of the Issuer and the date of this Prospectus.

### **3.12 Material contracts**

On 11 June 2019 the Issuer and ACM signed the MOU on a strategic cooperation. In order to obtain additional funding for its project pipeline, ACM will present to the Issuer projects in the real estate and renewable energy sectors that it considers to invest in on behalf of other investment vehicles and the Issuer, according to its own independent consideration, may decide to invest in some of those project alongside such investment vehicles under conditions individually negotiated in respect of every project. Both companies agreed to keep confidential the information on their investments. The MOU was concluded for undefined period, the aim of the parties is to establish long-term cooperation. With this perspective ACM granted to the Issuer consent to use the name “Aquila” as a part of its business name.

As at the date of this Prospectus, the Issuer is not party to any other material contract.

### **3.13 Third party information and statement by experts**

The Issuer used the following third party data to describe the relevant Project Markets in clause 3.6:

- CBRE publications, “Europe Real Estate Market Outlook 2019” and the “Spain Real Estate Market Outlook 2019” available at [www.cbre.com](http://www.cbre.com);
- Publication by Bloomberg New Energy Finance, „Clean Energy Investment Trends, 2018“, available at [data.bloomberglp.com](http://data.bloomberglp.com); and
- Report by European Environment Agency (EEA) „Renewable energy in Europe – 2018“ available at [www.eea.europa.eu](http://www.eea.europa.eu).

The Issuer confirms that the information originating from third parties has been accurately reproduced and no facts have been omitted by the Issuer for which the reproduced information would be inaccurate or misleading. The Issuer, however, cannot guarantee the accuracy and truthfulness of the information reproduced.

This Prospectus does not contain any statement or notice of any person acting as an expert.

### **3.14 Documents on display**

Following documents are available on working days from 9 am to 4 pm at the registered office of the Issuer at Pobřežní 297/14, 186 00 Prague 8, the Czech Republic:

- (a) Founding deed and articles of association of the Issuer;
- (b) If prepared, based on the requirements of the law, financial statements and copies of auditor’s reports relating to the Issuer; and
- (c) All documents contained or incorporated by reference in this Prospectus.

### **3.15 Disclaimer**

When giving information from internal estimates and analyses, the Issuer used all its reasonable care; however, the Issuer may not guarantee the accuracy of this information. Any assumptions and prospects regarding the future development of the Issuer, its financial situation, scope of its business activities or its market position may not be deemed representations or binding promises given by the Issuer regarding the future events or results because these future events and results are determined by



circumstances and events that the Issuer may not, fully or partially, influence. Investors who are interested in purchasing the Bonds should carry out their own analyses of any development trends or prospects given in this Prospectus and base their investment decision on the results of these separate analyses.

## 4. GENERAL CHARACTERISTICS OF THE BONDS

### 4.1 Persons responsible

The person responsible for the accuracy and completeness of the data provided in this Prospectus is the Issuer, i.e. Aquila Real Asset Finance II a.s., with its registered office at Pobřežní 297/14, Karlín, Prague 8, Czech Republic, registered in the Commercial Register maintained by the Municipal Court in Prague under file no. B 24406, on behalf of whom the members of the Board of Directors listed and signed below act.

The Issuer declares that, while exercising all due care, to the best of his knowledge the information contained in the Prospectus is in line with the facts and that there are no facts in it or concealed that could change its meaning.

In Prague on 11 June 2019

(illegible signature)  
Rostislav Chabr  
Member of the Board of Directors

(illegible signature)  
Kateřina Winterling Vorlíčková  
Member of the Board of Directors

### 4.2 Risk factors

Information about risk factors related to the Bonds is given in clause 2.5 “*Risk factors related to the Bonds*”.

### 4.3 Key information

#### (a) Interest of natural and legal persons involved in the issue/offer

The Issuer has authorized the Arranger, J&T IB and Capital Markets, a.s., with its registered office at Pobřežní 297/14, Praha 8 – Karlín, Postal Code 186 00, Identification Number: 247 66 259 registered in the Commercial Register maintained by the Municipal Court in Prague, File Number: B 16661, to perform activities associated with preparation of the documentation necessary for issuance of the Bonds.

The Issuer has authorized the Manager, J&T BANKA, a.s., with its registered office at Pobřežní 297/14, Praha 8 – Karlín, Postal Code 186 00, Identification Number: 471 15 378, registered in the Commercial Register maintained by the Municipal Court in Prague, File Number: B 1731, to perform activities associated with the preparation and placement of the Bonds. In addition, the Issuer has also authorized the Manager to perform activities as the administrator of the Bonds.

The Issuer has authorized J&T BANKA, a.s. to perform the activities of a fiscal and paying agent associated with the payment of interest on, and repayment of, the Bonds (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 holders of Bonds 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**). In addition, the Issuer has authorized J&T BANKA, a.s. to perform the activities of a calculation agent under the terms of the Agency Agreement (the **Calculation Agent**) and the services of a listing agent (the **Listing Agent**) in connection with the admission of the Bonds to trading on the regulated market of the PSE.

The Issuer has authorized the J&T IB and Capital Markets, a.s., ID no. 24766259, with its registered office at Pobřežní 297/14, 186 00 Prague 8, entered in the Commercial Register maintained by the City Court Prague under file no. B 16661 (the **Arranger**), to perform activities associated with preparation of the documentation necessary for issue of the Bonds.

As at the day of this Prospectus, the Issuer is not aware of any other interest of any natural or legal person involved in the Issue which might be essential for the issue or offer of the Bonds.

#### (b) Reasons for the offer and use of proceeds of the Issue

The net proceeds of the Bonds, after deduction of all fees, costs and expenses (amounting to approximately CZK16,000,000) in connection with the issuance of the Bonds shall be used for investments into the Operating Companies through the HoldCos (in particular in the form of purchasing fixed income debt securities issued or incurred by the HoldCos).

#### 4.4 Description and Terms and Conditions of the Bonds

This part of the Prospectus represents a transcript of the Terms and Conditions of the Bonds, which the Issuer has prepared as a separate document in Slovak language and under the laws of the Czech Republic on 11 June 2019.

*[Beginning of the transcript of the Terms and Conditions]*

##### 1. GENERAL

- 1.1 The bonds issued under Czech law by Aquila Real Asset Finance II a.s., a joint-stock company incorporated under the laws of Czech Republic, with its registered office at Pobřežní 297/14, Karlín, 186 00 Prague 8 Czech Republic, Czech Republic, registered with the Commercial Register kept by the Municipal Court in Prague under file No. B 24406 (the **Issuer**), in the anticipated total nominal value of up to CZK1,000,000,000 (in words: one billion Czech Crowns), subject to a potential increase of up to CZK1,500,000,000 (in words: one billion five hundred million Czech Crowns), bearing a fixed interest rate of 5.25 % p.a., due in 2022 (the **Issue** and the individual bonds issued in 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 Issue was approved by the resolution of the Issuer's Board of Directors dated 10 June 2019 and by the resolution of the sole shareholder of the Issuer, Corporate Business Solutions Partners S.à r.l., dated 10 June 2019.
- 1.2 The ISIN of the Bonds allocated by the Central Depository is CZ0003522245.
- 1.3 The Issuer will apply for acceptance of the Bonds for trading on the Regulated Market of the PSE and expects that the Bonds will be accepted for trading on the Issue Date, i.e. on 8 July 2019. The Issuer cannot guarantee that the application will be accepted and that the Bonds will actually be admitted to trading.
- 1.4 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 Bondholders (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 of the Fiscal and Paying Agent set out in Condition 15.1.
- 1.5 The activities of the listing agent related to the listing of the Bonds on the relevant regulated market will be ensured by the Fiscal and Paying Agent (the **Listing Agent**).
- 1.6 The activities of the calculation agent related to the JBonds will be ensured by the Fiscal and Paying Agent (the **Calculation Agent**).
- 1.7 Unless otherwise stated in these Terms and Conditions, capitalised terms have the meanings assigned to them in Condition 21.
- 1.8 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.
- 1.9 The reference to "Condition" is a reference to the relevant numbered clause of these Terms and Conditions.

## **2. NOMINAL AMOUNT, FORM, ANTICIPATED TOTAL NOMINAL VALUE OF THE ISSUE**

- 2.1 The Bonds are being issued as book-entered securities in accordance with the Czech Bonds Act. The nominal amount of each Bond is CZK50,000 (in words: fifty thousand Czech Crowns).
- 2.2 The title of the Bonds is “AQUILA RAF 5,25/22”.
- 2.3 The anticipated total nominal value of the Issue is CZK1,000,000,000 (in words: one billion Czech Crowns). The Issuer may issue the Bonds in a higher total nominal amount of the Issue than the anticipated total nominal value of the Issue, however the total nominal value of all the issued Bonds may not exceed CZK1,500,000,000 (in words: one billion five hundred million Czech Crowns).
- 2.4 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.
- 2.5 The issue price of the Bonds issued on the Issue Date is equal to 100 % of their nominal value (the **Issue Price**). The issue price of any Bonds issued after the Issue Date will be determined by the Manager taking into account the current market conditions. Where relevant, a corresponding accrued interest will be added to the amount of the issue price for any Bonds issued after the Issue Date.
- 2.6 The method and place of subscription for Bonds are stated in the prospectus, which will be drafted by the Issuer.

## **3. ISSUE DATE, SUBSCRIPTION PERIOD**

- 3.1 The issue date of the Bonds is scheduled to be 8 July 2019 (the **Issue Date**). The Bonds may be issued (i) at once on the Issue Date or (ii) in tranches at any time after the Issue Date until 19 June 2020. If, upon agreement with the Manager, the Issuer decides to issue Bonds in a higher nominal amount than the anticipated total nominal value of the Bonds, the volume of such increase may not exceed CZK1,500,000,000 (in words: one billion five hundred million Czech Crowns). The subscription period will start on 24 June 2019 and end on 19 June 2020.
- 3.2 The final result of the public offering, including the total nominal value of all the issued Bonds forming the Issue, will be published on the Issuer’s website and the Manager’s website [www.jtbank.cz](http://www.jtbank.cz) in the section „Emise cenných papírů“ without undue delay after the end of the public offering.

## **4. STATUS OF THE BONDS**

- 4.1 The Bonds constitute direct, general, unconditional and unsubordinated liabilities of the Issuer which are and will rank *pari passu* among themselves and at least *pari passu* with any present and future unsubordinated and unsecured 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.
- 4.2 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.

## **5. TRANSFERABILITY**

- 5.1 Transferability of the Bonds is not restricted.

- 5.2 The transfer of the Bonds will be effective upon the crediting thereof to the owner's securities account with the Central Depository in accordance with the rules and regulations of the Central Depository and applicable law. In the event that the Bonds are recorded in the client's securities account (in Czech: účet zákazníka) in the Central Depository, 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 Depository 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 Depository.

## 6. BONDHOLDERS

- 6.1 A **Bondholder** is any person on whose owner's securities account (in Czech: účet vlastníka) (in the sense of the Capital Market Act) with the Central Depository or in follow-up records (in Czech: navazující evidence) linked to the Central Depository a Bond is recorded.
- 6.2 Unless and until the contrary is convincingly proved to the Issuer, the Issuer and the Fiscal and Paying Agent shall treat each Bondholder for all purposes as the owner of the nominal amount of the Bonds recorded on their owner's securities account with the Central Depository or in follow-up records linked to the Central Depository and the Issuer and the Fiscal and Paying Agent will make all payments to such Bondholder in accordance with these Terms and Conditions. Persons who are owners of the Bonds and who are not registered for any reason in the relevant records of owners of book-entered securities will be obliged to promptly notify the Issuer and the Fiscal and Paying Agent in writing of such fact and of their acquisition of the ownership title to the Bonds.

## 7. RATING

As at the Issue Date, the Issuer has not been assigned any rating by any company registered under Regulation (EC) No. 1060/2009, 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.

