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Nova Real Estate

Statute

of the Qualified Investors Fund

NOVA REAL ESTATE

INVESTIČNÍ FOND S PROMĚNNÝM ZÁKLADNÍM KAPITÁLEM, A.S.

and its sub-fund

NOVA Real Estate – podfond 1

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NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s., Company Identification No.: 043 31 869, with registered office at Prague 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00, issues pursuant to Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended (hereinafter only “Act”), hereby issues this

Statute of NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s. and its sub-fund NOVA Real Estate – podfond 1 (hereinafter only the “Statute”):

PART I.

FUND

1. BASIC INFORMATION ABOUT THE INVESTMENT FUND AND ITS SUB-FUND

1.1. Details

NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s., Company Identification No.: 043 31 869, with registered office at Prague 1 - Nové Město, V Celnici 1031/4, Postal Code 11000 (hereinafter the “Fund”). The Fund is an alternative investment fund (qualified investor fund) pursuant to DIRECTIVE 2011/61/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the “AIFMD”) and the Act. The Fund is a joint stock company with variable registered capital, establishing sub-funds. Currently founded sub-funds of the Fund are as follows:

- NOVA Real Estate – podfond 1 (the “Sub-fund”).

1.2. Period for which the Fund is established:

An indefinite period of time.

1.3. Auditor’s details

Audit of the Fund is carried out by **PricewaterhouseCoopers Audit, s.r.o.**, Company Identification No.: 407 655 21, with registered office at Hvězdova 1734/2c, Nusle, 140 00 Prague 4. The above-mentioned audit firm is on the list of audit firms of the Chamber of Auditors of the Czech Republic under No. 021.

1.4. Internet address (URL address) of the Fund

www.redsidefunds.com

The Fund as a qualified investors fund does not disclose information in the extent set out by the information duty for the collective investment funds.

1.5. Amount of registered capital

The registered capital equals to the fund capital. The registered capital is registered in the Commercial Register as the amount of the registered founding shares (registered capital), amounting to CZK 2,000,000 (in words: two million of Czech Crowns).

1.6. **Foundation date**

20th August 2015

1.7. **Information on consolidated group**

The Fund does not form a part of any consolidated group.

1.8. **Ensuring asset management of Fund by Investment company**

The Fund is, pursuant to the Section 9 of the Act, an alternative investment fund with legal personality that has a statutory body, a legal entity entitled to manage the Fund. The Fund placed its assets under the management of **REDSIDE investiční společnost, a.s.**, acting as the statutory body of the Fund. REDSIDE investiční společnost, a.s. is a manager of alternative investment funds (the „AIFM“) authorized to manage and administrate qualified investors funds (alternative investment funds or also the „AIF“) based on the authorisation granted by the Czech National Bank, authorized to exceed the relevant threshold pursuant to Article 3 of AIFMD.

REDSIDE investiční společnost, a.s. is a manager and administrator of the Fund and the Sub-fund.

1.9. **List of managing persons and their positions**

The statutory director, i.e. the statutory body, is REDSIDE investiční společnost, a.s., Company Identification No.: 24244601, with registered office at: Prague 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00. Rudolf Vřešťál and Ing. Karel Krhovský are empowered representatives authorized to act individually on behalf of the Fund.

Rudolf Vřešťál – authorized representative of the statutory director of the Fund and a member of the Board of Directors of REDSIDE investiční společnost, a.s.

Ing. Karel Krhovský – authorized representative of the statutory director of the Fund and a member of the Board of Directors of REDSIDE investiční společnost, a.s.

Ing. Šárka Burgetová – the Chairman of the Management Board of the Fund

2. **INFORMATION ABOUT THE MANAGER**

2.1. **Manager's details**

The Fund has an individual statutory (governing) body (the statutory director), which is a legal person empowered to manage the Fund. This legal person is **REDSIDE investiční společnost, a.s.**, Company Identification NO. (IČO): 24244601, with registered office at: Prague 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00 (hereinafter only “**manager**“). The manager is an AIFM.

2.2. **The amount of registered capital and its paying up**

CZK 8,400,000 (in words: eight million four hundred thousand Czech Crowns), 100 % of the registered capital paid up.

2.3. **Foundation date**

29th June 2012

2.4. Decision on authorization for taking up activities as an investment company (AIFM)

Decision of the Czech National Bank No. 2013/5063/570 from 26 April 2013, which came into force on 29 April 2013.

2.5. Involvement of leading persons in other companies

Rudolf Vřešťál	company	position	Company No.
	ASB Accounting, s.r.o.	Managing Director	27215849
	ASB Prague, s.r.o.	Managing Director	47902728
	BAZ Czech, a.s.	Chairman of BoD	28204298
	RVR Czech, s.r.o.	Managing Director	24300136
	UnitedData a.s.	Vice-chairman of BoD	4201094
	TC VENTURES, s.r.o.	Managing Director	25777581
	White Express s.r.o.	Managing Director	4378059
	Paříkova Property, s.r.o.	Managing Director	5481953
	REDSIDE Investments a.s.	Chairman of BoD	7187939
Ing. Karel Krhovský			
	REDSIDE Investments a.s.	Member of BoD	7187939
Ing. Juraj Dvořák			
	Arca Capital Finance Group, a.s., odštěpný závod	Member of BoD	6093060
	Deluvis Advisory CZ s.r.o.	Managing Director	5719127
	DELUVIS CZ s.r.o.	Managing Director	4885473
	Arca Capital Finance Group, a.s.	Member of BoD	50 108 361
	Arca Investments, a.s.	Member of BoD	35 975 041
	BHP Tatry, s. r. o.	Managing Director	45 948 879
	BLUESIDE, a. s.	Member of Supervisory Board	50 045 539
	DAMASK Consult s. r. o.	Managing Director	46 391 363
	DAMASK Holding s. r. o.	Managing Director	47 017 490
	Deluvis Advisory, s. r. o.	Managing Director	36 332 267
	DELUVIS s. r. o.	procuration	35 798 998
	DIAMOND HOTELS SLOVAKIA, s.r.o.	Managing Director	35 838 833

2.6. List of governing persons or persons under Section 21 (5) of the Act and their positions

Rudolf Vřešťál, the Chairman of the Board of Directors and Financial Director

Ing. Karel Krhovský, Member of the Board of Directors and Executive Director

Ing. Juraj Dvořák, Member of the Board of Directors and Business Director

2.7. Line of business

- the activities of the investment company are performed pursuant to Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended, on the grounds of a licence granted by the Czech National Bank on 26 April 2013, with effective date 29 April 2013.

2.8. **Data on consolidated group, in which the manager is included**

The manager is not included in any consolidated group.

2.9. **List of investment funds under the management of the manager (apart from the Fund)**

- ARCA OPPORTUNITY, SICAV, a.s., IČ: 24199591, with registered office at V Celnici 1031/4, Nové-Město Praha 1, PSČ 110 00;
- NOVA Green Energy otevřený podílový fond REDSIDE investiční společnost, a.s., registered office V Celnici 1031/4, Nové Město, 110 00 Praha 1;
- NOVA Hotels otevřený podílový fond REDSIDE investiční společnost, a.s., registered office V Celnici 1031/4, Nové Město, 110 00 Praha 1;
- NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s., registered office V Celnici 1031/4, Nové Město, 110 00 Praha 1, Id. No. 046 99 017.

2.10. **Other business activities of the manager**

The manager does not perform any other entrepreneurial activity pursuant to Section 508 of the Act.

2.11. **Exclusion of Sections 1401, 1415 (1) and Sections 1432 to 1437 of the Civil Code**

The application of Sections 1401, 1415 (1) and Sections 1432 to 1437 Act. No 89/2012 Coll., of the Civil Code, in terms of Fund management is excluded.

3. **INFORMATION ABOUT THE ADMINISTRATOR**

3.1. **Administrator's details**

The Fund has an individual statutory (governing) body (statutory director), which is a legal person empowered to perform management and administration of the Fund. This legal person is REDSIDE investiční společnost, a.s., Company Identification NO.: 24244601, having its registered office at Prague 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00.

The Fund is authorized to perform its administration through the statutory body (i.e. REDSIDE investiční společnost, a.s.). Provided an administrator is stated in this Statute it refers to the statutory body of the Fund, REDSIDE investiční společnost, a.s.

