

REDSIDE investiční společnost, a.s.
V Celnice 1031/4, Prague 1, 110 00
Company ID No.: 242 44 601

Subject: Notice of the introduction of a new type of dividend investment shares A issued in respect to sub-fund NOVA Real Estate – podfond 1, which is a sub-fund of NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.

Dear shareholders,

We would like to start this letter by thanking you for the trust you have placed in our fund, NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s. We firmly believe that, over time, we have been able to meet your investment expectations and that you will also remain faithful to our real estate fund in the future.

In order to develop the activities of this fund and adapt its structure and processes to your requirements and expectations, on 28 February 2020 the General Meeting of the fund took place and decided about the change of the class of the current investment shares A into growth investment shares A and simultaneously decided about the amendment of the Articles of Association of the fund, by what a new class of investment shares, the so-called **dividend class of investment shares issued to the sub-fund NOVA Real Estate - podfond 1** has been introduced.

All these changes will become effective upon their registration with the commercial register, which is planned for 1 April 2020. From this moment your investment shares on your custody accounts will become growth investment shares A issued to the sub-fund NOVA Real Estate – podfond 1.

Nova Real Estate was originally structured as a growth fund issuing growth shares, where the fund's profit is not primarily paid out in the form of a dividend, but is retained in the fund to develop other investment activities, and thus the investors will receive the real yield from this investment activity upon the sale of their investment shares to the fund (capital yield).

However, from the point of view of the needs of, in particular, foreign international investors, and our long-term intention to make our fund more attractive to the widest possible range of qualified investors, we decided to introduce the dividend class in addition to the traditional growth class of investment shares. In the event of the fund generating a profit, holders of this dividend class shall be entitled to a regular annual dividend payment always on the basis of a decision of the fund's General Meeting, which shall always be held during June of the said year.

As your current investment shares will as of 1 April 2020 become growth investment shares, we offer you an opportunity to “switch” to the dividend class for free. Your decision to choose a growth or dividend class of investment shares should be preceded by an assessment of the individual tax aspects related to the taxation of capital gains and the dividend payout as such.

Shareholders holding growth shares benefit from a so-called capital gain, which is exempted from capital gains tax after three years of holding, i.e. meeting the time test. On the other hand, a dividend yield and the dividend itself is subject to a withholding tax of 15% each year for Czech and Slovak residents. In the case of a “switch” to the dividend class, the tax time test is discontinued and the three-year exemption period begins to run again.

Unfortunately, the existing investors intending to “switch” to the dividend class must, as the legislation does not allow otherwise, apply for a redemption of their growth investment shares and for the subscription of new dividend investment shares, which will not be required to be performed in cash, as both issues will be set-off against each other at the same value. It is, de facto, only a change in the class of investment share on your part, regardless of the value itself.

Dividend investment shares will be subscribed for the same value as your growth investment shares had (as the value of the dividend and growth investment shares is the same until the first dividend payment), meaning that shareholders will be credited with dividend investment shares of the same number/amount as the growth investment shares they had owned.

A standard-form redemption, subscription, and set-off contract will be published on the website www.redsidefunds.com as well as sent to your investment intermediaries. The deadline for sending this contract and the de facto application for the redemption of the growth investment shares and the subscription for dividend investment shares is set at 31 May 2020 (either in person, by post, or via your investment intermediary to the address of our registered office). The actual settlement of and subscription for the dividend investment shares will be carried out in June 2020.

We would like to assure you that the whole process of the introduction of a new class of investment shares took place in intensive cooperation with the fund's auditor, the fund's depository (Centrální depozitář cenných papírů, a.s.), the Czech National Bank, and our in-house and external lawyers.

We are convinced that this step will make the fund even more attractive for all the clients. This is because it allows you to diversify your investment even more without additional capital requirements, all while maintaining the fund as an open-ended fund.

Above all, we believe that you, the investors, will recognise and appreciate this step as being a manifestation of the continued efforts of your fund managers at REDSIDE to increase the attractiveness of the NOVA Real Estate fund and its further aim towards advanced European fund structures.

Thank you for your trust.

Kind regards



Karel Krhovský

Member of the Board of Directors of REDSIDE investiční společnost, a.s.



Rudolf Vřešťál

Chairman of the Board of Directors of REDSIDE investiční společnost, a.s.