## 8. OBLIGATIONS OF THE ISSUER

### 8.1 Junior Bonds

In addition to the Bonds issued pursuant to these Terms and Conditions, the Issuer is obliged to issue additional bonds (the **Junior Bonds**) under separate terms and conditions prepared by the Issuer. Terms and conditions of the Junior Bonds may differ from the Terms and Conditions, save for the following mandatory conditions, which have to be fully reflected in the terms and conditions for the Junior Bonds, and may not be derogated from, or otherwise altered:

- (a) the Junior Bonds will be governed by the laws of the Czech Republic;
- (b) the Junior Bonds will be denominated in Euro only;
- (c) the Junior Bonds will be offered on a private placement basis only and are not to be offered to the public. Any offer of Junior Bonds is permitted exclusively to pre-selected individuals and/or legal entities that meet the criteria laid down by the Issuer for the offer of Junior Bonds, which will be set out in the terms and conditions applicable for the respective issue of Junior Bonds;

- (d) the Junior Bonds will be issued as unsecured and subordinated (see Condition 8.2) to the Bonds, whereas all claims arising from the Junior Bonds will rank after the claims of all Bondholders and other creditors of the Issuer that arise under or in connection with the Bonds;
- (e) any redemption (i.e. payment of the nominal value) of the Junior Bonds or payment of any interest in connection with the Junior Bonds (including payment connected with a purchase or cancellation of the Junior Bonds), save for payments associated with fulfilment of the Issuer's judicial, administrative or other public law obligations, have to be made only if all of the payment obligations arising under or in connection with the Bonds have been fully satisfied. The Junior Bonds may be partially redeemed only if such partial redemption (i) do not cause a breach of the Ratio (as defined below), (ii) is made in accordance with the terms and conditions of the Junior Bonds and (iii) is made in connection with the partial early redemption of the Bonds under Condition 10.2.
- (f) any amendments to the terms and conditions of the Junior Bonds have to be approved by the Bondholders of the Bonds on the Meeting in compliance with Condition 17. Such approval will not be required for an amendment of the terms and conditions of the Junior Bonds leading to (i) a temporary or permanent decrease of the interest rate originally stipulated for the Junior Bonds or (ii) reincrease of the interest rate applicable to the Junior Bonds made after a decrease under point (i) above (the **Change in the Interest Rate**). The interest rate applicable to the Junior Bonds as originally stipulated for the Junior Bonds may only fluctuate within the range between 7.5 % and 10 %. The Change in the Interest Rate may only become effective on the first day of each interest period specified in the terms and conditions of the Junior Bonds (the **Effective Date**) provided that the Issuer notifies the fiscal and paying agent of the issue of the Junior Bonds thereof at least 30 (thirty) days before the Effective Date;
- (g) the issue date of the Junior Bonds will not be later than on the Issue Date and the maturity of the Junior Bonds will not be earlier than on the Final Maturity Date of the Bonds; and
- (h) the Junior Bonds will be issued by the Issuer and underwritten by Aquila Funds in at least such an amount, that the ratio of the total nominal value of all outstanding Junior Bonds towards the total nominal value of all outstanding Bonds, is equal, or higher than 0.67 (the **Ratio**). The Ratio is calculated as follows:

$$\text{Aggregated nominal value of the outstanding Junior Bonds} / \text{aggregated nominal value of the outstanding Bonds} \geq 0.67$$

The Ratio requirement as described above, has to be met during the whole existence of the Bond (i.e. from its issue to the date on which the Bond ceased to exist, be it for any reason, such as the Bond was cancelled, redeemed or all obligations of the Issuer towards the respective Bondholders have been fulfilled), save for the subscription period for a new tranche of a Bond issue, during which the Ratio has to be achieved no later than 15 (fifteen) Business Days after the issue of each such tranche of the Bonds.

For the purpose of the Ratio determination as of the Issue Date, the parity between the Czech Crowns and Euro will be determined pursuant to the officially announced fixed exchange rate of the Czech National Bank applicable as of 10 (ten) Business Days before the Issue Date. For the purpose of the Ratio determination as of any partial early redemption date specified in the terms and conditions of the Junior Bonds, the parity between the Czech Crowns and Euro will be determined pursuant to the officially announced fixed exchange rate of the Czech National Bank applicable as of 10 (ten) Business Days before the respective partial early redemption date of the Junior Bonds.

For the purpose of the Ratio determination the Junior Bonds and the Bonds owned by the Issuer are to be disregarded.

## 8.2 Subordination of the Junior Bonds

The Issuer undertakes and will ensure that the Junior Bonds to be issued in accordance with Condition 8.1 above will be subordinated to the liabilities from the Bonds as long as any of the Issuer's liabilities from the Bonds remain outstanding.

## 8.3 Issuer's Business Activity

The Issuer undertakes and will ensure that, as long as any of its liabilities from the Bonds remain outstanding, investing in different projects under the following conditions (each such investment into any single project as the **Investment** and each single project as the **Project**) and entering into transactions with the aim to hedge against a financial loss caused by currency fluctuations (i.e. currency swaps) connected with the Investments, will be its only business activities. The relevant conditions are as follows:

- (a) the Issuer will make an Investment only after the relevant framework financing agreement has been entered into by the Issuer, the relevant HoldCo and the relevant OpCo (as these are defined below) (the **Framework Financing Agreement**);
- (b) the Issuer will make Investments solely by buying fixed income debt instruments issued by holding companies having their seat, as of the date of the relevant Investment and as long as any of the funding provided by the Issuer in relation to the respective Investment remain outstanding, in Member States of the European Union (each such company as a **HoldCo**) or by providing other forms of fixed income debt financing to HoldCos, provided that these will rank at least *pari passu* with any other financing incurred by such HoldCos; HoldCos will subsequently invest into real estate Projects and renewable energy Projects and assets through the operating companies having their seat, as of the date of the relevant Investment and as long as any of the funding provided by the Issuer in relation to the respective Investment remain outstanding, in OECD Member Countries (each such company as **OpCo**);
- (c) the maximum amount of funds allocated to an Investment will be 20 (twenty) % of the total nominal value of the Bonds and the Junior Bonds issued by the Issuer and then outstanding;
- (d) the maximum amount of funds allocated to Investments into real estate sector will be 50 (fifty) % of the total nominal value of the Bonds and the Junior Bonds issued by the Issuer and then outstanding, whereas the amount of funds allocated to Investments into real estate located in Spain will represent at maximum 40 (forty) % of the total nominal value of the Bonds and the Junior Bonds issued by the Issuer and then outstanding;
- (e) the Projects will be located in OECD Member Countries and will be under construction or at least with ready-to-build status (with all permissions granted) or the Issuer determines in good faith that such status will be reached within a maximum timeframe of six months, whereas the total amount of funding provided by the Issuer into such Projects without all permissions granted will not exceed 50 (fifty) % of the total nominal value of the Bonds and the Junior Bonds issued by the Issuer and then outstanding; furthermore (i) in the case of real estate Projects, land acquired for such real estate Projects must be defined as building land by a regulatory act such as a zoning plan or development scheme or equivalent proceedings under public law and (ii) in the case of renewable energy Projects, in order to minimize the risk of non-approval, at least the following criteria must be met: (A) all land rights must be secured; (B) the grid connection for the Project must be secured; (C) at least



one external opinion or environmental impact study by a competent third party consultant must be obtained and such opinion or study must reach a positive conclusion regarding the probability of obtaining a building permit in relation to the Project; (D) no substantial capital expenditures will be provided by the OpCo into the relevant Project until all relevant permissions are granted; and (E) the total amount of funding provided by the Issuer into such renewable energy Projects will not exceed 20 (twenty) % of the total nominal value of the Bonds and the Junior Bonds issued by the Issuer and then outstanding; and

- (f) the term of each Project financing will be shorter than the term of the Bonds.

#### 8.4 Framework Financing Agreement

The Issuer undertakes and will ensure that the following mandatory conditions (from which no derogation or alteration is permitted) are included in each Framework Financing Agreement entered pursuant to Condition 8.3(a):

- (a) the Framework Financing Agreement for each Project must be valid until the earlier of (i) all cash flow generated by the relevant Project is distributed from the relevant OpCo level to the relevant HoldCo level and then to the Issuer and Aquila Funds or (ii) the Investment of the Issuer is fully paid back to the Issuer;
- (b) the signed Framework Financing Agreement for each Project must be available at the registered office of the Issuer at Pobřežní 297/14, Praha 8 – Karlín, Postal Code 186 00, Czech Republic and, without any delay, the Issuer must also send the copy of the signed Framework Financing Agreement to the Fiscal and Paying Agent to its email address specified in the Agency Agreement;
- (c) the Issuer and Aquila Funds, if any, will be buying unlisted bonds issued by the relevant HoldCo (the **HoldCo's Bonds**) having the same main terms (e.g. maturity, seniority, coupon). In particular, the Issuer may not buy the HoldCo's Bonds with (i) longer maturity, (ii) lower coupon or (iii) subordination to HoldCo's Bonds bought by the Aquila Funds. The Aquila Funds on the other hand may buy the HoldCo's Bonds with (i) longer maturity, (ii) lower coupon or (iii) subordination to HoldCo's Bonds bought by the Issuer;
- (d) the relevant HoldCo will be obliged to distribute cash flow generated by the relevant OpCo pro rata between the Issuer and Aquila Funds, if any, once such cash flow has been distributed from the relevant OpCo (including by means of dividend payments), except for the amount not exceeding 20 (twenty) % of the Issuer's funding which is used for working capital needs;
- (e) the relevant OpCo will be obliged to maintain consolidated Senior Bank Financing at the level of not more than 50 (fifty) % of the Project Value;
- (f) no funding other than the funding by Aquila Funds, and the Issuer could be obtained at the relevant HoldCo level, except for HoldCo equity (including subordinated shareholder loans) which is subordinated to financing provided by the Issuer;
- (g) no funding other than the Senior Bank Financing at the relevant OpCo level could be obtained, except for (i) funding from the relevant HoldCo financed by the Issuer and Aquila Funds and (ii) OpCo equity (including subordinated shareholder loans) which is subordinated to financing provided by HoldCo to OpCo;
- (h) as long as any of the funding provided by the Issuer in relation to the respective Investment remain outstanding, no dividend or any other equity distribution may be declared or paid by

the relevant OpCo or HoldCo, except for a dividend or equity distribution paid by the relevant OpCo to the relevant HoldCo; and

- (i) the relevant HoldCo has to directly hold participation in the registered capital of the relevant OpCo representing at least 51 (fifty one) % or more of the voting rights in the relevant OpCo, whereas the Aquila Funds have to own the remaining participation (if any).

## **8.5 Positive Interest Spread Accumulation**

The Issuer undertakes and will ensure that, as long as any of its liabilities from the Bonds remain outstanding, it will accumulate financial means corresponding to the 50 (fifty) % of the difference between the interest proceeds from Investments and the interest costs of the Bonds (positive interest spread) and those financial means will not be invested or distributed in any way.

## **8.6 Transactions with Connected Parties**

As long as any of its liabilities from the Bonds remain outstanding, the Issuer will not, and will ensure that none of its Subsidiaries will enter into or permit entering into any transaction (including, without limitation, any transaction involving the investment, purchase, sale, lease, transfer or exchange of any property or the rendering of any service) with any Connected Party, except in the ordinary course of the business of the Issuer or such Subsidiaries and on an arm's length basis (which would, among other things, include a duty not to enter onto any such transaction, unless upon fair and reasonable terms not less favourable to the Issuer or such Subsidiaries than would be usual and customary in transactions of similar type with parties who are not Connected Parties).

## **8.7 Negative Pledge**

As long as any of its liabilities from the Bonds remain outstanding, the Issuer must not create, or enable the creation of, any Security of the Liabilities that would fully or partially restrict the Issuer's rights to its current or future assets or income, unless, at the same time or prior to the creation to the Security, the Issuer ensures that (i) the Issuer's liabilities under the Bonds are equally and rateably secured on a *pari passu* basis with its Liabilities so secured; or (ii) the creation of the Security is approved by the Meeting in accordance with Condition 17.

## **8.8 Indebtedness**

As long as any of its liabilities from the Bonds remain outstanding, the Issuer will not, and will ensure that none of its Subsidiaries will incur, assume guarantee for, or otherwise become liable for any Indebtedness, save for:

- (a) any Indebtedness incurred, assumed, guaranteed for, or otherwise burdening the Issuer or any of its Subsidiaries, that arose from, or in connection with the issuance of Junior Bond(s) pursuant to the Condition 8.1 and respective provisions of the terms and conditions applicable to the Junior Bonds;
- (b) the Indebtedness that arose from or in connection with the Bonds including the issuance of the Bonds at a higher amount than the anticipated aggregate nominal value pursuant to the Condition 3; or
- (c) any Indebtedness incurred, assumed, guaranteed for, or otherwise burdening the Issuer or any of its Subsidiaries, that arose from, or in connection with any credit, loan or other debt financing that serves as, or is aimed to serve as a refinancing instrument for any of the Issuer's monetary obligations associated with the Bonds.

## 8.9 LTV Ratio

The Issuer undertakes and will ensure that, as long as any of its liabilities from the Bonds remain outstanding, the LTV Ratio (as defined below) in relation to the Issuer will always be observed.

The LTV Ratio is defined as follows:

$$\text{LTV} = \text{LTV 1} + \text{LTV 2}$$

**Where:**

$$\text{LTV1} = \frac{\text{SB}}{\text{V}}$$

$$\text{LTV 2} = \frac{\text{Lux}}{\text{V}} \times \frac{\text{B}}{(\text{B}+\text{J})}$$

Where:

**SB** means consolidated Senior Bank Financing incurred at OpCos level which is senior to any financing provided to OpCos by HoldCos;

**V** means consolidated Project Value of individual Projects;

**Lux** means consolidated exposure of HoldCos to OpCos that is financed by the Issuer;

**B** means amount of the Bonds issued by the Issuer and then outstanding; and

**J** means amount of the Junior Bonds issued by the Issuer and then outstanding.

With respect to the observation of the LTV Ratio, its value **must be less than or equal to 0.75** as long as any of the Issuer's liabilities from the Bonds remain outstanding, whereas its value will be tested at the moment of LTV Ratio calculation.