4. **AUTHORIZATION OF ANOTHER PERSON TO PERFORM AN INDIVIDUAL ACTIVITY UNDER SECTION 23 ET SEQ. OF THE ACT**

4.1. **Definition of activities significant for the Fund that the manager may delegate to another person**

Fund's assets may be managed exclusively by the manager, i.e. no part of the managed assets of the Fund may be delegated to another person. The manager may not delegate the performance of individual activity, involving the management of investment fund, to another.

5. AUTHORIZATION OF ANOTHER PERSON TO PERFORM AN INDIVIDUAL ACTIVITY UNDER SECTION 50 ET SEQ. OF THE ACT

5.1. Definition of activities significant for the Fund that may the administrator delegate to another person

The Administrator may authorize another person to perform the following activities, which are included in the administration of the investment Fund:

- a) bookkeeping;
- b) providing legal services;
- c) compliance and internal audits;
- d) dealing with investors' complaints and claims related to the Fund;
- e) valuation of assets and debts;
- f) calculation of the current value of the investment shares of the Fund;
- g) making sure the tax, fee or other similar monetary obligations are met;
- h) administration of the list of the holders of securities issued by the Fund and keeping records of dematerialized investment shares and custody and record-keeping of dematerialized securities issued by the Fund;
- i) allocation and payment of revenues from the Fund's assets;
- j) ensuring issuance and redemption of securities and dematerialized securities issued by the Fund as well as offering investments into the Fund;
- k) execution and update of an annual report and semi-annual report of the Fund;
- l) execution of promotional communications of the Fund;
- m) disclosing, making available and communicating information and documentation to shareholders of this Fund and other persons;
- n) announcing information and providing documents, in particular, to the Czech National Bank or to supervisory authorities of another member state;
- o) performance of another activity related to the management of the values in the property of the Fund;
- p) distribution and payment of financial performances in connection with the dissolution of the Fund;
- q) maintaining records related to the issuance and redemption of investment shares issued by the Fund;
- r) offering investments in the Fund
- s) performance and evaluation of so called "suitability test" of the investor, pursuant to Section 15h ZPKT (Act on Capital Market Undertakings) and implementing provisions (in particular Directive No. 303/2010 Coll.), willing to invest into Unit Fund a minimum amount of CZK 1,000,000 but not reaching EUR 125,000.

5.2. Contracts entered into within the meaning of §50 et seq. of Act

- Contract for the commissioning of particular activities with another person which includes the administration of the investment fund:

- The contract is concluded by and between the Administrator and the Arca Brokerage House o.c. a.s. (Authorized Person) with registered office at Plynárenská 7 / A, Bratislava 824 63, Slovak Republic, IČO: 358 71 211, registered in the Commercial Register kept by the District Court Bratislava I, insert number 3228 / B, who is authorized to provide investment services and ancillary services on the basis of a decision to grant a license to do so issued by the Financial Market Authority No. GRUFT - 054/2003 / OCP and a decision issued by the National Bank of Slovakia.
- Activities carried out by an Authorized Person include:
 - dealing with complaints and warranty claims from investors;
 - managing of the list of owners of investment shares;
 - distribution and disbursement of returns generated by the Sub-fund' assets;
 - providing the necessary information and documents to investors;
 - implementing and evaluation of the so-called suitability test;
 - offering of an investment into the Sub-fund.
- Contract for provision of internal audit activities
 - The contract is concluded by and between the Administrator and Compllex, s.r.o., IČO: 271 81 537, with registered office at Mánesova 881/27, 12000 Praha 2, registered in the Commercial Register kept at the Municipal Court in Prague, Section C, File 102501, which is authorized to carry out the internal audit activities.
- Contract for provision of accounting services, tax records keeping and services related to settlement of transactions
 - The contract is concluded by and between the Administrator and ASB Accounting, s.r.o., IČO: 272 15 849, with registered office at Celnice 1031/4, 11000 Prague 1, registered in the Commercial Register kept at the Municipal Court in Prague, Section C, Insert 105100
- Activities carried out by ASB Accounting, s.r.o. include:
 - Bookkeeping for the Administrator, kept separately for investment and mutual funds,
 - Preparation of regular statutory financial statements and regular reports for management purposes,
 - Calculation of VAT.
- Ensuring performance of the valuation function of the Fund's assets is performed by:
 - MBM-Hopet, s.r.o., Company Identification No.: 26685434, with registered office at Freyova 82/27, Vysočany, 190 00 Praha 9, registered at Municipal court in Prague, Sp. zn. C 87224;
 - Colliers International Valuation Services, s.r.o., Company Identification No.: 27244172, with registered office at Na příkopě 859/22, Nové Město, 110 00 Praha 1, registered at Municipal court in Prague, Sp. zn. C 107190;
 - APOGEO Esteem, a.s., Company Identification No.: 26103451, with registered office at Rohanské nábřeží 671/15, Karlín, 186 00 Praha 8, registered at Municipal court in Prague, Sp. zn. B 15572;

6. INFORMATION ON DEPOSITORY

6.1. Depository's details

UniCredit Bank Czech Republic and Slovakia, a.s., Company Identification No.: 64948242, with registered office at: Prague 4 - Michle, Želetavská 1525/1, Postal Code 14092, entered into the Commercial Register kept by the Municipal Court in Prague, Section B, File 3608.

6.2. Description of basic characteristics of depository's activities including responsibilities

Depository is above all authorized:

- a) to have in safekeeping the property of the Fund if its nature allows for it;
- b) create and keep monetary accounts and keep records of the movement of all financial means belonging in the property of the Fund;
- c) keep records, if its nature allows for it, check the property of the Fund other than the one stated under a) and b).

6.3. Information on persons authorized to perform certain activities

Neither any activity, nor its part may be entrusted to a third person.

6.4. Administrator's cooperation

The communication with a depository takes place through the administrator that ensures the performance of respective obligations of the Fund towards depository in compliance with the depository agreement.

7. INFORMATION ON FUND'S SHARES

7.1. Shares

The Fund issues no-par value share as shares without nominal value.

7.2. Founding shares

Founding shares are shares subscribed by the founders of the Fund; the founding shares remain to be founding shares also when subscribed by a person other than the owner of the founding shares if none of these founders have exercised their pre-emption right according to Section 160 of the Act, and the founding shares acquired by a person other than the owner of the founding shares if none of these owners have exercised their pre-emption right for subscription of new founding shares according to Section 161 of the Act. As regards the founding shares, a right to a share on profit and on liquidation balance is attached, however, only in relation to profit related to capital and management of assets that are not included into any sub-fund. Other shares of the Fund are investment shares.

Special right may not be attached to the founding shares.

7.3. Investment shares

The Fund issues for each of its sub-funds investment shares, representing an equal share on the sub-fund's investment activity. A right concerning a share on profit only from the management of the respective sub-fund and a share on liquidation balance only upon dissolution with liquidation of the

respective sub-fund is attached to the investment shares issued by the Fund in respect of the respective sub-fund.

7.4. Admission to carry out trades or registration on European regulated market or admission to trade in terms of Multilateral Trading Facilities (MTFs')

The Fund's shares are not admitted to trading on a regulated market, i.e. are neither listed on any (not even on other European) regulated market nor admitted to trading in any multilateral trading system.

7.5. Form

A security or dematerialized registered security.

7.6. Nominal value

Shares (neither founders', nor investment) do not have nominal value.

7.7. Indication of currency in which the value of share is

The value of founders' shares is stated in Czech Crowns (CZK). The currency of investment shares is stated in Art. 10.3 of the Statute.

7.8. Designation of persons safekeeping the shares

Fund's shares are issued as securities held by the shareholders of the fund who ensure their safekeeping.

The Fund maintains a list of the shareholders of the Fund in compliance with Section 264 of the Business Corporations Act.

7.9. Designation of rights attached to the Fund's shares

A person having a share in the registered capital of the Fund is entitled to exercise its rights as a shareholder, and that is from the effective date of the subscription of founding shares and from the issue date of investment shares.

Fund's shareholders have a share in the Fund's profit in proportion to the number of owned shares of the Fund. Holders of investment shares issued for a particular sub-fund have a share on the sub-fund's profit (from the business activity of the assets of this sub-fund) in proportion to the number of owned investment shares issued for this sub-fund.

