

**NRE**

**Nova Real Estate**

# **STATUTE**

of the Investment fund  
with Variable Registered Capital

# 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, pursuant to Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended (hereinafter as the “Act”), hereby issues this

**Statute of investment fund and its sub-fund (hereinafter only the “Statute”):**

**PART I.**

**FUND**

**1. BASIC INFORMATION ABOUT THE INVESTMENT FUND**

**1.1. Details**

**NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.**, identification number 043 31 869, with registered office at Prague 1 - Nové Město, V Celnici 1031/4, Postal Code 11000, registered in the Commercial Register maintained by the Municipal Court in Prague, file no. B 20886 (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

**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.**, identification number 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](http://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**

20<sup>th</sup> 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 (as defined below).

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

The only member of the Management Board, i.e. the statutory body, is REDSIDE investiční společnost, a.s., identification number 242 44 601, with registered office at: Prague 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00. Rudolf Vřešťál is an empowered representative authorized to act individually on behalf of the statutory body.

Rudolf Vřešťál – authorized representative of the member of the Management Board

## 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.**, identification number 24244601, with registered office at: Prague 1 - Nové Město, V Celnici 1031/4, Postal Code 110 00, registered in the Commercial Register maintained by the Municipal Court in Prague, file no. B 18362 (hereinafter only “**manager**“ or “**Company**“ or “**Investment Company**“).

The Fund is authorized to be managed by the manager. When used in this Statute, the term manager refers to Fund's statutory body, i.e. REDSIDE investiční společnost, a.s.

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**

29<sup>th</sup> 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. 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 Chief Financial Officer

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

Ing. Michal Zachar, Member of the Board of Directors and Business Director

#### 2.6. Involvement of leading persons in other companies

<b>Rudolf Vřešťál</b>	<b>Company</b>	<b>Position</b>	<b>Identification number</b>
	REDSIDE investiční společnost, a.s.	Chairman of the Board of Directors	24244601
	ASB Czech Republic, s.r.o.	Managing Director	27215849
	BAZ Czech, a.s.	Chairman of the Board of Directors	28204298
	RVR Czech, s.r.o.	Managing Director	24300136
	UnitedData a.s.	Vice-chairman of the Board of Directors	04201094
	TC VENTURES, s.r.o.	Managing Director	25777581
	White Express s.r.o.	Managing Director	04378059
	Paříkova Property, s.r.o.	Managing Director	05481953
	CXD Czech, s.r.o.	Managing Director	06024271
	ZXJ Czech, s.r.o.	Managing Director	05866111
	NRE Hradec s.r.o.	Managing Director	03818900
	NRE Znojmo s.r.o.	Managing Director	03815579
	NRE Jablonec s.r.o.	Managing Director	03862984
	RUQ Czech, s.r.o.	Managing Director	04378024
	NRE South Point 16 s.r.o.	Managing Director	04486048
	NRE Vyšehrad Victoria s.r.o.	Managing Director	04485980
	NRE North Point 17 s.r.o.	Managing Director	04485874
	NRE OCCB s.r.o.	Managing Director	04607112
	NRE Kutil s.r.o.	Managing Director	04607155
	NRE Smíchov Gate s.r.o.	Managing Director	05469228
	NRE Panorama s.r.o.	Managing Director	05469091
	NRE Penny 1 s.r.o.	Managing Director	05628024
	NRE OFM s.r.o.	Managing Director	07549849
	REDSIDE Investments a.s.	Chairman of the Board of Directors	07187939
	RSFA, a.s.	Chairman of the Board of Directors	08579440
	ARCA OPPORTUNITY, SICAV, a.s.	Authorized representative of the only member of Management Board	24199591
	NOVA Real Estate, investiční fond s proměnným základním kapitálem, a.s.	Authorized representative of the only member of Management Board	04331869

NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s.	Authorized representative of the only member of Management Board	04699017
NOVA Green Energy, SICAV, a.s.	Authorized representative of the only member of Management Board	08789622
SWISS FUNDS, a.s.	Member of the Supervisory Board	05421721