For the purpose of LTV Ratio calculation, the term **consolidated financing** or a similar term means financing consolidated at the relevant level, i.e. at the HoldCo or OpCo level.

## 8.10 Financing Covenants

The Issuer undertakes and will ensure that:

- (a) all financing, except for (i) Senior Bank Financing and (ii) equity of any OpCo, which will be subordinated to any HoldCo financing, should be incurred at the relevant HoldCo level only and any OpCo must be financed exclusively through such HoldCo; and
- (b) the ratio of consolidated Senior Bank Financing at:
  - (i) the relevant OpCo level to Project Value of individual Project, i.e. the ratio of  $\frac{\text{SB}}{\text{V}}$  must not exceed 0.5; and
  - (ii) the Issuer's level to the amount of Project Values of all Projects, i.e. the ratio of  $\frac{\text{SB}}{\text{V}}$  must not exceed 0.4.

## 8.11 Information Duties

The Issuer must inform the Fiscal and Paying Agent and the Bondholders in writing of (i) any Event of Default (as the term is defined in Condition 13) and (ii) any Change of Control (as the term is defined in Condition 10.3) within five Business Days after the day when it learned about the fact or should and could have learned about it with due diligence.

The Issuer must inform the Fiscal and Paying Agent in writing of the termination of the respective Framework Financing Agreement made in accordance with the Condition 8.4(a) not later than five Business Days after the day when the Framework Financing Agreement terminated.

The Issuer must publish, and make available to the Bondholders in the manner stipulated in Condition 19.1, the below documents and information within the following deadlines:

- (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 2019;
  - (ii) a report on business activities of the Issuer for the past financial year starting with a report prepared for the accounting period ending on 31 December 2019; such report has to include, in relation to each Project the Issuer has invested in, the following information: (i) description and status of the Project, including the level of the Project's progress, (ii) estimated date of completion of the Project and (iii) exposition of the Issuer in relation to the Project;
  - (iii) a confirmation that there has not been any breach of any Condition or provision of these Terms and Conditions, including, but not limited to, any Event of Default or breach of Conditions 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.10 and 8.11 and that there has not been any fact based on which the Issuer would be obligated to convene the Meeting; and
  - (iv) information together with a statement by the Chosen Auditor on the calculation of the covenants set out in Conditions 8.1, 8.8, 8.9 and 8.10 based on (i) the financial statements set out in Condition 8.11(a)(i), (ii) the HoldCos' annual reports and annual financial statements prepared in accordance with IFRS or Local Accounting Principles starting with the annual report and financial statements prepared as at the last day of the accounting period ending on 31 December 2019 and (iii) the OpCos' annual reports and annual financial statements prepared in accordance with IFRS or Local Accounting Principles starting with the annual report and financial statements prepared as at the last day of the accounting period ending on 31 December 2019,
- (b) by 30 September of each year:
  - (i) the Issuer's half-year reports and half-year unaudited financial statements prepared in accordance with IFRS, starting with the half-year report and half-year unaudited financial statements for the half-year ending on 30 June 2020, and ending with the half-year report and half-year unaudited financial statements for the half-year ending on 30 June 2021 (including this half-year report and financial statements);
  - (ii) a report on a business activities of the Issuer for the first half of the current financial year starting with a report prepared for the half-year ending on 30 June 2020, and ending with a report prepared for the half year ending on 30 June 2021 (including this half-year report); such report has to include, in relation to each Project the Issuer

has invested in, the following information: (i) description and status of the Project, including the level of the Project's progress, (ii) estimated date of completion of the Project and (iii) exposition of the Issuer in relation to the Project;

- (iii) a confirmation that there has not been any breach of any Condition or provision of these Terms and Conditions, including, but not limited to, any Event of Default or breach of Conditions 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.10 and 8.11 and that there has not been any fact based on which the Issuer would be obligated to convene the Meeting; and
- (iv) information on the calculation of the covenants set out in Conditions 8.1, 8.8, 8.9 and 8.10 based on (i) the financial statements set out in Condition 8.11(b)(i), (ii) the HoldCo's half-year management accounts prepared in accordance with IFRS or Local Accounting Principles starting with the management accounts for the half-year ending on 30 June 2020, and ending with the management accounts for the half-year ending on 30 June 2021 and (iii) the OpCo's half-year management accounts prepared in accordance with IFRS or Local Accounting Principles starting with the management accounts the half-year ending on 30 June 2020, and ending with the management accounts for the half-year ending on 30 June 2021.

The correctness, completeness, accuracy and veracity (including the compliance with the relevant accounting standards) of the respective financial statements under points (a)(i) and (b)(i) above, has to be confirmed in writing by the person(s) authorized to act on behalf of the Issuer.

Each report and confirmation under points (a)(ii) and (iii) and (b)(ii), (iii) and (iv) has to be signed by the person(s) authorized to act on behalf of the Issuer.

## 8.12 Covenants Testing

The Issuer undertakes and will ensure that the testing of all the relevant covenants under Conditions 8.1, 8.8, 8.9 and 8.10 will be performed on the basis of relevant annual or half-year reports of the Issuer (as described in detail in Condition 8.11 above), HoldCos and OpCos, and the results of such testing have to be reported in accordance with Condition 8.11 above within the relevant deadlines stated therein.

## 8.13 Definitions

For the purposes of this Condition 8, 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):

**Aquila Funds** means any financing vehicle to which any entity of the Aquila Group serves as alternative investment fund manager (AIFM) or which has any contractual or other significant influence on the investment decisions of the respective financing vehicle.

**Aquila Group** means Aquila Holding GmbH, any other entity directly or indirectly controlling Aquila Holding GmbH, controlled by Aquila Holding GmbH, or under direct or indirect common control with Aquila Holding GmbH.

**Chosen Auditor** means any auditor firm providing auditor services in accordance with the law of the relevant jurisdiction and belonging to the group of PricewaterhouseCoopers, KPMG, Deloitte or E&Y.

**Connected Party** means, as to the Issuer and Aquila Holding GmbH, any other entity directly or indirectly controlling the Issuer or Aquila Holding GmbH, controlled by the Issuer or Aquila

Holding GmbH, or under direct or indirect common control with the Issuer or Aquila Holding GmbH.

**Credit Institution** means an undertaking the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account, as defined in Article 4(1), point 1 of the Regulation No. 575/2013 of the European Parliament and the Council of 26 June 2013, on Prudential Requirements for Credit Institutions and Investment Firms.

**IFRS** means the International Financial Reporting Standards as issued by International Accounting Standards Board (IASB) (interpretation of IFRS and IFRIC) as amended, meeting the requirements stipulated for the International Financial Reporting Standards in Article 35(5)(b) of Commission Regulation (EC) No 809/2004, International Financial Reporting Standards, as amended (i.e. financial statements prepared according to them and meeting the condition that they contain an explicit and unreserved statement of the Chosen Auditor that they comply with the International Financial Reporting Standards in accordance with IAS 1 (Presentation of financial statements)).

**Indebtedness** means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS (or in the case of a HoldCo or an OpCo alternatively in accordance with the Local Accounting Principles), be treated as a finance or capital leases;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis and meet any requirement for de-recognition under IFRS (or in the case of a HoldCo or an OpCo alternatively under the Local Accounting Principles));
- (f) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (the **Treasury Transaction**) (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which liability would fall within one of the other paragraphs of this definition;
- (h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the Final Redemption Date or are otherwise classified as borrowings under IFRS (or in the case of a HoldCo or an OpCo alternatively under the Local Accounting Principles);
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in

respect of the supply of assets or services and payment is due more than 60 (sixty) days after the date of supply;

- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under IFRS (or in the case of a HoldCo or an OpCo alternatively under the Local Accounting Principles); and
- (k) (without double counting) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above.

**Liabilities** means the Issuer's obligation to pay any amounts owed by the Issuer, as well as any obligations of the Issuer for third party payment obligations arising from guarantees provided by the Issuer to third parties, in particular any debt arising from bank or other loans or credits.

**Local Accounting Principles** means national accounting principles applicable to the preparation of financial statements of an OpCo or a HoldCo, unless such company prepares financial statements in accordance with IFRS.

**OECD** means Organisation for Economic Co-operation and Development.

**Project Value** means the value determined (i) before the construction phase is finished as the actual value of the Project taken as total costs invested in the construction phase; (ii) after the construction phase is finished (at the end of the calendar year when the relevant Project is finished) as the value taken from the appraisal opinion prepared by any Chosen Auditor or other competent and independent third party person acceptable to the Fiscal and Paying Agent no older than 3 months before the relevant date of covenant testing pursuant to Condition 8.12 and (iii) after that, valuation will be made pursuant to the generally accepted valuation guidelines and principles.

**Security** means any security interest, 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.

**Senior Bank Financing** means financing provided by a Credit Institution resulting in Indebtedness.

**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 the 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.

Unless stated otherwise, the term **control** shall mean a situation in which a natural person or a legal entity (the **Person**) possesses, directly or indirectly, the power (a) to vote 10% or more of the securities having ordinary voting power for the election of directors of other Person, or (b) to direct or cause direction of the management and policies of other Person, whether through the ownership of voting securities, by contract or otherwise.

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

## **9. INTEREST**

### **9.1 Interest Rate, Interest Period**

- (a) The Bonds will bear a fixed interest rate of 5.25 % p.a.
- (b) The interest will be paid for each Interest Period yearly in arrears, always on 8 July of each year (the **Interest Payment Date**), in accordance with Condition 11 and with the Agency Agreement. The first payment of interest will be made on 8 July 2020. The interest will accrue evenly from the first day of each Interest Period to the last day included in such Interest Period.
- (c) For the purposes of these Terms and Conditions, **Interest Period** means the twelve-month period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and each immediately following twelve-month period from (and including) the Interest Payment Date to (but excluding) the next Interest Payment Date until 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 11.6.

### **9.2 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 30E/360 day count fraction, i.e., a year will be deemed to consist of 360 (three hundred and sixty) days divided into 12 (twelve) months with 30 (thirty) calendar days whereas in the event of an incomplete month, the number of days actually expired will apply.

### **9.3 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 residual nominal value 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 9.2. The total interest amount and any other amount payable under these Terms and Conditions and calculated according to this Condition 9.3 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 19.1.

### **9.4 End of Interest Accrual**

The Bonds will cease to bear interest on the Final Maturity Date of the Bonds (as this term is defined in Condition 10.1) on the Early Redemption Date of the Bonds or the Partial Early Redemption Date of the Bonds (in relation to such partially redeemed Bonds only) (as these terms are defined in Conditions 10.2, 10.3, 13.12 and 17.6), 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 9.1 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 notice.

### **9.5 Default Interest**



If the Issuer fails to pay any amount arising from the Bonds on its due date, the Issuer shall pay the default interest on the overdue amount in the amount of 5.25 % p. a. For the avoidance of doubt, as long as the default interest under this Condition applies, the interest rate set out in Condition 9.1 will not apply in relation to the overdue amount of Bonds. Condition 9.2 will apply accordingly.

## **10. REDEMPTION AND PURCHASE OF THE BONDS**

### **10.1 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 on 8 July 2022 (the **Final Maturity Date of the Bonds**).

### **10.2 Early Redemption at the Option of the Issuer**

- (a) The Issuer may, at its discretion, redeem early all the outstanding Bonds before the Final Maturity Date of the Bonds, provided it notifies this decision to the Bondholders in accordance with Condition 19.1 at least 37 (thirty-seven) days before the early redemption date, either partially (the **Partial Early Redemption Date of the Bonds**) or fully (the **Early Redemption Date of the Bonds**). Neither the Partial Early Redemption Date of the Bonds nor the Early Redemption Date of the Bonds shall occur sooner than 2 (two) years after the Issue Date. The Partial Early Redemption Date of the Bonds shall be the Interest Payment Day only.
- (b) The notification is irrevocable and binds the Issuer to redeem early all the Bonds in accordance with this Condition 10.2. As a result of the notification of early redemption at the option of the Issuer under this Condition 10.2, all the Bondholders will have the right to the payment of the entire or partial nominal value of, and corresponding interest on, the Bonds as at the Partial Early Redemption Date of the Bonds or Early Redemption Date of the Bonds. In case of the partial early redemption, all the Bondholders are entitled to the redemption of the pre-maturely paid portion of the nominal value of the Bonds and the interest accrued on the Bonds for the relevant Interest Period in compliance with the rules as laid down in Condition 9.1. In case of full early redemption, all Bondholders are entitled to redemption of the full nominal value of the redeemed Bonds and aliquot interest of the Bonds accrued to the Early Redemption Date of the Bonds, rounded to two decimal places using mathematical rules.
- (c) By the notification of early redemption at the option of the Issuer in accordance with this Condition 10.2, the Bondholders will acquire also the right to the payment of extraordinary interest, which will be calculated as 1/24 of the yearly due interest falling on the early redeemed portion of the nominal value of the Bonds, multiplied by the number of whole months remaining from the Partial Early Redemption Date of the Bonds or the Early Redemption Date of the Bonds to the Final Maturity Date of the Bonds.
- (d) To the payment of the extraordinary interest will apply the provisions of these Terms and Conditions on the payment of the nominal value of the Bonds. Otherwise, to the early redemption of the Bonds pursuant to this Condition 10.2 will otherwise apply Condition 11 with the necessary modifications.