The following rights are attached to shares of the Fund, a right to:

- a) participate in managing the Fund in compliance with legally binding regulations, articles of association and this Statute (founding shares);
- b) a share on profit of the Fund, or the respective sub-fund (founding shares and investment shares);
- c) a share on liquidation balance in the event of dissolution of the Fund, or the respective sub-fund;
- d) delivery of this Statute, the last annual report of the Fund upon a request by the shareholder in writing.

The documents stated in d) above are not disclosed to every single shareholder, or more precisely a subscriber, however, they are made available in compliance with the provision of Art. 15.3. of the Statute.

The above stated list does not affect any potential rights arising for the shareholder of the Fund from the legally binding regulations.

7.10. Document proving the right of ownership to Fund's shares

As another proof of the right of ownership to Fund's shares, the Fund shall issue through the administrator an extract of the list of shareholders for a shareholder who acquired shares, stating the number of issued shares of the Fund, subscription date and a total number of Fund's shares in possession of the shareholder as of the extract issuance date. As regards the investment shares of a sub-fund, even the information about the sub-fund shall be included. The extract is issued upon shareholder's request.

7.11. Articles of association

An investor shall be provided with the articles of association of the Fund upon request in compliance with Art. 15.3. of the Statute.

7.12. Public offering

The Fund's shares designed for qualified investors can be offered publicly as this Fund is registered in the list maintained by the Czech National Bank. The investor can only be a qualified investor (according to definition in Act), which must be explicitly notified when making public offer.

PART II.

Sub-fund

8. BASIC INFORMATION ON THE SUB-FUND

8.1. Details of the Sub-fund

The Sub-fund's Name: **NOVA Real Estate – podfond 1**

The Sub-fund is separated from the Fund in terms of accounting and property.

9. PRINCIPLES OF MANAGING OF THE SUB-FUND'S PROPERTY

9.1. Accounting period

The accounting period of the Sub-fund is from 1st January to 31th December of the calendar year.

9.2. Authority to approve financial statements of the Sub-fund

Approval of financial statements of the Sub-fund as well as decision on distribution of profits and revenues arising from Sub-fund's property falls within the competence of the General Meeting of the Fund.

9.3. Rules and deadlines for asset and debts valuation

The current value of an investment share is determined on the grounds of fund capital of the Sub-fund, i.e. for the respective month according to the level (balance) on the last day of the previous calendar month (this day is the decisive day under Section 130 (1) of the Act), and is issued by the 15th day of the

respective calendar month at the latest (at the same time this day stands for a deadline in terms of calculating the current value of the investment share pursuant Section 193 (1) of the Act). The current value is rounded to four decimal places. The assets and debts of the Sub-fund arising from investment activities, including investment instruments in the property of the Sub-fund are valued at their real value in accordance with Czech accounting standards. The real value of the assets in the Sub-fund's property arising from investment activity is determined at least once a year through independent expert valuation. The method of calculating the real value of property and debts of the Fund in respect of investment activities is set out by implementing legislation of the respective law. The manager may evaluate the property and debts of the Sub-fund under the terms and conditions laid down in Section 195 of the Act.

Provided the circumstances affecting the price of shares in real property companies in the Fund's property change pursuant to Art. 11.3.1 of the Statute, the administrator shall without undue delay, after having learned of such circumstances carry out a new valuation reflecting the current circumstances that affected the price of the Sub-fund's property (hereinafter only "extraordinary valuation"). On the grounds of extraordinary valuation, the administrator also prepares "extraordinary determination of the current value of the investment share", which shall be made available, together with extraordinary date of valuation, without undue delay, to all shareholders of the Sub-fund through client access in compliance with Art. 15.3. of the Statute.

When converting assets kept in foreign currency, the exchange rate issued by the Czech National Bank applies as of the effective date of conversion.

During the process of determination of the Sub-fund's NAV, an error might occur due to technical or human factor. The error leads to an "operational deviation" that impacts NAV. Any error impacting NAV (actual value of investment shares) will not be taken into account / corrected if the "operational deviation" is in range of +/- 0,1 % of the Sub-fund's NAV.

The calculation of the value of the investment share for the period reflecting different currency of investments (EUR and CZK).

The Sub-fund may issue, in accordance with this Statute, investment shares of the Sub-Fund in Czech crowns (CZK) or in Euro (EUR) (collectively "classes of investment shares").

Prerequisites and mechanism of calculation of individual classes of investment shares:

- Each class of investment shares (CZK, EUR) is valued separately, taking into account the date of the first subscription of the investment shares in the class;
- The value of each new subscription of investment shares is determined as the value of the investment class of the class at the end of the previous month; Both classes of investment shares show the same performance as the total performance of the Sub-Fund as shown by the coefficient "k"
- The currency risk of currency fluctuations (EUR and CZK) is spread between holders of both classes of investment stocks in proportion to the current asset structure of the currencies in question, i.e. the investor may be exposed to a partial currency risk.

1. Calculation of the Fund's performance ratio:

$k = (NAV_2 / P_CZK_2 * H_CZK_1 + P_EUR_2 * H_EUR_1 * FX_2)$ Where:

- K - the performance coefficient of the current month;
- NAV2 - net assets of the Fund at the end of the current month;
- P_CZK2 - Number of shares in CZK at the end of the current month
- P_EUR2 - number of investment actions in EUR at the end of the current month;
- H_CZK1 - the value of the investment stock in CZK at the end of the previous month;

H_EUR1 - the value of the investment stock in EUR at the end of the previous month;
FX2 - EUR / CZK exchange rate at the end of the current month.

2. Calculation of the value of the investment stock:

$$H_CZK2 = H_CZK1 * k$$

$$H_EUR2 = H_EUR1 * k$$

Where:

H_CZK2 – the value of the investment stock in CZK at the end of the previous month;

H_EUR2 – the value of the investment stock in EUR at the end of the previous month;

3. Calculation of the performance of the investment and sub-fund shares

$$n = (H_CZK2 / H_CZK1) - 1 \text{ or } n = (H_EUR2 / H_EUR1) - 1$$

Where:

n - Performance of the Fund for the current month in%

9.4. **Distribution/Allocation of Profits**

The economic result reflects the difference between revenues from activities performed in compliance with the license granted by the Czech National Bank and costs related to running the Sub-fund.

The revenues arising from the Sub-fund's assets shall be used to settle the Sub-fund's costs, unless legally binding regulations or this Statute provide otherwise. Provided that at the end of accounting period there is a profit (revenues exceeding costs of the Sub-fund), the General Meeting of the Fund decides to pay the dividend with a pay-out ratio up to 100 % of the profit generated for the accounting period. Determining the specific amount of dividends paid belongs to the competence of the General Meeting. The unpaid portion of the profit generated may be used for reinvestment to increase the Sub-fund's assets. Provided that at the end of accounting period there is a loss (costs exceeding the revenues of the Sub-fund), it shall be settled from the Sub-fund financial means. Preferably, the loss shall be settled through undistributed profits from the previous years. Provided that this amount is not sufficient to cover the loss, then the loss shall be settled by decreasing the Fund's capital in the year following the accounting period, in which the loss occurred, if it was created.

Decision on approving the financial statements of the Sub-fund as well as the decision on distribution of profits or other revenues arising from the Sub-fund's assets, falls within the competence of the General Meeting of the Fund.

The distribution of profits of the Sub-fund and approval of the economic result shall be voted on only by shareholders holding founding shares. The Sub-fund is entitled to make advanced payments as regards the shares on profits only under the terms and conditions laid down by the law.

10. INFORMATION ABOUT THE INVESTMENT SHARES OF THE SUB-FUND

10.1. Form

Book-entered registered shares.

10.2. Nominal Value

Shares do not have any nominal value (no par value shares).

10.3. Currency of the Investment shares of the Sub-fund

The Sub-fund issues two classes of investment shares: EUR (ISIN:CZ0008041845) or CZK (ISIN:CZ0008043049).

10.4. Class of shares of the Sub-fund

Investment shares A

10.5. Describing subscription of investment shares of the Sub-fund

The Fund issues investment shares of the Sub-fund in order to gather financial means in the Sub-fund. The issuance of investment shares is performed and ensured by the manager.

Investment shares may be subscribed only on the grounds of a public call for subscription. The public call for subscription of investment shares is made by the Fund on its website www.redsidefunds.com, where the deadlines and conditions for subscription of investment shares are stated. The subscription of investment shares is carried out on the ground of subscription agreement on investment shares concluded between the person interested in acquiring investment shares (hereinafter also as a "investor") and the Fund. Documents setting out the contractual terms and conditions for subscription and issuance of investment shares are available at the registered office of the Fund and the Statutory Director.