<b>Ing. Karel Krhovský</b>	<b>Company</b>	<b>Position</b>	<b>Identification number</b>
	REDSIDE investiční společnost, a.s.	Member of the Board of Directors	24244601
	REDSIDE Investments a.s.	Member of the Board of Directors	07187939
	KJU Czech, s.r.o.	Managing Director	08123853
	RFSA, a.s.	Member of the Board of Directors	08579440

  

<b>Ing. Michal Zachar</b>	<b>Company</b>	<b>Position</b>	<b>Identification number</b>
	REDSIDE investiční společnost, a.s.	Member of the Board of Directors	24244601

#### 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., identification number: 24199591, with registered office at V Celnici 1031/4, Nové-Město Praha 1, PSČ 110 00; registered in the Commercial Register maintained by the Municipal Court in Prague, file no. B 17785.
  - NOVA Green Energy, SICAV, a.s., identification number: 08789622, registered office: V Celnici 1031/4, Nové Město, 110 00 Praha 1; registered in the Commercial Register kept by the Municipal Court in Prague, file no. B 24997.
  - NOVA Money Market, investiční fond s proměnným základním kapitálem, a.s., identification number 04699017, registered office V Celnici 1031/4, Nové Město, 110 00 Praha 1, registered in the Commercial Register maintained by the Municipal Court in Prague, file no. B 21276.
- **Other business activities of the manager**

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

#### 2.10. **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 (Management Board), which is a legal person empowered to perform management and administration of the Fund. This legal person is REDSIDE investiční společnost, a.s., identification number 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 or 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 the Sub-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 maintained 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 Czech Republic, 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 Czech Republic, s.r.o. include:
  - o Bookkeeping for the Administrator, kept separately for investment and mutual funds,
  - o Preparation of regular statutory financial statements and regular reports for management purposes,
  - o Back office services
  - o 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;
- Contract for authorization of another person to perform an individual activity involving the administration of the investment fund – provision of services in the area of information and communication technologies
  - The contract is concluded between the Administrator and ACMT s.r.o., identification number 28482981, with registered office at 110 00 Praha 1 – Nové Město, V Celnici 1031/4, registered in the Commercial Register maintained by the Municipal Court in Prague, file no. C 144861;

## 6. INFORMATION ON DEPOSITARY

### 6.1. Depositary'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.

The depositary is listed in the list of investment fund depositaries kept by the Czech National Bank.

### 6.2. Description of basic characteristics of depositary's activities including responsibilities

Depositary 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 depositary takes place through the administrator that ensures the performance of respective obligations of the Fund towards depositary in compliance with the depositary agreement.

### 6.5. **Basic principles of the depositary's activities**

The aim of the activities of the depositary is not to duplicate the activities performed by the manager. The activities of persons performing specific activities for the Fund (the manager, the administrator) and the depositary are based on the principle of division of roles and responsibilities. The aim of the control activities performed by the depositary in specific areas is to verify that the Fund's relevant procedures are set up and carried out properly and to address any shortcomings discovered using the established escalation procedures.

Therefore, the depositary's duties mostly include verifying (in areas that are, according to relevant legislation, subject to the depositary's checks) that the manager has procedures in place for carrying out his activities and that the procedures are in accordance with the Act, the AIFMD and the Statute. The depositary then performs random checks, verifying that specific activities of the manager are in accordance with the procedures.

The depositary performs this activity when:

1. Upon the formation of a relationship with the manager. The depositary focuses on basic checks regarding the existence of procedures and rules relating to the manager's activities;
2. Periodically. The depositary focuses on updates being made to the procedures as frequently as the law requires and when changes are made to the regulatory rules and the Statutes. The depositary also randomly monitors the manager's activities.

The provisions of the depositary contract are to correspond to the stated principles and the whole regulatory framework. The aim of the depositary is not to contractually expand his scope of activities and responsibilities beyond these limits.