### **10.3 Early Redemption at the Option of the Bondholders**

- (a) For the purposes of this Condition, a **Change of Control** means a situation when the Ultimate Controlling person or a person controlled by the Ultimate Controlling Person ceases to hold, directly or indirectly, participation in the registered capital representing 10 %

or more of the voting in the Issuer, except when such participation is ceased in favour of xRIT Lux, with its registered office at 4 Rue Dicks, 1417 Luxembourg, the Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under number B229999, in which Mr. Jost Rodewald born on 31 May 1971, residing at Blumenpfad 4a, 22605 Hamburg, the Federal Republic of Germany has 100% direct or indirect participation.

- (b) If a Change of Control occurs, the Issuer shall disclose such fact to the Bondholders pursuant to Condition 19.1 and each Bondholder may, at its own discretion, request early redemption of his Bonds (all of them not just any) before the Final Maturity Date of the Bonds, 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**), always for 100% of the nominal value of his Bonds on the Early Redemption Date of the Bonds (as it is defined below) increased by extraordinary interest of 1% of the nominal value of the Bonds and interest pursuant to Condition 9.1, which will be payable on the Early Redemption Date of the Bonds (as it is defined below), and always on the date occurring immediately after the elapsing of 30 (thirty) days after the Bondholder delivered the Early Redemption Notice to the Fiscal and Paying Agent (the Early Redemption Date of the Bonds).
- (c) The Early Redemption Notice at the option of the Bondholders must be delivered to the Fiscal and Paying Agent no later than 30 (thirty) days after the day when the Bondholder learned, or could have learned, about the Change of Control.
- (d) The Bondholder may also request early redemption of 100% of the nominal value of the Bonds and the payment of the related accrued and unpaid interest on the Bonds in accordance with Conditions 13 and 17.6.
- (e) To the early redemption of the Bonds under this Condition 10.3 there will otherwise apply Condition 11 with the necessary modifications.

#### **10.4 Purchase of the Bonds**

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

#### **10.5 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.

#### **10.6 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 value of the Bonds and accrued interest (where relevant) payable under Conditions 10, 13 and 17.6.

### **11. PAYMENT TERMS**

#### **11.1 Currency of Payments**

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

repaid 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 Crowns 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 Crown and the Euro. Such replacement of the Czech Crown (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 to these Terms and Conditions or any default or any event of default or any enforcement event under these Terms and Conditions.

## 11.2 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 (each such date further referred to, according to its meaning, as the **Interest Payment Date** or the **Final Maturity Date of the Bonds** or the **Partial Early Redemption Date of the Bonds** or the **Early Redemption Date of the Bonds** or each of these dates also as the **Payment Date**).

## 11.3 Determination of the Right to Receive Payments Related to the Bonds

- (a) The authorised persons to whom the Issuer will pay interest on, or any other amounts from, the Bonds will be persons on whose owner's securities account kept with the Central Depository, or in the register maintained by a person keeping follow-up records linked to the Central Depository, the Bonds are recorded at the close of the relevant Record Date for Interest Payment (**Authorised Persons**).
- (b) **Record Date for Interest Payment** is a day falling 30 (thirty) calendar days prior to the relevant Interest Payment Date; however, for the purposes of determining the Record Date for Interest Payment, the Interest Payment Date will not be adjusted according to the Business Day Convention. For the purposes of determining the recipient of interest, neither the Issuer nor the Fiscal and Paying Agent will take into account any transfer of any Bonds registered in the Central Depository or in the register maintained by a person keeping follow-up records linked to the Central Depository after the Record Date for Interest Payment.
- (c) The authorised persons to whom the Issuer will repay the nominal amount of the Bonds or its relevant part pursuant to Condition 10 are persons on whose owner's securities account with the Central Depository, or in the register maintained by a person keeping follow-up records linked the central registry for securities, the Bonds are recorded at the close of the relevant Record Date for Nominal Amount Repayment (the **Authorised Persons**).
- (d) **Record Date for Nominal Amount Repayment** is a day falling 30 (thirty) days prior to the relevant Final Maturity Date of the Bonds or the Early Redemption Date of the Bonds; however, for the purposes of determining the Record Date for Nominal Amount Repayment, such Payment Date will not be adjusted according to the Business Day Convention. For the purposes of determining the recipient of 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 Depository or in the register maintained by a person keeping follow-up records linked to the Central Depository after the Record Date for Nominal Amount Repayment. Unless it is contrary to the valid legal regulations, transfers of the Bonds may be suspended

from the day immediately following the Record Date for Nominal Amount Repayment to the relevant Payment Date.

- (e) If, according to the entry in the owner's securities account kept with the Central Depository, or in the register maintained by a person keeping follow-up records linked to the Central Depository, 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.
- (f) 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.
- (g) Any documents submitted by the Authorised Persons and the Issuer to the Fiscal and Paying Agent in relation to the payments to the Authorised Persons must be in Czech, Slovak or English or translated into Czech by a sworn translator, unless otherwise set out in these Terms and Conditions or agreed by the Fiscal and Paying Agent.

#### 11.4 Payments

- (a) The Fiscal and Paying Agent will make payments 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 Fiscal and Paying Agent's Specified Office in a verifiable manner no less than five Business Days prior to the Payment Date.
- (b) 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 an 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 (**Instruction**)).
- (c) The Instruction must be in the form and with the substance corresponding to specific requirements of the Fiscal and Paying Agent, and the Fiscal and Paying Agent shall be entitled to require sufficiently satisfactory evidence that the signatory of such Instruction had the authority to sign such Instruction on behalf of the Authorised Person. In this respect, the Fiscal and Paying Agent shall be authorised to require that:

- (i) a power of attorney with an officially legalised signature of the relevant Authorised Person and, where relevant, a certified translation into Czech be provided, or
- (ii) the instruction from the Authorised Person be subsequently confirmed.

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 11.4.

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

- (d) Any Authorised Person who claims tax relief in accordance with any applicable double taxation treaty (to which the Czech Republic is a party) shall deliver to the Fiscal and Paying Agent a certificate of such Authorised Person's current tax domicile and such other documents as the Fiscal and Paying Agent and the applicable tax authorities may request, together with the Instruction as an integral part thereof. Notwithstanding such rights, neither the Fiscal and Paying Agent nor the Issuer shall verify the authenticity or completeness of such Instructions, or be liable for any damage incurred in connection with any delay in the delivery of such Instruction by any Authorised Person, or with the delivery of an incorrect or otherwise defective Instruction. If the above mentioned documents will not be delivered to the Fiscal and Paying Agent within the specified time period, the Fiscal and Paying Agent shall proceed as if it did not receive any documents. The Authorised Person may submit such documents for preferential tax treatment to the Issuer subsequently and may request the Issuer to refund any withholding tax. The Issuer may under such circumstances demand that the Authorised Person (i) pays to the Issuer any contractual penalty caused by delayed delivery of the preferential tax treatment documents or (ii) reimburse any direct or indirect expenses incurred by the Issuer in connection with such delayed delivery of the preferential tax treatment documents.
- (e) 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 11.4 and if such amount is debited from the account of the Fiscal and Paying Agent no later than on the relevant due date.
- (f) 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 Person 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 11.4 and if such amount has been debited from the Fiscal and Paying Agent's account no later than 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.
- (g) 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 11.4, 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.

### **11.5 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 19.1. In other cases, such change will be subject to decision by the Meeting in accordance with Condition 17.

### **11.6 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.

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

## **12. TAXATION**

All payments of nominal and interest in respect of the Bonds by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Czech Republic or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. The payment of nominal and interest in respect of the Bonds may be subject to withholding of tax. 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.

## **13. EARLY REDEMPTION OF THE BONDS UPON THE OCCURANCE OF EVENTS OF DEFAULT**

If any of the following events occurs and is continuing, whereas for the purposes of this Condition 13 such event “is continuing” until it is remedied (an **Event of Default**):

### **13.1 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 delivered to the Issuer to the address of the Specified Office;

### **13.2 Breach of Other Obligations**

the Issuer breaches or fails to meet any of its material obligations (other than those set out in Condition 13.1 above) in connection with the Bonds under these Terms and Conditions (for the avoidance of doubt, as such obligation (i) is considered always the breach of any of the Issuer’s obligations set out in Condition 8 and (ii) is not considered any fact creating the right of a

Bondholder to require early redemption pursuant to condition 10.3 above) and the breach of, or failure to meet, the obligation 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 delivered to the Issuer to the address of the Specified Office;

### **13.3 Unapproved Adoption or Amendments to the Terms and Conditions Applicable to the Junior Bond**

the terms and conditions of the Junior Bond or any amendments thereto were not approved by the Bondholders in compliance with Condition 8.1(f);

### **13.4 Cross-default**

an event of default occurs (i) in relation to the senior bonds issued by Aquila Real Asset Finance a.s., ISIN CZ0003519753, (ii) in relation to the senior bonds which will be issued by Aquila Real Asset Finance III a. s., ID no 52 143 058 or (iii) on any single Project or multiple Projects (in both cases including also an event of default by an OpCo or a HoldCo and an event of default occurred under the respective Framework Financing Agreement(s)) included in the Issuer's portfolio amounting to at least 10 % of the outstanding nominal value of the Bonds;

### **13.5 Insolvency or Insolvency Application**

the Issuer, under the laws of any jurisdiction where, at the relevant time, the Issuer has its centre of main interest, registered office or seat, or, subject to the below, has any assets or business activities, (i) becomes insolvent, (ii) a liquidator of the Issuer is appointed, (iii) decides on adjustment or deferment of its obligations generally or makes a general assignment, an arrangement or composition with or for the benefit of its creditors or declares a moratorium concerning any of its indebtedness, (iv) is declared bankrupt by any court or (v) an application for the declaration of bankruptcy of the Issuer is refused by a competent court on the sole grounds that the Issuer has insufficient assets from which to meet the costs and expenses of any bankruptcy proceedings;

### **13.6 Liquidation**

a final decision of a court or other competent body of the relevant jurisdiction or a decision of the relevant body of the Issuer is adopted on the dissolution of the Issuer with liquidation or without liquidation;

### **13.7 Termination of Business Activities**

the Issuer (i) ceases to carry on all of its business activities or its main business activity, or (ii) ceases to hold a valid licence or permit for the carrying out of its main business activity, unless the loss of the licence or permit has no material negative effect on the carrying out of its main business activity;

### **13.8 Judicial and Other Decisions**

one or more final, non-appealable monetary judgments or orders (including any such final order enforcing a binding arbitration decision) for the payment of money aggregating in excess of CZK 100,000,000 or its equivalent in any other currency (to the extent not covered by insurance or indemnity as to which the insurer or indemnitor has not denied coverage) against the Issuer and which judgments are not, within 20 (twenty) Business Days after entry thereof into legal force, vacated, paid, bonded or discharged;

### **13.9 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 remains unremedied for more than five Business Days;

### **13.10 Corporate Transformations**

the Issuer consolidates or merges with or into, or de-merges from any legal entity unless (i) the surviving entity of such merger or de-merger or any other entity expressly assumes (in a legally valid and enforceable manner) all of the obligations of the Issuer under the Bonds provided that due to that merger or de-merger the Bondholders' rights under the Bonds shall not be materially and adversely affected, or unless (ii) the assumption of all of the obligations of the Issuer under the Bonds by the surviving entity of such merger or de-merger or any other entity occurs per the operation of law (as to which effect of such consolidation or merger there is no reasonable doubt), or unless (iii) the Meeting approves in advance such consolidation, merger or de-merger; or

### **13.11 Listing of the Bond**

(i) CEO of the PSE (or any other authorised body of the PSE) decides to exclude or delist the Bonds from trading on the Regulated Market of the PSE, or (ii) the Regulated Market of the PSE for trading on which the Bonds have been accepted ceases to be a regulated market in the sense of the law (and the Bonds are not simultaneously accepted for trading on any other regulated market),

then 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 (**Early Redemption Notice**), request early redemption of the nominal value of all the Bonds held by him which the Bondholder has not disposed of until that time, together with the accrued and unpaid interest on, or any other yield of, the Bonds pursuant to Condition 9.1, as at the Early Redemption Date of the Bonds, and the Issuer must redeem the Bonds (together with the accrued and unpaid interest on, or any other yield of, the Bonds) in accordance with Condition 13.12.