In order to maintain stability and credibility of the Fund, it is entitled though its manager to decide whether or not conclude the subscription agreement on investment shares with interested persons. No legal claim for concluding subscription agreement of investment shares can be made and the Fund is not obliged to conclude with an interested person such subscription agreement on investment shares, i.e. for any reason.

The Fund shall issue investment shares of the Sub-fund in the amount corresponding to the current value of the investment share valid in terms of a respective period within which investor's financial means were credited to the account of the Sub-fund, or possibly within which the subject was effectively entered. For every period, the current value of the investment share is calculated and published in accordance with the property status as of the last day of the previous period. The number of investment shares issued for an investor corresponds to the proportion of the amount credited by the investor to the account of the Sub-fund (possibly increased by surcharge) effective as of the decisive day rounded down to whole numbers. In case of other than cash deposit (transfer) the number of investment shares issued for the investor by the Sub-fund matches the portion in the value of the nonmonetary deposit, as it was set by the expert chosen for this purpose by the statutory director and the current value of the investment shares issued for the Sub-fund (possibly increased by a surcharge) effective as of the day, when the subject of deposit has been effectively entered rounded down to whole numbers.

In the event of the difference between credited amount or nonmonetary deposit and the amount corresponding the calculated value is the issued shares of the Sub-fund is returned to an investor, unless the investor and the Fund agree in writing otherwise.

The Fund only accepts such non-monetary deposits (investments) that belong among such assets values that the Sub-fund invests in and which are in accordance with its investment strategy and the structure of Sub-fund property suitable and their acquisition is in compliance with the Act. The price of non-

monetary deposit shall be determined through an opinion of an expert chosen by the statutory director, however the costs related to the valuation of non-monetary deposit is always settled by the investor (contributor). The Fund is not obliged to conclude an agreement with an investor or accept non-monetary contribution and it's at its discretion to decide whether to accept the fulfilment in the form of non-monetary deposit. Even in case of non-monetary contribution, the obligation to meet the minimum amount of investment applies. Non-monetary contribution shall be always made within one (1) month from the acceptance of the contribution obligation. Provided the non-monetary contribution (deposit) is immovable property, the investor hands over the subject of the contribution to the statutory director as well as a written declaration with notarized signature confirming the deposit of immovable property. Provided the subject of contribution is movable property, the contribution is made through a handover of the subject of the contribution to the statutory director that shall in the cases set out by the law ensure safekeeping with the depository in compliance with the Act and depository agreement. Provided the nature of the object does not allow factual handover of the movable property (thing), it is handed over by delivery of data and other medium containing the property (thing), and the documentation including the nature, contents and other facts important in order to make use of the non-monetary contribution. Provided the non-monetary contribution is a share in a business corporation, the thing is entered through concluding effective contribution (deposit) agreement, which shall contain all particulars required for the transfer of the share pursuant to the Business Corporations Act and the Civil Code. Provided the non-monetary contribution is a receivable (claim), the subject of contribution is entered as of the effective date of agreement on contributing (transferring) the receivable. Provided the non-monetary contribution is a plant (factory) or its part (if the law allows it), the subject of contribution entered as of the effective date of agreement on contribution (transfer). In any other cases, the non-monetary contribution is entered as of the effective date of the agreement on contribution (transfer) between investor and the Fund.

Dematerialized investment shares are issued by crediting the shares to the respective investors' asset account. In the event that the Investment Shares are kept on a so-called customer account (account type 31) maintained by a CDCP participant in the name of the Investment Company, on which is the Investment Company's evidence on so-called owner accounts connected (account type 21), the Investment Company is entitled to request the fee from the Investor according to the current tariff published on the website www.redsidefunds.com or available at the registered office of the Company.

The Fund issues investment shares to the investor within twenty (20) work days from the disclosure of the current value of the investment shares. The investor is informed of issuance of investment shares by a written notice sent to the address stated in the agreement on share subscription or electronic address, stated for this purpose in the agreement on share subscription, at the same time the Fund informs the investor of the number of issued investment shares of the Sub-fund as well as the current value of investment shares, at which the respective investment shares were issued. As of the issuance date of investment shares, the investor becomes a shareholder of the Fund.

The amount of the minimum investment of a qualified investor pursuant to Section 272 (1) h) a) of the Act to funds managed by one manager is EUR 125,000 (one hundred and twenty-five thousand euros) under the terms of the Act and compliance processes of the Investment company or CZK 1,000,000 (in the case of an investment in EUR, then EUR 40,000) that the Investment Firm confirms in writing that, on the basis of the information received from the Investor, it reasonably believes that its investment is in line with its financial background, investment objectives and investment expertise and experience.

Minimum value of any other investment (value of subscribed shares) shall amount in every single case to at least EUR 10,000 or the equivalent of this amount in CZK.

The highest amount of registered capital for the purpose of suspending the issue of investment shares is determined on the grounds of the value amounting to EUR 100,000,000,000.

If an investor invests in more funds managed by an Investment Company, his investment in the Sub-Fund must not fall below the threshold of a minimum investment of CZK 250,000 (two hundred and fifty thousand Czech crowns) or the equivalent of that amount in EUR.

10.6. Redemption of investment shares

The right to have investment shares redeemed on the account of the Sub-fund is attached to them. After redemption, investment shares cease to exist. Redemption of investment shares is carried out pursuant to Sections 131 to 140 of the Act.

Upon redemption of investment shares the Fund may apply deduction of 5 % from the current value and that is as of the day of submitting the request for redemption, in case, the investor requests the redemption of investment shares before the 24-month period ends from the day when the investment shares requested for redemption were acquired. Provided an investor requests redemption of investment shares after the 24-month period from the day when the investment shares requested for redemption were acquired, the deduction shall not apply.

The Fund shall ensure redemption of investment shares through the assets of the Sub-fund, for which the investment share was issued, for a price corresponding the current value of the investment share calculated for the period (i.e. calendar year), in which the investment shares will be redeemed by the Sub-fund. Each period current value of the investment shares is determined and announced in accordance with the status of the property as of the last day of immediately preceding period. The Fund is obliged to redeem investment shares from a shareholder within:

- a) 4 months from the date of receipt of an application for redemption of investment shares if the relevant shareholder requests the redemption of the investment shares at the present value corresponding to a maximum of EUR 1,000,000 (EUR 1 million) or the equivalent in Czech crowns;
- b) 6 months from the date of receipt of an application for redemption of investment shares if the relevant shareholder requests the redemption of the investment shares at the current value corresponding to an amount greater than EUR 1 000 000 (one million euro), up to a maximum of EUR 3 000 000 (three million euro) equivalent in Czech crowns;
- c) 12 months from the date of receipt of the request for redemption of investment shares if the relevant shareholder requests redemption of the investment shares at the present value corresponding to an amount greater than EUR 3,000,000 (three million EUR) or equivalent in Czech crowns.

while using the funds of the Sub-Fund for the redemption of the investment shares.

In accordance with the above deadlines, shareholder shall be paid the value of the shares, which is the product of the number of shares and their current value set for the period (i.e. calendar month), in which the redemption of investment shares is to be paid out to the shareholder. The payment of financial means in the amount of redeemed investment shares shall be performed via credit transfer to shareholder's account. Upon the day on which the investment shares are written off from the shareholder's asset account, the redeemed investment shares cease to exist and it is understood that the firstly acquired investment shares are redeemed first. The financial means are considered as credited to the account of the shareholder as of the first day following the day when they were debited from the Sub-fund's account.

The Sub-fund will reduce the number of issued investment shares in the own funds account - the capital funds as of the date of their deletion from the CDCP.

Minimum amount of a single redemption of investment shares amounts to EUR 10,000 (in words: ten thousand euro), or alternatively its equivalent in another currency. However, the value of the investment in all funds managed by an Investment Company held by a qualified investor pursuant to Section 272 of the Act shall not, due to the redemption, decrease under the level of minimum investment amounting to EUR 125,000 (in words: one hundred and twenty five thousand euro) or CZK 1,000,000 in case of the Investor under Section 272 (1) (i) (2) of ZISIF provided the redemption of all shareholder's investment shares does not take place, except when a third subject becomes a shareholder of the Fund as a result of transfer of ownership right to the shares of the Sub-fund. If an investor invests in more funds managed by an Investment Company, his investment in the Sub-Fund must not fall below the threshold of a minimum investment of CZK 250,000 (two hundred and fifty thousand Czech crowns) or the equivalent of that amount in EUR.