Unless otherwise agreed-upon between the manager and the depositary, no steps taken by the manager are conditional to the depositary's express agreement. The depositary focuses on carrying out ex-post checks.

### 6.6. **Purpose of the control activity of the depositary**

The purpose of the control activity of the depositary is to protect the interests of the Fund's and Sub-Fund's investors by checking the activity of the manager and notifying the manager of the non-compliance of his activities with the legislation, the Statute or the depositary contract. If the depositary discovers any non-compliance, he follows the escalation procedures set out in the depositary contract. The primary purpose of an escalation procedure is to remove the defective state in a manner ensuring that the rights and interests of the investors are not jeopardized, and, if damage can't be avoided, so that the damage suffered is minimized. The depositary reports the shortcomings to the Czech National Bank only after all escalatory procedural means have been exhausted with the manager. The depositary only reports serious findings (e.g. if the manager refuses to correct the situation) or systemic findings (repeated shortcomings). The procedure is laid out in the depositary contract.

## 6.7. **Individual control activities of the depositary**

The subject matter of the specific control activity of the depositary, which is to be done in the context of the laid out basic principles, is checking the compliance of the activities listed below with the Act, AIFMD, the Fund's Statute, and the provisions of the depositary contract:

- A. Issuing and redeeming investment shares,
- B. Calculating the current value of investment shares,
- C. Valuation of the Sub-Fund's assets and debts,
- D. Paying out consideration from trades involving the assets of the Sub-Fund within the usual time limit,
- E. Using revenues of the Sub-Fund,
- F. Checking the orders of the manager carried out by the depositary,
- G. Checking the state of the Sub-Fund's assets that cannot be kept in custody or safekept.

Section 73 par. 1 point f) and Section 73 par. 2 of the Act (ex ante) and references to the UCITS Depositary Directive shall not apply to the depositary of the qualified investor fund.

## 7. **INFORMATION ON FUND'S SHARES**

### 7.1. **Shares**

The Fund issues founding shares in relation to the Fund and investment shares in relation to the Sub-Fund or other sub-funds of the Fund. The founding and investment shares are issued by the Fund as no-par value shares, i.e. 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 rights may not be attached to the founding shares. All rights attached to the founding shares of the Fund are described in the Fund's Articles of Association.

### 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.

The Fund issues growth shares and dividend investment shares to the Sub-Fund in accordance with the Fund's Articles of Association. Investment shares are issued as no-par value shares, i.e. without nominal value. Investment shares issued to the Sub-Fund carry rights that are governed by the Fund's Articles of Association for each individual type of investment shares (growth and dividend). Investment shares also carry the right to be redeemed upon the request of the owner to the account of the Sub-Fund. Investment shares cease to exist upon being redeemed.

**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. Type and Form**

Founding shares are securities in certificated form and investment shares are book-entry securities registered in the follow-up records linked to the central records of Centrální depozitář cenných papírů, a.s. Both founding and investment shares are registered shares.

**7.6. Nominal value**

Shares (neither founders', nor investment) do not have nominal value, they are no-par value shares.

**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**

The Fund's shares, which are issued as book-entry securities, are held by the shareholders of the Fund in their asset accounts in the follow-up records linked to the central records of Centrální depozitář cenných papírů, a.s., more specifically the individual so-called participants of Centrální depozitář cenných papírů, a.s. listed on its website.

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

**7.9. Description 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.

All rights attached to the founding and investment shares of the Fund are described in the Fund's Articles of Association. 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 (founding and investment) of the Fund, a right to:

- a) participate in managing the Fund in compliance with legally binding regulations, articles of association and this Statute, or the respective sub-fund ;

- b) a share on profit of the Fund, or the respective sub-fund;
- 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, or the respective sub-fund, upon the request of a shareholder in writing.

The documents stated in d) above are disclosed and are also available to every shareholder, or specifically subscriber, according to 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 and the Fund's Articles of Association.