If the Issuer breaches any of its obligations relating to the Bonds, or if there is an Event of Default, the Issuer is obliged to disclose such breach or Event of Default to the Bondholders in manner described in Condition 19.1, without undue delay after the Issuer became aware of such breach or Event of Default.

### **13.12 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 Business Day of the month following the month in which the Bondholder delivered the relevant Early Redemption Notice to the Issuer for the attention of the Fiscal and Paying Agent to 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 13.13 of these Terms and Condition.

### **13.13 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 three Business Days before the relevant amounts become due and payable according to Condition 13.12. However,



any such withdrawal of the Early Redemption Notice will not affect any Early Redemption Notices given by any other Bondholder.

#### **13.14 Other Conditions for Early Redemption of the Bonds**

Unless otherwise stipulated by this Condition 13 of these Terms Conditions, Condition 11 of these Terms Conditions will apply mutatis mutandis to the early redemption of the Bonds pursuant to this Condition 13.

#### **14. STATUTE OF LIMITATIONS**

All rights connected with the Bonds will become statute-barred upon the expiration of ten years after the day when such rights could be exercised for the first time.

#### **15. FISCAL AND PAYING AGENT AND SPECIFIED OFFICE**

15.1 J & T BANKA will be the Fiscal and Paying Agent. The specified office (the **Specified Office**) is at the following address:

J & T BANKA, a.s.  
Pobřežní 297/14  
186 00 Prague 8  
Czech Republic

15.2 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 19.1. 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 17.

15.3 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.

#### **16. LISTING AND CALCULATION AGENT**

J & T BANKA will be the Listing Agent and the Calculation Agent.

#### **17. MEETING**

##### **17.1 Right to Convene the Meeting**

The Issuer or any Bondholder(s) may convene a meeting of the Bondholders (the **Meeting**) only in cases stipulated by, and under, these Terms and Conditions, applicable laws, in cases when the Issuer has not convened the Meeting although it was obligated to do so and in cases when the holding of the Meeting is envisaged in Condition 8. The costs of organising and convening the Meeting will be borne by the person who convened the Meeting, unless otherwise stipulated by law. The costs related

to the attendance at the Meeting will be borne by each participant himself. If the convening person is one or more Bondholders, such person will be required, no later than on the date on which a notice of the Meeting is published under Condition 17.3, (i) to deliver to the Fiscal and Paying Agent a request for procuring an extract from the register of the Issue (in Czech: výpis emise) (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 the valid convocation of the Meeting).

## 17.2 Meeting Convened by the Issuer

- (a) The Issuer is obliged to promptly convene the Meeting and request the Bondholders to provide their opinion on the Issuer's proposal for any amendment to these Terms and Conditions that requires the Bondholders' consent under applicable laws (**Material Change**).
- (b) The Issuer is only obliged to convene the Meeting in cases set out in Section 21(1)(a) of the Czech Bonds Act, but not in any other cases, including those set out in Sections 21(1)(b) to (d) of the Czech Bonds Act.
- (c) The Issuer is obliged to convene the Meeting to propose joint steps if, in its opinion, there may occur or has already occurred an Event of Default.
- (d) The Issuer is obliged to promptly convene the Meeting and request the Bondholders to provide their opinion on the Issuer's proposal for any amendment to the terms and conditions of the Junior Bonds save for the amendment of the terms and conditions of the Junior Bonds which leads to (i) a temporary or permanent decrease of the interest rate applicable to such Junior Bonds or (ii) a reincrease of the interest rate applicable to such Junior Bonds made in connection with a decrease under point (i) above.

## 17.3 Notice of the Meeting

- (a) The Issuer is obliged to give notice of the Meeting in a manner set out in Condition 19.1 no later than 15 (fifteen) days prior to the date of the Meeting. If the Meeting is convened by any Bondholder (or Bondholders), such Bondholder(s) must, in the same period, deliver a notice of the Meeting (containing all statutory elements) to the Issuer to the address of the Specified Office. The Issuer must ensure that such notice of the Meeting is published on its website in accordance with Condition 19.
- (b) 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 17.2 is proposed, the specification of the proposed amendment and justification thereof; and
  - (v) the Meeting Attendance Record Date.

- (c) The Meeting shall be authorised to decide on the proposed 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.

#### 17.4 Persons Authorised to Attend and Vote at the Meeting

- (a) Persons Authorised to Attend the Meeting

A person entitled to attend and vote at the Meeting shall only be (i) a Bondholder recorded as a Bondholder in the register of the Issue maintained by the Central Depository and in an extract from such Issue register at the close of the Meeting Attendance Record Date or (ii) a person who provides to the Issuer and the Fiscal and Paying Agent a certificate of the custodian in whose owner's securities account with the Central Depository 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 (**Person Authorised to Attend the Meeting**). The certificate according to the preceding sentence must be in writing (with officially verified 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.

**Meeting Attendance Record Date** is a day falling seven days prior to the date of the relevant Meeting.

- (b) 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 between the 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 10.5. If the Meeting decides on recalling a common proxy, the common proxy (if he is a Person Authorised to Attend the Meeting) may not exercise his voting rights at such Meeting.

A power of attorney granted by a Bondholder to any proxy must be in writing with an officially verified 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 three months prior to the date of the relevant Meeting.

- (c) Attendance of the Meeting by Others Persons

The Issuer is obliged to attend the Meeting, either in person or by proxy. Other persons entitled to attend the Meeting are Bondholders, proxies of the Bondholders, proxies of the Fiscal and Paying Agent, the common proxy of the Bondholders under Condition 17.5(c)

(unless he is a Person Authorised to Attend the Meeting) and any guests invited by the Issuer and/or the Fiscal and Paying Agent.

## **17.5 Course of the Meeting, Decision-Making**

### **(a) 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, owners of Bonds the nominal amount of which represents more than 30% of the total nominal value 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 10.5 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 proxy, any votes belonging to the common proxy (if he 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.

### **(b) Chairman of the Meeting**

The Meeting convened by the Issuer will be chaired by a chairman appointed by the Issuer. The Meeting convened by a Bondholder or Bondholders will be chaired by a chairman elected by a simple majority of votes of the attending Persons Authorised to Attend the Meeting. Until the chairman is elected, the Meeting will be chaired by a person appointed by the Bondholder(s) who convened the Meeting, and the election of the chairman must be the first item on the agenda of any Meeting not convened by the Issuer.

### **(c) Common Proxy**

The Meeting may elect, by resolution, an individual or a legal entity to act as a common proxy. In accordance with the Czech Bonds Act, the common proxy is authorised (i) to enforce, 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 proxy in the same way in which the common proxy was elected or replace him with a new common proxy.

### **(d) 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 17.2(a), or (ii) appoints or recalls a common proxy, will require the affirmative vote of at least a Qualified Majority. Unless otherwise provided by these Terms and Conditions or by law, any other resolutions will require a simple majority of the votes of the attending Persons Authorised to Attend the Meeting in order to pass.

### **(e) Adjournment of the 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 amendments to the Terms and Conditions pursuant to Condition 17.2(a) 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 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 amendments to these Terms and Conditions under Condition 17.2(a) will have a quorum irrespective of the conditions for quorum set out in Condition 17.5(a).

(f) 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 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 office 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 19 no later than 30 (thirty) days after the date of the Meeting. If the Meeting discussed a resolution on a Material Change under Condition 17.2(a), 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 owned as at the Meeting Attendance Record Date.

## 17.6 Consequence of Voting against Certain Resolutions of the Meeting

- (a) If the Meeting approved a Material Change in accordance with Condition 17.2(a), 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 nominal amount of the Bonds which such Bondholder owned as of the Meeting Attendance Record Date and which will not be disposed of since such time, together with the pro-rata interest accrued on such Bonds. This right must be exercised by the Applicant within 30 (thirty) days of the publication date of such Meeting resolution according to Condition 17.5(f) by a written notice (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 terminate. The amounts referred to above will become due and payable within 30 (thirty) days from the date the Application was delivered to the Fiscal and Paying Agent (the **Early Redemption Date of the Bonds**).
- (b) 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 11.

## 18. AMENDMENTS TO THESE TERMS AND CONDITIONS

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

## 19. NOTICES

- 19.1 Any notice to the Bondholders will be valid and effective if published in the Czech language on the Issuer's website [www.aquila-real-asset.com](http://www.aquila-real-asset.com). 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.
- 19.2 Any notice that should under these Terms and Conditions be delivered to the Issuer, shall be deemed as duly delivered, provided it is delivered to the address of the Issuer's seat. For purposes of a due notification, any Notice shall contain the name and ISIN of the Bonds.

## 20. GOVERNING LAW, LANGUAGE AND SETTLEMENT OF DISPUTES

- 20.1 Any rights and obligations under the Bonds will be governed by, and interpreted and construed in accordance with, the laws of the Czech Republic.
- 20.2 These Terms and Conditions were prepared in English and Slovak language and may be translated into other languages. In the event of any inconsistencies between the various language versions, the Slovak language version shall prevail.
- 20.3 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.

## 21. DEFINITIONS

In these Terms and Conditions:

**Central Depository** means Centrální depozitář cenných papírů, a.s., with its registered office at Prague 1, Rybná 14, postal code 110 05, identification number 250 81 489, registered in the Commercial Register kept by the Municipal Court in Prague, file no. B 4308.

**Czech National Bank** means the Czech National Bank in the sense of Act No. 6/1993 Coll., on the Czech National Bank, as amended.

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

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

**J & T BANKA** means J & T BANKA, a.s., with its registered office at Prague 8, Pobřežní 297/14, postal code 18600, identification number 471 15 378, registered in the Commercial Register kept by the Municipal Court in Prague, file no. B 1731.

**Manager** means J & T BANKA, a.s., with its registered office at Prague 8, Pobřežní 297/14, postal code 18600, identification number 471 15 378, registered in the Commercial Register kept by the Municipal Court in Prague, file no. B 1731.

**PSE** means Burza cenných papírů Praha, a. s., with its registered office at Prague 1, Rybná 14, postal code 110 05, identification number 471 15 629, registered in the Commercial Register kept by the Municipal Court in Prague, file no. B 1773.

**Qualified Majority** means at least a three-quarter majority of the votes of the present Persons Authorised to attend the Meeting.

**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.

**Ultimate Controlling Person** means Mrs Verena von Wartenberg, born on 29 April 1974, residing at Elmarstr. 53, D-33014 Bad Driburg, Germany and Mr Götz Syllm, born on 20 January 1970, residing at Val des Bons-Malades 235, L-2121 Luxembourg, and their heirs or descendants.

*[End of the transcript of the Terms and Conditions]*

#### 4.5 Restrictions applicable to dissemination of the Prospectus and sale of the Bonds

The Prospectus will be approved only by the NBS for the purpose of public offer in the Slovak Republic and the Issuer will request the NBS to notify the CNB about the approval of the Prospectus by the NBS for the purpose of public offer of the Bonds in the Czech Republic and admission of the Bonds to trading on the regulated market of the PSE. The distribution of this Prospectus and the offer, sale or purchase of the Bonds is also limited by law in other countries. No action has been taken by the Issuer or the Manager to permit public offering of any Bonds or distribution of this Prospectus in other jurisdiction than the Czech Republic and the Slovak Republic. The persons, who will receive this Prospectus, shall be obligated to acquaint themselves with all such restrictions which might apply to them and to observe such restrictions. This Prospectus itself does not represent an offer of sale or an invitation for bids for the purchase of the Bonds in any jurisdiction.

The Issuer requires the investors to observe the provisions of all the relevant legal regulations in each state (including the Czech Republic and the Slovak Republic) where they will purchase, offer, sell or hand over the Bonds or where they will be distributing, disclosing or otherwise putting into circulation this Prospectus or any other offer or promotional material or information related to the Bonds, in all cases at their own expense and regardless of the fact of whether or not this Prospectus or any other offer or promotional material or information related to the Bonds are recorded in a printed, electronic or any other tangible or intangible form.

The Bonds will not be registered, permitted or approved by any administrative or other body of any jurisdiction with the exception of the approval of the Prospectus by the NBS and notification about the approval of the Prospectus to the CNB. The Bonds have not been and will not be registered under the US Securities Act and they must not be offered, sold or handed over in the territory of the United States of America or to persons resident in the United States of America, save on the basis of a departure from the obligation to register in accordance with this US Securities Act or within a transaction that is not subject to such obligation to register. The persons who will receive this Prospectus shall be responsible for the observance of the restrictions applicable to the offering, purchase or sale of the Bonds or the possession and distribution of any materials related to the Bonds in individual countries.