The Fund may suspend the redemption of investment shares in the Sub-fund for a period of up to two (2) years, if it is necessary to protect the rights and legally protected interests of the shareholders in possession of these shares, e.g. in case of a sharp move of assets forming a significant part of the property of the Sub-fund. The suspension shall be decided by the statutory director who shall request its approval by the Board of Directors. The statutory director shall draw up his/her decision in writing and state exact date and time of the decision on the suspension, reasons for the suspension and period for which issuance and redemption of investment shares is suspended.

The suspension (prohibition of suspension) of redemption of investment shares also applies to the investment shares whose redemption the shareholder has requested:

- a) before suspension of issuing and redeeming of investment shares, but the consideration for redemption has not been paid yet, or
- b) when the issuance and redemption of investment shares was suspended.

Date of resuming issuance and redemption of investment shares is as follows:

- a) the day following the day on which the period of time, for which the issuing or redemption of investment shares was suspended, ended,
- b) the day when the decision of the Czech National Bank cancelling the decision of the suspension of issuing or redeeming of investment shares of the Sub-fund, becomes effective,
- c) other day pursuant to the applicable legislation.

11. INVESTMENT STRATEGY OF SUB-FUND

11.1. Investment goal

The investment goal of the Sub-fund lies in a stable increase in the value of assets exceeding the yield of long-term interest rates through long-term investments into real estate companies. Provided short-term investments are profitable (economically favourable), the Sub-fund is entitled to make such investments. In this context no guarantees are granted by third persons in order to protect investors.

Provided acquisition of a thing or an asset by the Sub-fund is laid down in this Statute, the acquisition is understood as acquisition of a thing or asset by the Fund into the Sub-fund as a separate part of Fund's capital in terms of accounting and property. A similar procedure applies, when referring to a thing, property, balance sheet or an asset of the Sub-fund, when making investment on the account of the Sub-

fund, upon acquisition of the thing or asset into the Sub-fund's property. Sub-fund's property (assets) refers to the assets (property) in the Sub-fund.

11.2. **Benchmark & index**

A Benchmark is a standard used as a point of reference for evaluating performance of a fund with average yield in the respective field or industry.

The Sub-fund shall not monitor any index or benchmark.

The Sub-fund does not follow any index.

11.3. **Types of proprietary values (hereinafter only "assets") that may be acquired into assets of Sub-fund**

11.3.1. The Sub-fund may acquire shares, stakes in limited liability companies or comparable legal persons (hereinafter only "participation/interest in a business company") under the laws of a foreign state (i.e. state other than the Czech Republic), whose scope of business consists predominantly in acquiring real estate, real estate management and a transfer of the ownership of real estate for the purposes of achieving profit (hereinafter only as "real estate company"). The real property shall be located particularly in the region of Central Europe, mainly acquiring participations (shares) in such real estate companies that operate real property in their possession.

These business companies may have the nature of a temporary financial vehicle set up in order to have the possibility to be granted banking and non-banking finance and diversify the risk.

The Sub-fund may carry out:

- a) transformation, where the Sub-fund and business company shall be participants, i.e. in compliance with the specific legislation;
- b) takeover of the assets of a business company when the share in the Sub-fund may exceed 90% of the registered capital of the company. Provided participation in such "business company" represents at least 90% share in the registered capital, then on the grounds of a decision made by the General Meeting of the Sub-fund, the company may be dissolved and the Sub-fund assets transferred.

11.3.2. The Sub-fund shall invest its property mainly in real estate companies and receivables (including subordinated claims) towards real estate companies, in which it acquired or shall acquire participation (share) in the future.

11.3.3. Acquiring a share in a real estate company in particular refers to acquisition through a transfer of share from a third person, foundation of a business company or transformation pursuant to specific applicable legislation.

11.3.4. The Sub-fund may acquire movable assets which share the purpose with the other assets of the Sub-fund and ensure the operation and protection of such acquired assets.

11.3.5. The Sub-fund may also acquire movable assets which are not related to the other assets of the Sub-fund, provided the nature of these movable assets does not interfere with the

investment and risk profile of the Sub-fund as a whole and as long as their liquidity remains unaffected, or more precisely is not jeopardized.

- 11.3.6. The Sub-fund may provide business companies with credit or loan pursuant to Art. 11.3.1, provided it has acquired or it will acquire in the future participation (share) in these business companies.
- 11.3.7. The Sub-fund may acquire receivables against business companies in compliance with Art. 11.3.1, provided it has acquired or it will acquire participation (share) in these business companies in the future. Acquisition and assignment of receivables for payment is possible provided they are profitable for the Sub-fund, i.e. their long-term yield shall exceed their acquisition cost. The Sub-fund may acquire in its possession receivables not only after but also before their maturity, regardless whether the registered seat (or residence) of the debtor is located in the Czech Republic or abroad.
- 11.3.8. The Sub-fund may acquire other movable assets different from the assets stated in Art. 11.3.1 to 11.3.7, especially investment instruments (e.g. investment securities, money market instruments) in order to increase the value of financial means until it will be possible and suitable to invest these means into assets stated in Articles 11.3.1 to 11.3.7.
- 11.3.9. The Sub-fund invests more than 90 % of the value of its property into:
 1. investment securities,
 2. securities issued by investment fund or foreign investment fund,
 3. participations in share (capital) companies,
 4. money market instruments,
 5. financial derivatives pursuant to the Act,
 6. rights arising from the list of things stated in Articles 1 to 5 in the records or indirectly dispose of this value in a manner at least similar to a rightful holder,
 7. claims (receivables) to payments of financial means from accounts,
 8. credits and loans provided by the Sub-fund.

11.4. **Designation of techniques and instruments used in managing Sub-fund's assets**

The manager shall not, when managing the assets of the Sub-fund, use repo (transactions) and financial derivatives. The manager shall not, when managing the assets of the Sub-fund, make use of leverage effect, with the exception of credits and loans; the limits of leverage use degree are set out in terms of acceptance of credits and loans in Art. 11.11.

11.5. **Detailed rules for management of Sub-fund's assets**

Upon managing the Sub-fund's assets, the manager mainly performs the following steps:

- 11.5.1. acquisition of assets in Sub-fund property according to Art. 11.3. Provided the acquisition of these assets is financed through using loans and credits, the manager proceeds in accordance with Art. 11.11. In case of construction (building), financial means of the Sub-fund shall be

released gradually in compliance with relevant provisions of the contract for construction or contract for work on the grounds of actually carried out work. Release of financial means is conditional and written documents proving performance of the respective work must be presented;

11.5.2. providing loans and credits for real estate companies;

11.5.3. asset sale according to Art. 11.3.;

11.5.4. The Sub-fund may conclude, in terms of shares in business companies in the possession of the Fund, pledge agreements.

11.6. **Limits (restrictions) and distribution of risk**

11.6.1. Shares, stakes or other forms of participation in business companies

No more than 35 % of the asset value of the Sub-fund may be invested in the participation in the same legal person, regardless whether the participation is represented through securities or book-entered securities.

11.6.2. Receivables

No more than 35 % of the asset value of the Sub-fund may be invested in claims against the same debtor.

11.6.3. Collective investment securities

The maximum limit for investments into securities issued by collective investment funds or comparable foreign investment funds may not exceed 10% of the value of the Sub-fund's assets.

11.6.4. Other movables and their sets

No more than 35 % of the asset value of the Sub-fund may be invested in

- a) bonds and money market instruments issued by a single issuer,
- b) one commodity,
- c) one collective thing (collective thing also refers to business establishment),
- d) other proprietary values.

11.6.5. Investment instruments and deposits (contributions) with one issuer

The maximum limit of investing into investment instruments issued by a single issuer and a deposit for a single issuer shall not exceed 35 % of the assets value in the Sub-fund.