#### 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 investment shares designated 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. In case of a cross-border Fund offer within another EU member state, a notification in the territory of the relevant country must be secured in accordance with Sections 311 - 314 of the Act.

## **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** (hereinafter the "**Sub-fund**").

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 1<sup>st</sup> January to 31<sup>th</sup> 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 (e.g. January) according to the level (balance) on the last day of the relevant calendar month (e.g. by 31 January) (this day is the decisive day under Section 130 (1) of the Act), and is known by the 15<sup>th</sup> day of the following calendar month at the latest (e.g. by 15 February)(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 current value of the Sub-Fund's investment shares is determined for each type and class of investment share separately (i.e. it is determined separately for dividend investment shares and growth investment shares as well as the individual currency classes of each type of investment share). The current investment share value is calculated without drawing up accounts.

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 international 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. 11.4.1 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 the Fund's website or 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 +/- 0,5 % of the Sub-fund's NAV.

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

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

- Dividend investment shares A

- Growth investment shares A

Both types of investment shares are available in two currency classes, CZK and EUR.

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 shares of the relevant class at the end of the relevant month; Both classes of investment shares show the same month-on-month performance growth, which is equivalent to the total performance of the Sub-Fund as shown by the coefficient "k" below;
- The currency risk of currency fluctuations (EUR and CZK) is spread between holders of both classes of investment shares in proportion to the current asset structure of the currencies in question, i.e. the investor may be exposed to a certain currency risk as the Sub-fund holds both assets in EUR as well as CZK-denominated assets.

### 1. Calculation of the Sub-fund's performance ratio:

$$k = \text{NAV2} / (\text{P12} * \text{H11} * \text{FX2} + \text{P22} * \text{H21} * \text{FX2} + \text{P32} * \text{H31} + \text{P42} * \text{H41})$$

K - the performance coefficient of the current month;

NAV2 – net assets of the Sub-Fund at the end of the month;

P12 – number of dividend-class shares in EUR at the end of the current month

H11 – value of a dividend-class share in EUR at the end of the previous month

P22 – number of growth-class shares in EUR at the end of the current month;

H21 – value of a growth-class share in EUR at the end of the previous month;

P32 – number of dividend-class shares in CZK at the end of the current month;

H31 – value of a dividend-class share in CZK at the end of the previous month;

P42 – number of growth-class shares in CZK at the end of the current month;

H41 – value of a growth-class share in CZK 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 Sub-fund's investment share:

$$H12 = H11 * k$$

$$H22 = H21 * k$$

$$H32 = H31 * k$$

$$H42 = H41 * k$$

H12 – value of a dividend-class share in EUR at the end of the current month

H22 – value of a growth-class share in EUR at the end of the current month

H32 – value of a dividend-class share in CZK at the end of the current month

H42 – value of a growth-class share in CZK at the end of the current month

### 3. Calculation of the value of the investment shares in month when the General Meeting decided on distribution of the profit from the Sub-fund's management

$$H12 = (H11 * k) - d1$$

$$H22 = H21 * k$$

$$H32 = (H31 * k) - d2$$

$$H42 = H41 * k$$

H12 – value of a dividend-class share in EUR at the end of the current month

H22 – value of a growth-class share in EUR at the end of the current month

H32 – value of a dividend-class share in CZK at the end of the current month

H42 – value of a growth-class share in CZK at the end of the current month



d1 – amount of paid out gross dividends per share in EUR  
d2 – amount of paid out gross dividends per share in CZK

**4. Additional calculation of the monthly performance of the Sub-fund's investment shares:**

$$n = (H12 / H11) - 1$$

$$n = (H22 / H21) - 1$$

$$n = (H32 / H31) - 1$$

$$n = (H42 / H41) - 1$$

Where: n - performance of the Sub-fund for the current month in %

**9.5. Distribution/Allocation of Profits**

The economic result of the Sub-fund reflects the difference between revenues generated by the investment strategy defined by the Statute 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 (in the case of dividend investment shares) to pay the dividend with a pay-out ratio up to 100 % of the profit generated for the accounting period belonging to the dividend class of investment shares. 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 (in the case of dividend investment shares), 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**

The fund issues growth and dividend investment shares of the Sub-Fund.