Each person acquiring the Bonds shall be considered to have declared and approved that (i) this person agrees to all the relevant restrictions concerning the offer and sale of the Bonds, which are related to it and to the specific manner of the offer or sale, (ii) this person shall not offer for sale and will not subsequently sell the Bonds without observing all the relevant restrictions applicable to this person and the relevant manner of the offer and sale and (iii) this person will inform the prospective purchaser, before eventually offering or selling the Bonds, that further offers or sales of the Bonds may be subject to legal restrictions in various states, which must be observed.

#### 4.6 Taxation and foreign exchange regulation

*It is recommended that parties interested in acquiring the Bonds consult their legal and tax advisors with regard to the tax, foreign exchange and legal consequences of purchasing, selling or holding 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 following brief summary of selected tax impacts regarding the acquisition, ownership and disposal of the Bonds and foreign exchange regulation in the Czech Republic and Slovak Republic is mainly based on Czech Act No. 586/1992 Coll, on Income Taxes, as amended (the **Czech Income Tax Act**) and Slovak Act No. 595/2003 Coll, on Income Tax, as amended (the **Slovak Income Tax Act**) 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 and known to the Issuer as of the date of this Prospectus.

This summary is based on laws effective as of the date of preparation of this Prospectus and may be subject to subsequent change with possible retroactive effects. Investors interested in purchasing the Bonds are recommended to seek advice of their legal and tax advisors regarding the tax, levy and foreign exchange law consequences of purchase, sale and holding of the Bonds and receipt of payments of interest on the Bonds under the tax and foreign exchange laws and social and medical insurance laws valid in the Slovak Republic and in the countries of their residence as well as in the countries where the yield from the holding and sale of the Bonds may be taxed.

The description below does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities and commodities and certain investment funds) may be subject to special tax regime.

The description below assumes that the person receiving any payments arising from the Bonds is the beneficial owner of such income, e.g. that person is not an agent or an intermediary who receives such payments on behalf of another person.

**(a) Taxes on the Bonds in the Czech Republic**

*Interest income*

Interest income on the Bonds (including also the difference between the nominal amount of the Bond and the value at which it is issued, payable upon the Bond's maturity) paid to (i) an individual or (ii) a taxpayer other than an individual, who is not treated as a resident of the Czech Republic for tax purposes and does not hold the Bonds through a permanent establishment in the Czech Republic, is generally subject to a withholding tax to be withheld (and paid to the tax authorities) by the Issuer. The tax rate is 15 per cent. or 35 per cent., unless decreased by an applicable double taxation treaty, if any (see below). The 15 per cent. is applicable with respect to (a) Czech tax resident individuals and (b) recipients, who are tax residents in (i) an member state of the European Union or the European Economic Area (**EU/EEA-member state**) or (ii) a country or jurisdiction with which the Czech Republic has the effective double tax treaty or the effective double (or multilateral) treaty on the exchange of information. The 35 per cent. rate is applicable with respect to other recipients. The withholding tax represents final Czech tax liability in respect of the interest income on the Bond, save for certain exceptions in the case of an individual or a taxpayer other than an individual who are not treated as residents of the Czech Republic for tax purposes (either of them further referred as the **Non-Czech Holder**), but are tax residents in an EU/EEA-member state and decide to include the interest income in a Czech tax return where the withheld tax would be credited against the tax liability declared in the tax return with any overpayment being refunded subject to standard rules.

Interest income on the Bonds paid to the Non-Czech Holder, who is not an individual and holds the Bonds through a permanent establishment in the Czech Republic, is generally subject to a securing tax to be withheld (and paid to the tax authorities) by the Issuer, unless the recipient of the interest is a tax resident in an EU/EEA-member state or unless the obligation to withhold is waived based on a tax authority decision. The rate of the securing tax is 10 per cent. The recipient is, irrespective whether or not being a tax resident in an EU/EEA-member state and whether the obligation to withhold is waived based on a tax authority decision, obliged to file a tax return and therein declare the interest income (and claim related expenses, if any). This means that the interest income would be taxed on a net basis (rather than on a gross basis) using standard corporate income tax rate of 19 per cent. (the 10 per cent. securing tax, if applicable, would be credited against the tax liability declared in a tax return with any overpayment being refunded subject to standard rules).

Interest income on the Bonds paid to a taxpayer other than an individual, who is treated as a resident of the Czech Republic for tax purposes, is not subject to withholding tax. Such holder of the Bonds would include the interest income (on an accrual basis) in its general tax base (subject to corporate income tax at a rate of 19 per cent.).

A double tax treaty between the Czech Republic and the country of which the recipient of interest income is resident for tax purposes may reduce or even eliminate the tax imposed on such income in the Czech Republic. The entitlement to such benefit under a double tax treaty may be conditional upon meeting conditions specified in the relevant double tax treaty, for example, evidence of the recipient's tax residence in the other state or of beneficial ownership of the income by the recipient may have to be produced to the Issuer who bears a corresponding burden of proof with respect to the tax authorities.

Selected categories of taxpayers (for example, some pension funds, foundations or the Guarantee Fund of securities traders) are exempt from tax on interest income, subject to certain conditions.

### *Capital gains/losses*

#### Non-Czech Holders

Income realised by a Non-Czech Holder not holding the Bonds through a permanent establishment in the Czech Republic, from the sale of the Bonds to another Non-Czech Holder, not purchasing the Bonds through a permanent establishment in the Czech Republic, will not be subject to taxation in the Czech Republic.

Income realised by a Non-Czech Holder, whether holding the Bonds through a permanent establishment in the Czech Republic or not, from the sale of the Bonds to (i) an individual or to a taxpayer other than an individual who is, in each case, for tax purposes treated as a resident of the Czech Republic (either of them further referred to as the **Czech Holder**) or to (ii) a Non-Czech Holder acquiring the Bonds through a permanent establishment in the Czech Republic, will be subject to taxation in the Czech Republic, unless:

- (a) the selling Non-Czech Holder is resident for tax purposes in a country within the meaning of a double taxation treaty between that country and the Czech Republic, pursuant to the terms of which the right to tax that income is conferred exclusively to the former country and the Non-Czech Holder is entitled to enjoy the benefits of that double taxation treaty; or
- (b) the selling Non-Czech Holder is an individual (i) who has held the Bonds for more than three years prior to their sale or (ii) his/her (gross) worldwide income from the sale of securities (including the Bonds) in a given calendar year does not exceed the amount of CZK100,000, provided, in each case, that the Bonds have not been held in connection with the business activities of the Non-Czech Holder, or if so, the Bonds are sold more than three years following the termination of such business activities.

Income realised by Non-Czech Holders holding the Bonds in connection with the business activities through a permanent establishment in the Czech Republic from the sale of the Bonds will be subject to taxation in the Czech Republic regardless of the status of the buyer.

If income realised by a Non-Czech Holder from the sale of the Bonds is subject to taxation in the Czech Republic (as discussed in the foregoing paragraphs), a Czech Holder or a permanent establishment in the Czech Republic of a Non-Czech Holder paying that income will be obliged to withhold an amount of 1 per cent. on a gross basis representing the securing tax, unless the Non-Czech Holder selling the Bonds is a tax resident in an EU/EEA-member state or unless the obligation to withhold is waived based on a tax authority decision. The tax security will be credited

against the final tax liability of the Non-Czech Holder selling the Bonds with any overpayment being refunded subject to standard rules.

Taxable income realised by a Non-Czech Holder from the sale of the Bonds is generally subject to Czech corporate income tax of 19 per cent. or personal income tax of 15 per cent. Non-Czech Holders are generally obliged to declare such income in their annual tax returns on a self-assessment basis.

Permanent establishments of Non-Czech Holders who are subject to Czech accounting standards for entrepreneurs or to Czech accounting standards for financial institutions may be required to re-measure the Bonds to fair value for accounting purposes, whereby the unrealised gains and losses would be accounted for as revenue or expense, respectively. Such revenue is generally taxable and the corresponding expense is generally tax deductible for Czech tax purposes.

Furthermore, please note that the income realised by a Non-Czech Holder, who is an individual, might be subject to specific withholding tax regardless of the length of the holding period. For further details see Taxation – Acquisition of own Bonds below.

### Czech Holders

Czech Holders who are subject to Czech accounting standards for entrepreneurs or to Czech accounting standards for financial institutions and hold the Bonds for the purposes of trading may be, under certain conditions, required to re-measure the Bonds to fair value for accounting purposes, whereby the unrealised gains or losses would be accounted for as revenues or expenses, respectively. Such revenues are generally taxable and the corresponding expenses are generally tax deductible for Czech tax purposes.

Any gains upon the sale of the Bonds will generally be taxable, unless exempt from tax, at the standard tax rates (as stated below) and in the case of Czech Holders who keep accounting books and hold the Bonds as part of their business property (in principle, all legal entities and certain individuals), any losses will generally be tax deductible. By contrast, a loss realised by a Czech Holder who is an individual other than that mentioned in the preceding sentence is generally non-deductible, except where such loss is compensated by taxable gains on sales of other securities realised in the same calendar year and the income from the sale of the Bonds is not exempt from tax.

In the case of Czech Holders who are individuals, any gain derived from the sale of the Bonds is exempt from Czech personal income tax if (i) the individual has held the Bonds for more than three years prior to their sale or (ii) his/her (gross) worldwide income from the sale of securities (including the Bonds) in a given calendar year does not exceed the amount of CZK100,000, provided, in each case, that the Bonds have not been held in connection with the business activities of the Czech Holder or if so, the Bonds are sold more than three years following the termination of such business activities.

Taxable income realised by a Czech Holder from the sale of the Bonds is generally subject to Czech corporate income tax of 19 per cent. or personal income tax of 15 per cent. In the specific case of a Czech Holder who is an individual and holds the Bonds as part of its business property, the respective income is also subject to social security and health insurance levies. Furthermore, any positive excess of (i) the total sum of income included in the partial tax base from employment activities and the partial tax base from business activities over (ii) 48-times the average wage (CZK1,569,552 for 2019) is additionally subject to a solidarity surcharge tax of 7 per cent. Czech Holders are generally obliged to declare such income in their annual tax returns on a self-assessment basis.

Furthermore, please note that the income realised by a Czech Holder, who is an individual, will be subject to specific withholding tax regardless of the length of the holding period. For further details see “*Taxation – Acquisition of own Bonds*” below.

#### *Acquisition of own Bonds*

Notwithstanding the above, Czech tax law is not straightforward with respect to tax treatment in situations when the Bonds are bought back by the Issuer and the seller of the Bonds is a non-Czech Holder who is an individual. While in the case of a Czech Holder who is an individual, the difference between the purchase price of the Bond and its issue price is subject to a withholding tax of 15 per cent., in the case of a Non-Czech Holder who is an individual, the interplay of the relevant provisions is not clear as to whether such income is subject to Czech taxation or not. Accordingly, there is a risk that the difference between the purchase price of the Bond and its issue price could be subject to a withholding tax of 15 per cent.

#### **(b) 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.

#### *Income tax on yield (interest income)*

According to the applicable provisions of the Slovak Income Tax Act:

- (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 21% 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 19% 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.

**(c) Foreign exchange regulation**

Under Czech Constitutional Act no. 110/1998 Coll., on security of the Czech Republic, the Czech Government or its prime minister respectively 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., crisis act, 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 Chambers of Deputies of the Parliament of the Czech Republic.

**4.7 Terms and conditions of the offer**

*Terms and conditions, offer statistics, expected timetable and offer request terms*

The anticipated total nominal value of the Issue is CZK1,000,000,000 and the Issuer may decide to increase such amount up to CZK1,500,000,000 subject to the conditions set out in Condition 3 of the Terms and Conditions.

The Bonds are to be offered for subscription and purchase via the Manager in a public offer in the Czech Republic pursuant to Section 34(1) of the Czech Act No. 256/2004 Coll., on Undertaking Business on the Capital Market, as amended, and in the Slovak Republic pursuant to Section 120 of the Slovak Act No. 566/2001, on Securities and Investment Services, as amended, in the subscription period from 24 June 2019 to 19 June 2020. The Bonds may be issued in tranches.

The Issuer intends to offer the Bonds through the Manager to all categories of investors in the Czech Republic and the Slovak Republic and selected qualified investors (and possibly to other investors as well under terms and conditions that do not impose a duty on the offeror to draft and publish a prospectus) in any country, at all times in line with the applicable laws of the particular jurisdiction in which the Bonds will be offered.

The offer will be made on a "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.

Investors will be approached in particular by means of distance communication. The acquisition of the Bonds via the Manager is subject to an investment services contract to be entered into between the investor and the Manager (or its branch in the Slovak Republic) and also subject to an instruction to acquire the Bonds hereunder. The Manager may, at its own discretion, reduce the amount of the Bonds indicated in the investor's instructions. If such amount is reduced, the Manager will return the excessive amount to the investors concerned without undue delay under the terms and conditions agreed in the investment services contract. The final nominal value of the Bonds allocated to an individual investor will be stated in the settlement certificate to be issued for the particular transaction. The Manager will deliver the settlement certificate to the investor without undue delay after the instruction is executed. Prior to delivery of the certificate, the investor cannot trade with the subscribed Bonds.