11.6.6. Liquid assets

The proportion of liquid assets will be usually lower than 10 %. Only in isolated cases, typically, for example after issuing a great volume of investment shares of the Sub-fund, which are subscribed through monetary deposits or after the sale of significant asset from the Sub-funds property, the proportion of liquid assets may reach higher values, and that is even up to one-year period. This limit shall not apply in the first three (3) years of Sub-fund's existence when

the value of liquid assets may exceed 10 %. Minimum proportion of liquid assets of the Sub-fund in terms of total assets of the Sub-fund is 0.5 %, or more precisely at least CZK 500,000. The liquid part of assets of the Sub-fund is in the short run invested into:

- deposits, which may be disposed of freely or term deposits with maturity date up to three months, provided the deposits are with banks, branches of foreign banks or foreign banks that follow the prudential rules under European Union law or rules that the Czech National Bank considers as their equivalent;
- securities issued by standard or special funds of securities or special funds of funds; securities under Art. 11 and 12 of the Statute also refer to dematerialized securities (which does not apply if the nature of a particular provision of the Statute excludes such thing);
- treasury bills and similar foreign securities;
- bonds or similar foreign securities that:
 - were accepted for trading or are traded on regulated market;
 - are traded on regulated market in other country of European Union;
 - were accepted for trading on a regulated market in a country which is not a member of the European Union, or they are traded on a regulated market with a place of business in a country which is not a member of the European Union, provided these markets are on the list of foreign regulated markets maintained by the Czech National Bank and the residual maturity is up to three years;
- bills of the Czech National Bank and similar foreign securities;
- other investment instruments with return on the investment shorter than one year.

11.6.7. The Fund is entitled to make investments which exceed the current value of Fund's property, only under the precondition that:

- a) the liquidity under Art. 11.6.6 of this Statute shall be maintained,
- b) for the part of investment which, at the time of acquisition, exceeds the value of the Sub-fund's property, the Sub-fund shall ensure a source of capital in order to carry out such investment,
- c) maturity of this part of investment shall be reached before the Sub-fund gains access to a source of capital to carry out such investment,
- d) the source of capital shall meet requirements on transparency and non-defectiveness and by drawing it no limits for acceptance loans and credits under this Statute shall be exceeded, and
- e) and in case the Sub-fund does not gain access to this source of capital, it is entitled to withdraw from such investment.

11.7. Detailed designation of Sub-fund

The Sub-fund is established by an investment fund in the form of a joint share company with variable registered capital, and thus the designation of a Sub-fund must contain a typical feature of a business name of a joint share company with variable registered capital and the word "Sub-fund", or otherwise express the attribute of the Sub-fund.

11.8. Transactions recommended by Sub-fund's shareholders

In reasonable cases, the Sub-fund may through the manager request evaluation and recommendations made by all shareholders of the Sub-fund in relation to intended transaction using Sub-fund's property; a shareholder of the Sub-fund is such shareholder of the Fund that holds own investment shares issued to the Sub-fund. The recommendations of all shareholders regarding the intended transaction must be drawn up in writing and addressed to the manager. The manager is not bound by these shareholders' recommendations, however shall take into account that decision on intended transaction of the Sub-fund and in case of deviating from it take due professional care, act in the best interest of the shareholders and give reasons for doing so.

11.9. Detailed information on investment manner and concentration – field, country, region, type of assets

Most investments of the Sub-fund shall be made in CZK or EUR. Most of the assets of the Sub-fund are located in the Central Europe region.

Due to the concentration of investment policy as stated above, such investment may bring increased risk, even if the Sub-fund invests in compliance with the principles set out in Statute and applicable legislation, and the individual risks associated with the investments are stated within the Sub-fund's risk profile (see Art. 12 of the Statute).

11.10. More detailed information on securing investments

The investments or any of their parts or yields are not secured in any way.

11.11. Rules for accepting and providing credits and loans and for maximum limits

The Sub-fund may conclude agreements on accepting a credit or loan in total lower than 95% of Sub-fund's value (regardless the number of debtors). In case of accepting credit or loan in order to acquire, enhance share in a real estate company, such accepted credit or a loan may amount up to 95% of the value of the acquired asset.

Provided the credit or loan is provided to business companies, whose shares size in the possession of the Sub-fund enables their control, the Sub-fund does not have to request securing such credit or loan from such controlled business company due to the existence of such relation between the controlling and controlled person, which allows for the Sub-fund to assert decisive influence on the governing of the respective business company and control it. Providing credits and loans to other subjects is possible only when the securing guarantees proper repayment of the credit or loan.

11.12. Rules for carrying out unsecured transactions

The Sub-fund may carry out uncovered (unsecured) transactions only under the condition that their conclusion serves effective management of Sub-fund's property.

11.13. Rules for using Sub-fund's property to secure liability of third person

Sub-fund's property may be used to secure a liability of a third person while maintaining the overall profitability of such transaction.

11.14. Conditions under which an asset in Sub-fund's property may be encumbered by rights in rem or enjoyment (use) rights of a third person

Shares in real estate companies or other encumbered things, by lien, or more precisely rights to use (enjoyment) of third parties may be acquired into Sub-fund's property provided the profitability of such

transaction is ensured (meaning, e.g. the acquisition price corresponds to the existence of a particular right in rem, i.e. the thing generates sufficient rent in the long run etc.). The same applies to an already existing thing in the possession of the Sub-fund, its encumbrance by third person's right is possible when following the above-mentioned rules. The rights of third persons may also, however, arise from the law, court decision or administrative authority. Real property in the possession of the Sub-fund may be encumbered by a third person's right, i.e. such encumbered real property may be acquired into the Sub-fund's property.

11.15. Specification of investors of the Sub-fund

Investment Shares may be acquired only by qualified investors pursuant to the provision 272 of the Act.

11.16. Depiction of a typical investor

Profile of a typical investor: a qualified investor pursuant to the Act, with low aversion to risk. Investment horizon: five (5) years and more.

Investor's experience: three and more years of experience with acquiring real estate or investments in real estate companies.

Experience verification:

Provided it is a qualified investors fund, the suitability of the investment fund for potential investors is not assessed.

The Fund through its administrator presents a potential investor solemn declaration, which the investor signs and thus confirms that he/she is a person stated under the provision of Section 272 of the Act, and that he/she is aware of all risks arising from this investment.

11.17. Number of shareholders of the Sub-fund

Not limited.

11.18. Minimum initial investment of one shareholder

The amount of the minimum investment of a qualified investor pursuant to Section 272 (1) h) a) of the Act to funds managed by one manager is EUR 125,000 (one hundred and twenty-five thousand euros) under the terms of the Act and compliance processes of the Investment company or CZK 1,000,000 (in the case of an investment in EUR, then EUR 40,000) that the Investment Firm confirms in writing that, on the basis of the information received from the Investor, it reasonably believes that its investment is in line with its financial background, investment objectives and investment expertise and experience. However, the value of the investment in all funds managed by an investment company in the possession of a qualified investor pursuant to Section 272 of the Act may not fall below the minimum investment, ie an amount of EUR 125,000 (one hundred twenty-five thousand euros) or 1,000,000 CZK in the case of an Investor pursuant to Section 272, Para. (i) Section 2 of the ZISIF, unless all Shares held by a Sub-Fund Shareholder are sold, unless the third party becomes a Fund Shareholder as a result of the transfer of ownership of the Sub-Fund's investment shares. If an investor invests in more funds managed by an Investment Company, his investment in the Sub-Fund must not fall below the threshold of a minimum investment of CZK 250,000 (two hundred and fifty thousand Czech crowns) or the equivalent of that amount in EUR.

11.19. Conditional transferability (assignment)

In order to assign (transfer) shares, the shareholder must obtain prior consent of Fund's statutory director, and that is in written form.

11.20. Information duty of the acquirer of Sub-funds shares

In case of assignment (transfer) of the ownership right to Sub-funds shares, the acquirer shall without undue delay inform the statutory director of the Fund regarding the change of an owner.

11.21. Rules on providing information

All shareholders shall be provided with information, and that is in electronic form on the website www.redsidefunds.com via so called "client access", i.e. entering user name and password, in the following extent:

- current value of registered capital of the Sub-fund;
- current value of Sub-fund's shares;
- asset structure of the Sub-fund as of the last day of the respective period.

The above stated data shall be made available as of 15th day of the following month at the latest.

11.22. Repos, or more precisely "lending" securities

The Sub-fund in term of its business activities shall not carry out repo transactions or lend securities.

11.23. Strategic placement of assets

The strategic style of the Sub-fund's management is not based on any strategic placement of assets.