**10.1. Form**

Book-entered registered shares.

**10.2. Nominal Value**

Shares do not have any nominal value, they are the so-called no-par value shares.

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

The Sub-fund issues two currency classes of both growth and dividend investment shares: growth investment shares: EUR (ISIN:CZ0008041845) or CZK (ISIN: CZ0008043049) and dividend investment shares: EUR (ISIN:CZ0008044948) or CZK (ISIN: CZ0008044930).

### 10.4. Class of shares of the Sub-fund

Growth investment shares A and dividend investment shares A, which carry rights according to Articles 6 and 33 of the Fund's Articles of Association.

### 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 administrator.

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](http://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 and the Investment Company as the administrator and manager. 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 manager of the Fund as well as on the website of the manager in the Fund and Sub-Fund section.

In order to maintain stability and credibility of the Fund, it is entitled through its manager to decide whether or not conclude the subscription agreement on investment shares with interested persons. No legal claim for concluding a subscription agreement of investment shares can be made and the Investment Company 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 for a respective period (i.e. a calendar month) within which investor's financial means were credited to the account of the Sub-fund, or possibly within which the contribution in kind was effectively contributed on the account of the Sub-fund. For every period, the current value of the investment share is calculated and published according to the asset value as at the last day of the relevant 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 at the decisive day rounded down to whole numbers. In case of contribution in kind the number of investment shares issued for the investor by the Sub-fund matches the portion of the value of the contribution in kind, as it was set by the expert chosen for this purpose by the member of the Management Board and the current value of the investment shares issued for the Sub-fund (possibly increased by a surcharge) effective as at the day, when the contribution in kind has been effectively contributed rounded down to whole numbers.

The difference between credited amount or value of the contribution in kind and the amount corresponding the calculated value of 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 contributions in kind (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

contribution in kind shall be determined through an opinion of an expert chosen by the member of the Management Board, however the costs related to the valuation of contribution in kind is always born by the investor (contributor). The Fund is not obliged to conclude an agreement with an investor or accept contribution in kind and it is at its discretion to decide whether to accept the fulfilment in the form of contribution in kind. Even in case of contribution in kind, the obligation to meet the minimum amount of investment applies. Contribution in kind shall be always made within one (1) month from the acceptance of the contribution obligation. Provided the contribution in kind is immovable property, the investor transfers the right to the immovable property and hands over a written declaration with notarized signature confirming the deposit of immovable property to the Management Board. Provided the subject of contribution is movable property, the contribution is made through a handover of the subject of the contribution to the Management Board 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 contribution in kind does not allow factual handover of the movable property (asset), it is handed over by delivery of data and other medium containing the property (asset), and the documentation including the nature, content and other facts important in order to make use of the contribution in kind. Provided the contribution in kind is a share in a business corporation, the asset is contributed through concluding effective contribution (deposit) agreement, which shall contain all particulars required for the transfer of the share in a business corporation pursuant to the Business Corporations Act and the Civil Code. Provided the contribution in kind is a receivable, the subject of contribution is contributed as of the effective date of agreement on contributing (transferring) the receivable. Provided the contribution in kind is a business enterprise (business unit) or its part (if the law allows it), the subject of contribution is contributed as at the effective date of agreement on contribution (transfer). In any other cases, the contribution in kind is entered as at the effective date of the agreement on contribution (transfer) between investor and the Fund.

Book-entry 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](http://www.redsidefunds.com) or available at the registered office of the Company.

The Fund issues investment shares to the investor within twenty (20) business days from the disclosure of the current value of the relevant investment shares of the Sub-Fund for the relevant calendar month. This timeframe can be extended in the event of technical difficulties on the part of the Sub-Fund or an institution issuing securities. The timeframe for the issuance of investment shares also presumes the timely and correct submission of all contractual documentation at the registered office of the Company. 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) and i) 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 Company 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.