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.

The total amount to be paid by the subscriber is determined as the product of the issue price and the number of Bonds subscribed for by the subscriber. Subscribers are required to pay such amount by bank transfer to the Manager's bank account by the deadlines determined by the Manager, but no later than on the date the instruction is performed.

Investors are obliged to open an owner's securities account (in Czech: účet vlastníka, unless they already have one) with the Central Depository - Centrální depozitář cenných papírů, a. s., Id. No. (IČO): 250 81 489, with its registered office at Rybná 14, 110 05 Praha 1, Czech Republic, registered with the Commercial Register kept by the Municipal Court in Prague under file No. B 4308 (the **Central Depository**) or similar account in the follow-up records (in Czech: navazující evidence) linked to the Central Depository.

The Bond subscription will be settled on the "*delivery-versus-payment*" basis via the Central Depository, or via parties linked thereto, in a standard manner in line with the Central Depository's rules and procedures. The Bond subscription can only be settled in the Central Depository via a member of the Central Depository.

In order for the Bonds to be properly settled, the investors are required to proceed in line with the Manager's or its representatives' instructions. Unless the investor is a member of the Central Depository, it must appoint a member to act as its representative and must instruct such representative to take all measures required for the primary settlement of the Bonds. It cannot be guaranteed that the Bonds will be properly delivered to the investor if the investor or the member of the Central Depository representing the investor fails to follow all procedures and comply with all instructions for settling the Bonds.

The final results of the public offer, including the total nominal value of all issued Bonds constituting the Issue, will be disclosed on the Issuer's website [www.aquila-real-asset.com](http://www.aquila-real-asset.com) and Manager's website [www.jtbank.cz](http://www.jtbank.cz), in the section "Emise cenných papírů", immediately after the end of the public offering.

#### *Issue price and fees*

The issue price (the **Issue Price**) for all Bonds issued on the Issue Date amounts to 100% of the nominal value thereof. The Issue Price of any Bonds issued after the Issue Date will always be determined by the Manager so that the Issue Price takes into account the anticipated proportional aliquot yield for the period from the Issue Date to the maturity date of the Issue Price and the prevailing up-to-date market situation.

In the public offering made by the Issuer via the Manager, the Issue Price will be disclosed on a regular basis on the Manager's website [www.jtbank.cz](http://www.jtbank.cz) in the section "Information Duties - Issues of Securities".

Investors who subscribe for or purchase the Bonds through the Manager, 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. At the date of this Prospectus, 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](http://www.jtbank.cz), in the section marked as "Důležité informace", under the subsection "Sazebník poplatků".

Investors who subscribe for or purchase the Bonds through the Manager's Slovak branch pay fees associated with acquiring the Bonds according to the Manager Slovak branch's fee list as applicable on the date of the transaction. At the date of this Prospectus, these costs amount to 0.60% of the transaction volume. If the transaction is settled to a different account than the customer's account (in Slovak: *držiteľský účet*) this fee amounts to 1.00% of the transaction volume, but no less than EUR480. The standard current fee list of the Manager's Slovak branch is published on its website [www.jtbanka.sk](http://www.jtbanka.sk), in the section marked as "Užitočné informácie", under the subsection "Sadzobník".

#### *Acceptance for trading and the costs therefor*

The Issuer has requested that the Bonds be admitted to trading on the regulated market (in Czech: *Regulovaný trh*) of the PSE and expects that the Bonds will be accepted for trading on the Issue Date, i.e. 8 July 2019. At the Issue Date, the Issuer's costs for admitting the Bonds to regulated market (in Czech: *Regulovaný trh*) of the PSE amount to CZK50,000 as per the PSE's fee list. If an investor decides to acquire the Bonds on the regulated market (in Czech: *Regulovaný trh*) of the PSE, the investor will be charged as per the PSE's fee list depending on the size of the instruction.

#### *Issuer's consent to the use of the Prospectus*

The Issuer agrees with the use the Prospectus for subsequent resale or final placement of the Bonds by the selected financial intermediaries, exclusively in the Czech Republic and the Slovak Republic during the Offering Period.

The condition for granting consent to the use of the Prospectus is a written permission of the Issuer using this Prospectus for the purposes of the public offer or final placement of the Bonds, which shall specify the financial intermediary to whom the authorization has been granted. The list of relevant financial intermediaries to whom the consent has been granted will be published on the Issuer's website [www.aquila-real-asset.com](http://www.aquila-real-asset.com).

Consent to use of the Prospectus for the subsequent sale or final placement of the Bonds has been granted for the entire period until the end of 12 months following the date on which the NBS decision of approval of the Prospectus becomes valid and binding.

#### **NOTICE TO INVESTORS:**

**Information on the terms and conditions of the financial intermediary's offer must be provided by the financial intermediary to any particular investor at the time of the offer.**

#### **4.8 Enforcement of private claims against the Issuer**

The text of this Chapter is merely a summary of certain legal aspects of Czech law regarding the enforcement of civil law entitlements connected with the Bonds against the Issuer. This summary does not describe any legal aspects of enforcement of the aforementioned entitlements resulting from the law of any other state than the Czech Republic. This summary is based on the laws effective as at the day of this Prospectus and may be subject to subsequent change (including potential retroactive results). Prospective investors are recommended to consult with their legal and tax advisors on the legal context of the enforcement of entitlements from the Bonds towards the Issuer under the relevant laws.

Lawsuits arising from acquisition of the Bonds or in connection with the holding the Bonds would be decided by the Czech courts. 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. As a result, it may be impossible for the acquirer of the Bonds to file a suit abroad or to commence any proceedings against the Issuer or require foreign courts to issue

court decisions against the Issuer or fulfil decisions issued by such courts that are based on the provisions of foreign legal regulations.

In cases where the Czech Republic has entered into an international treaty on the recognition and enforcement of court decisions with a specific state, it ensures the enforcement of court decisions of such state pursuant to the provisions of the given international treaty. Where such treaty does not exist, the decisions of foreign courts may be recognized and enforced in the Czech Republic under the terms and conditions stipulated in Act No. 91/2012 Coll. on Private International Law and Procedure, as amended (hereinafter referred to as the **Private International Law and Procedure Act**).

Under the Private International Law and Procedure Act, the decisions of foreign states' justice bodies in matters specified in the provisions of Section 1 of the aforementioned Private International Law and Procedure Act, foreign court conciliations and foreign notarial deeds and other public instrument (jointly also referred to as the **Foreign Decisions**) cannot be recognized and enforced if:

- (a) the decided matter falls under the exclusive jurisdiction of the bodies of the Czech Republic or if the proceedings could not be conducted before any body of a foreign state, if the provisions regarding jurisdiction of the courts of the Czech Republic would be used to judge the jurisdiction of a foreign body, or
- (b) the same legal relation is being administered by the Czech courts and the proceedings were initiated before the proceedings were initiated abroad, in which the decision whose recognition is proposed; or
- (c) a final decision on the same legal relationship has been issued by a Czech court or if in the Czech Republic it was acknowledged the final decision authority of a third country, or
- (d) a party to the proceedings towards which the decision is to be recognized has been denied the possibility to duly participate in the proceedings through a procedure of a foreign body, in particular if the party has not been duly summoned for the purpose of the commencement of the proceedings; or
- (e) the recognition of the Foreign Decision would be contrary to the public order, or
- (f) the mutuality of the recognition and the enforcement of decisions is not ensured (mutuality is not required if the Foreign Decision does not aim against a citizen of the Czech Republic or a legal entity with its registered office in the Czech Republic). The mutuality should be based initially on the laws of the foreign state, including international treaties by which such foreign state is bound. If such laws or knowledge of the practice of the foreign state do not exist, the Ministry of Justice of the Czech Republic may make a representation on mutuality with the foreign state.

In the Czech Republic, as an European Union member state, Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters is directly applicable. A court decision issued by court bodies in an European Union member state, in civil and commercial matters are, under the conditions set by this regulation, enforceable in the Czech Republic and vice versa, on the application of any interested party.

#### **4.9 Admission to trading and method of trading**

The Issuer will request that the Bonds be admitted to trading on the regulated market (in Czech: *Regulovaný trh*) of the PSE and expects that the Bonds will be accepted for trading on the Issue



Date, i.e. 8 July 2019. However, no guarantee can be given that the admission will be granted by the PSE. At the Issue Date, the Issuer's costs for admitting the Bonds to regulated market (in Czech: *Regulovaný trh*) of the PSE amount to CZK50,000 as per the PSE's fee list. If an investor decides to acquire the Bonds on the regulated market (in Czech: *Regulovaný trh*) of the PSE, the investor will be charged as per the PSE's fee list depending on the size of the instruction.

The Bond subscription will be settled on the "*delivery-versus-payment*" basis via the Central Depository, or via parties linked thereto, in a standard manner in line with the Central Depository's rules and procedures. The Bond subscription can only be settled in the Central Depository via a member of the Central Depository.

No person has a commitment to act as a liquidity provider or market maker during secondary trading.

The Manager or persons acting on its behalf are entitled to stabilize the Bonds and may therefore, at their sole discretion, enter into transactions (purchases or sales) in relation to the Bonds aimed at promoting the market price of the Bonds at a higher level than otherwise could prevail without executing such transactions. **However, there is no guarantee that the Manager or any other person will undertake stabilization transactions.** Any possible stabilization transactions will be made only in time, scope and manner that will comply with the requirements of the applicable legislation.

#### **4.10 Additional information**

##### **(a) Advisors in connection with the issue of securities**

In connection with the issue of the Bonds, the Issuer is advised by the Arranger who has been authorized to perform activities associated with preparation of the documentation necessary for issuance of the Bonds.

When issuing the Bonds and preparing this Prospectus, the Issuer indirectly used the services of Allen & Overy Bratislava, s.r.o. as legal advisor of the Manager in respect of Slovak law and the services of Allen & Overy (Czech Republic) LLP, organizační složka, as legal advisor of the Manager in respect of Czech law.

##### **(b) Audit of information**

There is no audited information stated in part 4 "*General characteristics of the Bonds*".

##### **(c) Information by experts and third party information**

There is no representation or reports used in part 4 "*General characteristics of the Bonds*" that would be attributed to a person as expert or information obtained from a third party.

##### **(d) Credit and indicative ratings**

Neither the Issuer nor the Bonds were rated by any rating agency and no rating is expected for the purposes of this Issue.

#### **4.11 Documents on display**

In addition to making the documents accessible under subclause 3.14 "*Documents on display*", this Prospectus will be made accessible to all interested parties free of charge at the web site of the Manager [www.jtbanka.cz](http://www.jtbanka.cz) and during the ordinary business hours from 9.00am to 4.00pm for

inspection at its address Pobřežní 297/14, 186 00 Prague 8, Czech Republic and at the address of its branch of a foreign bank in the Slovak Republic Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic. A notice that this Prospectus has been made available (published) will be published in the daily newspaper with national coverage in the Slovak Republic and the Czech Republic.

In addition to that, during the ordinary business hours from 9.00am to 4.00pm, all investors may inspect the Agency Agreement free of charge in the Specified Office (as this term is defined in Condition 15.1 of the Terms and Conditions) of the Fiscal and Paying Agent.