11.24. Donations, securing a debt of another person, settlement of debt which is not related to the Sub-fund management

Sub-fund's assets cannot be used for donations, securing debts of another person or debt settlement that is not related to the Sub-fund management, unless it involves procedure under Art. 11.5.4. Sub-fund assets cannot be used in order to grant credits or loans that are not related to their management.

11.25. Proprietary values of other persons

It is not allowed to conclude, on the account of the Sub-fund, contracts on the sale of proprietary values, which are not in its possession or were left (lent) to the Sub-fund for a period of time.

12. RISK PROFILE

12.1. Information on risk profile

Prior to investment potential investors should consider possible risks arising from investing in the Sub-fund.

Investment in the Sub-fund is not associated with any form of security²⁵ regarding the return on investment or any capital to cover the risk.

The value of investment may increase, but it might as well fall, so the return cannot be guaranteed.

Sub-fund investments are designed to achieve yield in the long run and thus it is not suitable for short-term speculations.

12.2. Description of all significant risks

- a) credit risk, i.e. risk related to possible failure of the counterpart of the Sub-fund to fulfil liabilities.

The issuer of an investment instrument in the Sub-fund's property or the counterpart to the contractual relation (when implementing particular investments) fails to fulfil its obligations, or possibly the debtor does not settle its debt fully and in due time.

- b) insufficient liquidity risk – risk associated with investments in real estate companies

Generally speaking, the risk of insufficient liquidity consists in the fact that particular asset of the Sub-fund will not be converted into money in time and for an adequate price and thus the Sub-fund will not be able to fulfil its liabilities when they become due.

In general, with investments in real property there is a risk of limited asset liquidity of the Sub-fund, risk of investments where liens or rights of third persons fail, the risk of insufficient infrastructure necessary for the use of real property and the risk arising from valuation of real property.

Given the nature of the significant part of Sub-fund property, which is made up of investments into real estate companies, the valuation takes place once a year in compliance with this Statute. In case of sudden change of circumstances affecting the price of participation (share) in the real estate companies in the Sub-fund's property, it could happen that the current value of Sub-fund shares determined on the grounds of the last valuation does not correspond with the real value of the participation (share) in the real estate companies in the Sub-fund's property. Provided such sudden change in circumstances occurs affecting the price of participation of real estate companies in the Sub-fund's property, the administrator proceeds in compliance with this Statute and applicable legislation.

In the light of the possibility of the Sub-fund to accept credits, or more precisely loans in the total of up to 95 % of the asset value of the Sub-fund, the risk of negative economic impact on the Sub-fund property increases accordingly in case of erroneous investment decision, or more precisely as a result of another reason leading to the decrease in the value of Sub-fund's property. Due to the stated leverage of sides of possible credit engagement of the Sub-fund, there is also a corresponding risk of its insolvency.

- c) risk of settlement failure

Transactions with the property of the Sub-fund may be cancelled due to the inability of its business counterpart to fulfil its obligations and deliver property or pay in due time.

- d) market risk

The value of the property in which the Sub-fund invests may increase or fall depending on the changes in economic conditions, interest rates and the way the market perceives the property.

- e) currency risk

The currency risk means that the value of the investment may be affected by the change in the exchange rate. Changes in the exchange rate of the Fund's base currency and other currencies in

which the Fund's investments are expressed may result in a decrease or an increase in the value of an investment instrument denominated in that currency. Unfavourable currency fluctuations can lead to a loss, where both classes of Sub-fund's investment shares (EUR and CZK) share exchange rate gains and/or losses evenly, resulting in the same percentage performance of the Fund for both classes of Sub-fund's investment shares, regardless of the assets composition. However, an investor may be exposed to a partial currency risk according to the asset structure.

f) operation risk

The risk of property loss arising from insufficient or faulty internal processes, failure of operation systems or human factor or possibly external events.

g) risk of losing property entrusted in custody (or other safekeeping)

The risk of loss of the property entrusted in custody (or other safekeeping) may be especially caused by insolvency, negligence or intentions of a person that holds the property of the Sub-fund in custody or other safekeeping.

h) risk related to investments in movable property

The movable property may have defects, for instance hidden defects or defects that become visible after a longer period of time. In case of defects of a movable asset that forms part an aggregate generating regular or extraordinary revenues, the performance of the whole aggregate of movable property may be negatively affected. This risk might be lowered via contractual liability for defects and ensuring quality after-sales and post warranty service. Those defects might result in the decrease in the value of the movables and their aggregates as well as increased costs for repairs etc. In addition, works of art such as specific movables may be affected by actual or legal defects, whether in the form of damage or due to rights applied by third persons, for instance in relation with possible criminal activity. This risk can be lowered through thorough legal and movable property inspection (audit) prior to the purchase of such asset.

i) risk associated with investment in shares, shares or more precisely other forms of participation in business companies

The risks associated with the possibility of failure of a business company, where the Sub-fund owns a share, consist in the fact that such business company may be affected by risk related to entrepreneurial activity. As a result of this risk, the market price of the share in the respective business company may fall or even be completely lost (e.g. in case of bankruptcy) or more precisely it may be impossible to sell the participation in such company. In term of business company participation (share), there is a special risk of delay or failure to complete a project or unsuccessful development of business plans of a company. Provided the Sub-fund acquires in its possession participation in newly formed business companies where the project implementation only started, there lies a risk of delay or increase in project costs, as a result of which, loss (damage) may incur to the Sub-fund. Given the nature of the property, there is also a risk of such assets being destroyed, either as consequence of third person actions or due to vis major.

j) risk of legal defect

Value of the Sub-funds property may decrease as a result of legal defects in participations (shares) in real estate companies acquired in Sub-fund's property, e.g. due to limitation of ownership rights by a third person's right.

k) dissolution of the Sub-fund

The Sub-fund may be dissolved in accordance with the reasons set out by the law.

l) operation risk when delegating activity

Some activities associated with the administration of the Sub-fund shall be delegated to third persons. Despite following all regulations for outsourcing and maximum prudence (caution) of the administrator or authorized third persons, objective technical problems may occur, which may negatively affect the administration of the Sub-fund (for example failures of electronic systems used for communication between manager and administrator and a third person).

m) risk associated with investments in receivables

Investments in receivables are based on evaluation of average revenues arising from acquired receivables, however, always considered in terms of a time period or value interval. Therefore the yield from a particular receivable cannot be individualized. The prerequisite of average yield are not only higher individual revenues of a particular receivable, but simultaneously lower revenues in other cases.

In general, receivables are acquired for a price lower than their nominal value corresponding to the risk related to their collection. Investment in receivables should be therefore considered even from perspective of the above-mentioned risks, in particular the risk of legal defects (ongoing dispute over the existence of a receivable and its recovery) and settlement risk (the debtor may go bankrupt).

n) risk associated with limited activity of a depository

The scope of Sub-fund audits by the depository is limited by a depository agreement. As a result of limited audit activities of the depository in the extent set out in this Statute, the risk associated with the absence of an audit from a third person arises (e.g. risk of human factor failure).

o) risk associated with volatile prices

Given the structure of Sub-fund's property and the manner of management, the value of shares issued by the Sub-fund may be volatile (unstable).

p) risk arising from public law regulatory framework

Risk arising from public law regulation associated with projects of real estate companies, especially delayed issuance of decisions that are necessary for construction/building (for instance reservation contracts, planning approvals, building permits, public contracts, final inspection approvals etc.) compared to the deadlines expected in the business plan of the respective project, or possibly, situation when the project implementation is made completely impossible because of the failure to issue required public (law) documents.

q) risks associated with acquiring participation (share) in a foreign business company

The risks associated with acquiring participation (share) in a foreign business company consist in the fact that foreign business companies might bring the risk of political, economic and legal instability. Consequently, this may give rise to unfavorable conditions for disposal (sale) of participations in these business companies, e.g. as a result of foreign exchange or legal restrictions, economic slump or in the extreme case nationalization.

- r) risks associated with construction and technical defects

The risk associated with construction and technical defects consisting in the fact that the projects implemented by real estate companies may have construction defects, which may be, e.g. hidden or defects that will become visible after a longer period of time. This risk might be eliminated via ensuring high-quality building and technical supervision as well as contractual liability for the defects. Due to these defects the value of Sub-fund assets may fall and the costs increase etc.

13. INFORMATION ON DISBURSMENT OF SHARES IN PROFIT

13.1. Decisive day for profit-sharing payment

In case of profit, the Sub-fund pays a dividend in accordance with paragraph 9.4. of this statute, after a prior decision of the General Meeting.