If an investor invests in more funds managed by the Investment Company, his investment in the Sub-Fund must not fall below the threshold of a minimum investment of CZK 250,000.00 (two hundred and fifty thousand Czech crowns) or EUR 10,000.00 (ten thousand euro). The sum of all investments of the investor withing the investment funds managed by the Investment Company must amount to at least CZK 1,000,000.00.

Minimum value of any other investment (value of subscribed shares) shall amount in every single case to at least CZK 250,000.00 or EUR 10,000.00.

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 the 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 EUR 10,000.00.

#### **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 a deduction fee of maximum of 5 % at most from the volume of the redeemed amount within the period of two years of the investor's entry into the Sub-Fund, maximum of 3 % within the period of three years from the investor's entry into the Sub-Fund, maximum of 2 % within the period of four years from the investor's entry into the Sub-Fund, and maximum of 1 % within the period of five years from the investor's entry into the Sub-Fund. If five or more years have passed from the investor's entry into the Sub-Fund, the exit fee does not apply. The manager of the Sub-Fund decides on the amount of fee deducted from the volume of the redeemed amount.

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 month) in which the request for the redemption of the investment shares was delivered to the Sub-Fund/Company. For each calendar month, the value of the investment shares for this month is determined and announced in the subsequent month according to the assets of the Sub-fund as at the last day of the relevant month. The Fund is obliged to redeem investment shares from a shareholder within:

- a) 4 months from the last day of the calendar month in which the Sub-Fund/Company received a request for the redemption of investment shares, if the shareholder requests the redemption of the investment shares at the current value corresponding to a maximum of CZK 10,000,000.00 or the equivalent in EUR;
- b) 6 months from the last calendar day of the month in which the Sub-Fund/Company received a request for the redemption of investment shares if the shareholder requests the redemption of the investment shares at the current value corresponding to an amount greater than CZK 10,000,000.00, but no greater than CZK 30,000,000.00 or the equivalent in EUR;
- c) 12 months from the last calendar day of the month in which the Sub-Fund/Company received a request for the redemption of investment shares if the shareholder requests the redemption

of the investment shares at the current value corresponding to an amount greater than CZK 30,000,000.00 or the equivalent in EUR.

while using the means 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 amount corresponding of the number of shares multiplied by their current value set for the period (i.e. calendar month), in which the request for the redemption of the investment shares was delivered to the Sub-Fund/Company. 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 considered 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 erasure from the CDCP records.

Minimum amount of a single redemption of investment shares amounts to CZK 250,000.00 or EUR 10,000.00 (in words: ten thousand euro). 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 (i) EUR 125,000 (in words: one hundred and twenty five thousand euro) or (ii) CZK 1,000,000 or EUR 40,000 in case of the Investor under Section 272 (1) (i) point 2 of the Act provided the redemption of all shareholder's investment shares does not take place, except when a third party becomes a shareholder of the Fund as a result of transition 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 EUR 10,000.

In the event of partial redemption, the shareholder must specify whether he requires a specific number of investment shares of the Sub-Fund to be redeemed or whether he requires a specific amount to be redeemed. If the amount requested by the shareholder does not correspond to the full number of investment shares of the Sub-Fund, the Investment Company will redeem the closest higher full number of investment shares of the Sub-fund, and the difference between the financial amount requested by the shareholder and the amount obtained from the redemption of the investment shares shall be credited on the account of the Sub-Fund.

The Fund may suspend the issuing or the redemption of investment shares issued to 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 owning these shares, e.g. in case of a sharp move of assets value forming a significant part of the property of the Sub-fund, or for other reasons determined by law. The suspension of issuance and redemption of investment shares of the Sub-Fund shall be decided by the member of the Management Board. The member of the Management Board shall draw up his/her decision in writing and state the 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 of issuance or redemption of investment shares also applies to the investment shares whose issuance or 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 the investment shares haven't been issued yet, and/or
- b) for the period when the issuance and redemption of investment shares was suspended.