## **5. SCHEDULES**

### **5.1** Opening balance sheet of the Issuer as of 14 May 2019.

*Note: The opening balance sheet was originally prepared and signed in Czech language and Slovak and English language translations were prepared for the purpose of the Prospectus.*

# BALANCE SHEET

1 4 . 0 5 . 2 0 1 9

in thousands of CZK

ID:	8	1	6	4	4	5	2
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Company name or other name of entity

**Aquila Real Asset Finance II  
a.s.**

The registered office or domicile of the entity  
and the place of business if different from the  
registered office

**Pobřežní 297/14,  
Praha 8  
186 00**

stamp of the postmark

Ident.	ASSETS	number line	Current accounting period			Previous period
			Gross	Correction	Net	Net
	<b>TOTAL ASSETS</b> <span style="float: right;">A. + B. + C. + D.</span>	001:	<b>2,000</b>		<b>2,000</b>	
A.	Receivables from subscribed registered capital <small>accounts 353</small>	002				
B.	Fixed assets <small>B.I.+...+B.III.</small>	003				
B.I.	Intangible fixed assets <small>B.I.1.+...+B.I.X.</small>	004				
B.I.1.	Intangible development results <small>accounts 012, (-) 072, (-) 091AU</small>	005				
B.I.2.	Royalties, valuable rights <small>B.I.2.1.+B.I.2.2.</small>	006				
B.I.2.1.	Software <small>accounts 013, (-) 073, (-) 091AU</small>	007				
B.I.2.2.	Other Royalties, valuable rights <small>accounts 014, (-) 074, (-) 091AU</small>	008				
B.I.3.	Goodwill <small>accounts 015, (-) 075, (-) 091AU</small>	009				
B.I.4.	Other intangible fixed assets <small>accounts 019, (-) 079, (-) 091AU</small>	010				
B.I.5.	Advance payments for intangible fixed assets and intangible fixed assets under construction <small>B.I.5.1. + B.I.5.2.</small>	011				
B.I.5.1.	Advance payments for intangible fixed assets <small>accounts 051 (-)095AU</small>	012				
B.I.5.2.	Intangible fixed assets not yet in use <small>accounts 041, (-) 093</small>	013				
B.II.	Tangible fixed assets <small>B.II.1.+...+B.II.X.</small>	014				
B.II.1.	Land and buildings <small>B.II.1.1.+B.II.1.2.</small>	015				
B.II.1.1.	Land <small>accounts 031, (-) 092AU</small>	016				
B.II.1.2.	Construction <small>accounts 021, (-) 081, (-) 092AU</small>	017				
B.II.2.	Tangible movables and their sets <small>accounts 022, (-) 082, (-) 092AU</small>	018				
B.II.3.	Valuation difference for acquired assets <small>accounts 097, (-) 098</small>	019				
B.II.4.	Other tangible fixed assets <small>B.II.4.1.+...+B.II.1.3.</small>	020				
B.II.4.1.	Growing units of permanent crops <small>accounts 025, (-) 085, (-) 092AU</small>	021				
B.II.4.2.	Adult animals and groups of animals <small>accounts 026, (-) 086, (-) 092AU</small>	022				
B.II.4.3.	Other tangible fixed assets <small>accounts 029, 032, (-) 089, (-) 092AU</small>	023				
B.II.5.	Advance payments for tangible fixed assets and tangible fixed assets under not yet in use <small>B.II.5.1.+B.II.5.2.</small>	024				
B.II.5.1.	Advance payments for tangible fixed assets <small>accounts 052, (-) 095AU</small>	025				
B.II.5.2.	Tangible fixed assets not yet in use <small>accounts 042, (-) 094</small>	026				
B.III.	Long-term financial assets <small>B.III.1.+...+B.III.X.</small>	027				
B.III.1.	Shares - controlled or controlling entity <small>accounts 043, 061, (-) 096AU</small>	028				
B.III.2.	Loans and credits - controlled or controlling entity <small>accounts 066, (-) 096AU</small>	029				
B.III.3.	Shares & ownership interests – substantial influence <small>accounts 043, 062, (-) 096AU</small>	030				
B.III.4.	Loans and credits – substantial influence <small>accounts 067, (-) 096AU</small>	031				
B.III.5.	Other long-term securities and shares <small>accounts 043, 063, 065, (-) 096AU</small>	032				
B.III.6.	Loans and credits – others <small>accounts 068, (-) 096AU</small>	033				
B.III.7.	Other non-current financial assets <small>B.III.7.1.+B.III.7.2.</small>	034				
B.III.7.1.	Other non-current financial assets <small>accounts 043, 069, (-) 096AU</small>	035				
B.III.7.2.	Advance payments for long-term financial assets <small>accounts 053, (-) 095AU</small>	036				
C.	Current assets <small>C.I.+C.II.+C.III.+C.IV.</small>	037	<b>2,000</b>		<b>2,000</b>	
C.I.	Stocks <small>C.I.1.+...+C.I.X.</small>	038				
C.I.1.	Material <small>accounts 111, 112, 119</small>	039				
C.I.2.	Work in progress and semi-finished products <small>accounts 121, 122, (-) 192, (-) 193</small>	040				
C.I.3.	Products and goods <small>C.I.3.1.+C.I.3.2.</small>	041				

Ident.	ASSETS	number line	Current accounting period			Previous period
			Gross	Correction	Net	Net
C.I.3.1.	Products accounts 123, (-) 194	042				
C.I.3.2.	Products accounts 131, 132, 139, (-) 196	043				
C.I.4.	Young and other animals and their groups accounts 124, (-) 195	044				
C.I.5.	Advance payments for inventory accounts 151, 152, 153, (-) 197	045				
C.II.	Receivables C.II.1+C.II.2.+C.II.3.	046				
C.II.1.	Long-term receivables C.II.1.1.+...+C.II.1.x.	047				
C.II.1.1.	Trade receivables accounts 311AU, 313AU, 315AU, (-) 391AU	048				
C.II.1.2.	Receivables - controlled or controlling entity accounts 351AU (-) 391AU	049				
C.II.1.3.	Receivables - significant influence accounts 352AU, (-) 391AU	050				
C.II.1.4.	Deferred tax asset accounts 481	051				
C.II.1.5.	Receivables – others C.II.1.5.1.+...+C.II.1.5.4.	052				
C.II.1.5.1	Receivables from partners accounts 354AU, 355AU, 358AU, (-) 391AU	053				
C.II.1.5.2	Long-term provided advances accounts 314AU, (-)391AU	054				
C.II.1.5.3	Estimated active accounts accounts 388	055				
C.II.1.5.4	Other receivables accounts 335, 371, 373, 374, 375, 376, 378, (-) 391AU	056				
C.II.2.	Short-term receivables C.II.2.1.+...+C.II.2.x.	057				
C.II.2.1.	Trade receivables accounts 311AU, 313AU, 315AU, (-) 391AU	058				
C.II.2.2.	Receivables - controlled or controlling entity 351AU (-) 391AU	059				
C.II.2.3.	Receivables - significant influence accounts 352AU, (-) 391AU	060				
C.II.2.4.	Receivables - others C.II.2.4.1.+...+C.II.2.4.6.	061				
C.II.2.4.1	Receivables from partners accounts 354AU, 355AU, 358AU, (-) 391AU	062				
C.II.2.4.2	Social insurance and health insurance accounts 336 (-) 391AU	063				
C.II.2.4.3	State - tax receivables accounts 341, 342, 343, 345, (-) 391AU	064				
C.II.2.4.4	Short-term advance payments accounts 314AU, (-)391AU	065				
C.II.2.4.5	Estimated active accounts accounts 388	066				
C.II.2.4.6	Other receivables accounts 335, 371, 373, 374, 375, 376, 378, (-) 391AU	067				
C.II.3.	Accrued Assets C.II.3.1+...+C.II.3.x.	068				
C.II.3.1.	Prepaid expenses accounts 381	069				
C.II.3.2.	Complex deferred expenses accounts 382	070				
C.II.3.3.	Accrued income accounts 385	071				
C.III.	Short-term financial assets C.III.1+...+C.III.x.	072				
C.III.1.	Shares - controlled or controlling entity accounts 254, 259, (-) 291AU	073				
C.III.2.	Other short-term financial assets accounts 251,253, 256, 257, 259, (-) 291AU	074				
C.IV.	Cash C.IV.1+...+C.IV.x.	075	<b>2,000</b>		<b>2,000</b>	
C.IV.1.	Cash at checkout accounts 211, 213, 261	076				
C.IV.2.	Cash in accounts accounts 221,261	077	<b>2,000</b>		<b>2,000</b>	
D.	Accrued Assets D.1+...+D.x.	078				
D.1.	Prepaid expenses accounts 381	079				
D.2.	Complex deferred expenses accounts 382	080				
D.3.	Accrued income accounts 385	081				

Ident.	LIABILITIES	number line	Current accounting period		Previous period	
			Net	Net		
	TOTAL LIABILITIES	A. + B. + C. + D.	001:	<b>2,000</b>		
A.	Company capital	A.I.+A.II.+A.III.+A.IV.+A.V.+A.VI.	002	<b>2,000</b>		
A.I.	Registered capital	A.I.1.+...+A.I.X.	003	<b>2,000</b>		
A.I.1.	Registered capital	accounts 411 or 491	004	<b>2,000</b>		
A.I.2.	Custom shares (-)	accounts (-)252	005			
A.I.3.	Changes in registered capital	accounts (+/-)419	006			
A. II.	Premiums and capital funds	A.II.1.+...+A.II.x.	007			
A.II.1.	Premiums	accounts 412	008			
A.II.2.	Capital funds	A.II.2.1.+...+A.II.2.5.	009			
A.II.2.1.	Other capital funds	accounts 413	010			
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	accounts (+/-)414	011			
A.II.2.3.	Gains or losses from the revaluation of business corporations (+/-)	accounts (+/-) 418	012			
A.II.2.4.	Differences from transformations of business corporations (+/-)	accounts 417	013			
A.II.2.5.	Valuation differences from transformations of business corporations (+/-)	accounts 416	014			
A.III.	Funds from profit	A.III.1.+...+A.III.X.	015			
A.III.1.	Other reserve fund	accounts 421, 422	016			
A.III.2.	Statutory and other funds	accounts 423, 427	017			
A.IV.	Profit/loss of previous years (+/-)	A.IV.1.+...+A.IV.x.	018			
A.IV.1.	Retained earnings or accumulated losses (+/-)	accounts 428, 429	019			
A.IV.2.	Other profit/loss from previous years (+/-)	accounts 426	020			
A.V.	Profit or loss for the current period (+/-)	Assets - A.1.-A.II.-A.III.-A.IV.-B.-C.-D.-A.VI.	021	<b>0</b>		
A.VI.	Decision on profit-sharing advance payment (-)	accounts 432	022			
B.+C.	Foreign sources	B.+C.	023			
B.	Reserves	B.1.+...+B.x.	024			
B.1.	Provision for pensions and similar liabilities	accounts 452	025			
B.2.	Income tax provision	accounts 453	026			
B.3.	Provisions under special legal regulations	accounts 451	027			
B.4.	Other reserves	accounts 459	028			
C.	Liabilities	C.I.+C.II.+C.III.	029			
C.I.	Long-term liabilities	C.I.1.+...+C.I.X.	030			
C.I.1.	Bonds issued	C.I.1.1.+C.I.1.2.	031			
C.I.1.1.	Removable bonds	accounts 473	032			
C.I.1.2.	Other bonds	accounts 473	033			
C.I.2.	Liabilities to credit institutions	accounts 461	034			
C.I.3.	Long-term advances	accounts 475	035			
C.I.4.	Obligations from business relations	accounts 479	036			
C.I.5.	Long-term bills for payment	accounts 479	037			
C.I.6.	Payables - controlled or controlling entity	accounts 471	038			
C.I.7.	Liabilities - significant influence	accounts 472	039			
C.I.8.	Deferred tax liability	accounts 481	040			
C.I.9.	Payables - others	C.I.9.1.+...+C.I.9.3.	041	<b>0</b>		<b>0</b>
C.I.9.1.	Liabilities to partners	accounts 364, 365, 366, 367, 368	042			
C.I.9.2.	Estimated liability accounts	accounts 389	043			
C.I.9.3.	Other obligations	accounts 372, 373, 377, 379, 474, 479	044			
C.II.	Short-term liabilities	C.II.1.+...+C.II.x.	045			

Ident.	LIABILITIES	number line	Current accounting period	Previous period
			Net	Net
C.II.1.	Bonds issued	C.II.1.1.+C.II.1.2	046	
C.II.1.1.	Removable bonds	accounts 241	047	
C.II.1.2.	Other bonds	accounts 241	048	
C.II.2.	Liabilities to credit institutions	accounts 221, 231, 232	049	
C.II.3.	Short-term received advances	accounts 324	050	
C.II.4.	Obligations from business relations	accounts 321, 325	051	
C.II.5.	Short-term bills for payment	accounts 322	052	
C.II.6.	Payables - controlled or controlling entity	accounts 361	053	
C.II.7.	Liabilities - significant influence	accounts 362	054	
C.II.8.	Other liabilities	C.II.8.1.+...+C.II.8.7.	055	
C.II.8.1.	Liabilities to partners	accounts 364, 365, 366, 367, 368	056	
C.II.8.2.	Short-term financial assistance	accounts 249	057	
C.II.8.3.	Payables to employees	accounts 331, 333	058	
C.II.8.4.	Social insurance and health insurance payables	accounts 336	059	
C.II.8.5.	State - tax liabilities and subsidies	accounts 341, 342, 343, 345, 346, 347	060	
C.II.8.6.	Estimated liability accounts	accounts 389	061	
C.II.8.7.	Other obligations	accounts 372, 373, 377, 379	062	
C.III.	Accrued liabilities	C.III.1.+...+C.III.x.	063	
C.III.1.	Expenses for the coming period	accounts 383	064	
C.III.2.	Revenue for the coming period	accounts 384	065	
D.	Accrued liabilities	D.1.+...+D.x.	066	
D.1.	Expenses for the coming period	accounts 383	067	
D.2.	Revenue for the coming period	accounts 384	068	

Compiled on: 10.6.2019	Signed record of an individual who is an entity or a statutory body of an entity, note
Legal form <b>joint-stock company</b> entity:	Rostislav Chabr Kateřina Winterling Vorlíčková
Subject of Business:	
Note:	

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