The decisive date for the dividend is the last business day in June, i.e. the right to a dividend belongs to the holders of investment shares who, at the decisive date, own the investment shares of the Sub-fund. On the same day as the decisive day, the General Meeting will be held, which will decide on the payment of the dividend.

If an investor requests the redemption of investment shares ten (10) days or less prior to the decisive day, the Sub-fund may purchase the investment shares at a price corresponding to the current value of the investment share determined for the period (i.e. the calendar month) in which the request for redemption of the investment share was received, reduced by the value of dividends paid (before tax). Reduction of the redemption price in the amount of the paid dividend may be exercised only if the investor holds the Sub-fund's investment shares on the relevant day and the payment of the dividend was duly processed.

In order to protect investors, it is not possible to subscribe the investment shares of the Sub-fund within 10 working days before the decisive day, including.

Until 30.4. of the year following the year for which the dividend is paid, the Sub-fund will submit the audited financial statements to the Czech National Bank, which will serve as the basis for calculation of the amount of the dividend to be paid.

13.2. Deadline for profit-sharing payment

The dividend will be paid by 31.7. the year following the year for which it is paid on the basis of audited statements submitted to the Czech National Bank.

13.3. Manner of profit-sharing payment

The dividend will be paid to the investors by a non-cash transfer to the account, which will be specified in writing by the holder of the investment shares in the subscription documentation, or otherwise, in writing, to the address of the Statutory Director.

13.4. When entitlement to share in profits becomes time-barred

The right to the payment of the dividend, which has been decided by the General Meeting, shall be time-barred within three years from the maturity date.

13.5. Approval of profit distribution

The decision on profit distribution or other revenues from Sub-fund's property falls within the competence of the General Meeting of the Fund.

14. INFORMATION ON FEES AND COSTS

14.1. Fees charged to investors and costs covered from Sub-fund's assets

One-time fees charged prior to and after the termination of investment (the maximum amount that can be charged to the investor prior to making investment, or before its redemption (payment))	
Entry fee (surcharge)	Up to 3 % maximum
Exit fee (deduction)	See Art. 10.6 of the Statute
Costs settled from Sub-fund's property in the course of the year	
Management fee for investment company	1,6 % p.a.
Total maximum expense-to-NAV ratio (before counting any costs associated with the payment of the performance fee)	1,95 %
Costs settled from Sub-fund's property under special conditions	
Performance fee	30 % over 6 % of the annual performance of the fund after the audit and the revaluation

14.2. Indicator of total expense-to-NAV ratio

The indicator of total expense-to-NAV ratio of the fund for previous accounting period, calculated as percentage equals the ratio of total expenses to average monthly value of equity, where the total costs refer to the sum of cost associated with fees and commission, administrative and other operational expenses in the statement of costs, revenues and profit or loss of the Sub-fund according to a special legal regulation, after deducting all fees and commissions related to investment instruments transactions under this special legal regulation.

14.3. Determination of manager's remuneration (fee)

Remuneration for management shall be calculated either as:

- a) amount expressing percentage of equity capital of the Sub-fund, or
- b) fixed amount,
- c) or the combination of a minimum and maximum fixed amount and the amount expressing percentage of the equity capital value of the Sub-fund.

Particular annual remuneration amount as well as minimum monthly payment within the above stated limits is set out in the agreement on the performance of the statutory director. The agreement on performance shall be executed in writing and always approved by the General Meeting.

14.4. Other expenses

- a) payment for safekeeping and custody of foreign securities or foreign dematerialized securities;
- b) taxes;

- c) administrative and court fees;
- d) interest from accepted credits and loans pursuant to the Act;
- e) exchange rate losses;
- f) acquisition price of sold property;
- g) bank fees;
- h) interest of bills used as security for Sub-fund's liabilities;
- i) property insurance cost;
- j) incurred expenses paid for the audit of financial statements (annual accounts) of the Sub-fund and the preparation of tax return;
- k) costs related to expert valuation of the real value of participation (share) in real estate companies and movable property;
- l) preparation of accounting materials for the investment company managing Sub-fund's assets;
- m) wage expenses and remuneration of Fund's bodies;
- n) cost of legal and tax services related to Sub-fund operation;
- o) cost of other expert advisors;
- p) other expenses, mainly related to acquisition or sale of Sub-fund's property (acquisition costs).

PART III.

FINAL PROVISIONS

15. FURTHER INFORMATION

15.1. Information on Statute and Key Information for Investors of Sub-fund

Rulers governing the acceptance of changes of the Statute:

- a) The statute is issued and updated by the manager;
- b) Fund's General Meeting grants approval for changes in the Statute involving:
 1. manner of investment and investment goals of the Sub-fund,
 2. remuneration/fee for a manager, administrator or depository of Sub-fund
 3. costs related to management of Sub-fund's assets,
 4. remuneration of managing persons of the Fond;
- c) changes in Sub-fund's Statute become effective when accepted by the manager unless the Statute, manager's decision or the law provide for later effective date;
- d) every update of Sub-fund Statute is regarded as a change in the Statute.

The Statute and its changes (amendments) are not disclosed to every single shareholder, or more precisely a subscriber, however, they shall be made available in compliance with Art. 15.3. of the Statute.

On the grounds of the Czech National Bank interpretation, the Sub-fund does not prepare Key information.

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15.2. Notice

- a) each subscriber of Sub-fund's shares must be provided with an up-to-date version of the Statute upon request and free of charge;

b) Articles of Association of the Fund are not included in Sub-fund's Statute.

15.3. Obtaining documents in accordance with Art. 15.2.

Each subscriber may obtain the documents stated in Art. 15.2., either in paper form at the registered office of the administrator at Prague 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00, or electronically in "PDF" format on the website www.redsidefunds.com however, only via "client access" after entering user name and password and that is because Sub-fund's shares may not be offered to the public.

15.4. Terms and conditions under which dissolution may be decided upon

The Fund is founded for an indefinite period of time. The Sub-fund is founded for an indefinite period of time.

Sub-fund may be dissolved through

- decision made by the General Meeting of the Fund,
- court decision,
- decision of the Czech National Bank,
- other cases laid down by the law.

Each investor shall be informed of the intention of dissolution of the Fund or the Sub-fund or the Fund's transformation without undue delay in the manner under Art. 15.3. of the Statute.

15.5. Information on shareholders' rights upon dissolution, or more precisely transformation of the Fund

The shareholder is entitled to a share in liquidation balance, or more precisely to shares of another fund.

15.6. Contact information

Further information may be obtained at the registered office of the administrator at Prague 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00, on business days 10:00 - 16:00, from a Front Office Manager or call 222 500 757, visit our website www.redsidefunds.com or send an inquiry to info@redsidefunds.com.

15.7. Basic information on taxes

The tax system affecting the Sub-fund, holding and transfer of shares is governed by Act No. 586/1992 Coll., on Income Taxes, as amended (hereinafter only "Income Tax Act").

Income Tax Act sets out a basic rate of 5 % for the investment fund.

Income (revenues) from sale of shares is subject to personal or corporate income tax pursuant to Income Tax Act.

The taxation of income of individual investors/shareholders depends on applicable tax regulations, which might not be the same for each investor/shareholder. Provided the investor/shareholder is not sure about their tax regime, we recommend consulting a tax advisor.

15.8. Manner and frequency of publishing report on management of Sub-fund

Reports on Sub-fund's management shall be made available to the investors/shareholders on manager's website (internet address) www.redsidefunds.com, at least annually in accordance with Art. 15.3. of the Statute.

15.9. Information on the Czech National Bank – supervisory authority

The Czech National Bank (Česká národní banka), Na Příkopě 28, 115 03 Prague 1, tel.: 224 411 111, www.cnb.cz, info@cnb.cz

15.10. Important notice

The license granted by the Czech National Bank and the performance of supervision cannot guarantee return on investments or performance and cannot eliminate the possibility of breach of legal obligations or the Statute by the Sub-fund, Fund, manager, administrator, depository or any other persons, and cannot guarantee that potential damage (loss) arising from such breach shall be settled.

In Prague, on 4 June 2019

On behalf of **REDSIDE investiční společnost, a.s.**



Rudolf Vřešťál
Chairman of the Board of Directors



Ing. Karel Krhovský
Member of the Board of Directors