Date of resuming issuance or 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 THE 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. Sub-Fund's investment strategy**

Commercial real estate as an asset investment category is considered as an appropriate tool to diversify the portfolio. Real estate is viewed as a resistant value preserver that brings stable earnings for the investor. Acquisitions are carried out in accordance with the internal rules of the manager. Only premium real estate is added as the Sub-Fund's asset. When evaluating the profitability of transactions, the length and quality of rental agreements, the current market situation for the specific real estate type, the location, the overall state of the real estate and the business history and reputation of the seller are taken into account. These aspects significantly influence the value and potential future market liquidity of the asset.

The Sub-Fund primarily invests on the Czech real estate market with potential expansion into the Central European market.

The types of real estate assets the Sub-Fund invests in accordance with the selected investment strategy are:

- Office buildings in Prague and other cities in the Central European region with liquid market;
- Retail parks in regions of the Czech Republic;
- Industrial real estate (or their development) within Central and Eastern Europe.

The aim of the Sub-Fund is to be the best choice for conservative investors who expect stable and reasonable capital appreciation in the real estate market area. Strict regulatory framework, clearly set manager motivation, a reputable manager, expert or auditor, or other institutional and project

guarantees, including supervision by the depositary bank and the Czech National Bank ensure the Sub-Fund's maximum transparency in accordance with the norms of investment funds in Western Europe.

### 11.3. 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.

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

11.4.1. 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.

11.4.2. The Sub-fund shall invest its property mainly in real estate companies and receivables (including subordinated claims) towards real estate companies, in which it has acquired participation or is taking steps to acquire it in the future.

11.4.3. 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.

11.4.4. 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.

11.4.5. 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.

- 11.4.6. The Sub-fund may provide business companies with credit or loan pursuant to Art. 11.4.1, provided it has acquired participation or is taking steps to acquire participation in these business companies in the future.
- 11.4.7. The Sub-fund may acquire receivables against business companies in compliance with Art. 11.4.1, provided it has acquired participation or is taking steps to acquire participation 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.
- 11.4.8. The Sub-fund may acquire other movable assets different from the assets stated in Art. 11.4.1 to 11.4.7, 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 11.4.1 to 11.4.7.
- 11.4.9. 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.

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

When managing the assets of the Sub-Fund, techniques and instruments set out in Part Three, Title II. of Decree No. 243/2013 Coll, on investment of fund investments and techniques and instruments used for the purpose of the management. The manager may, when managing the assets of the Sub-fund, use repo (transactions) and financial derivatives as a support method when for the Sub-Fund's asset management (e.g. when managing the currency risk). The manager may, when managing the assets of the Sub-fund, make use of leverage effect on the level of the Sub-Fund as well as its subsidiary companies; the limits of leverage use degree are set out in terms of acceptance of credits and loans in Art. 11.12.

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

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



- 11.6.1. acquisition of assets in Sub-fund property according to Art. 11.4. Provided the acquisition of these assets is financed through using loans and credits, the manager proceeds in accordance with Art. 11.12. 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;
- 11.6.2. providing loans and credits for real estate companies;
- 11.6.3. asset sale according to Art. 11.4.;
- 11.6.4. The Sub-fund may conclude, in terms of shares in business companies in the possession of the Fund, pledge agreements.

#### 11.7. **Limits (restrictions) and distribution of risk**

- 11.7.1. 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.
- 11.7.2. Receivables  
No more than 35 % of the asset value of the Sub-fund may be invested in claims against the same debtor.
- 11.7.3. 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.
- 11.7.4. 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.
- 11.7.5. 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.
- 11.7.6. Liquid assets  
The proportion of liquid assets will usually be lower than 10 % of net asset value (NAV). 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. The Sub-fund can invest the liquid part of the assets in the short term 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 collective investment funds or liquid funds of qualified investors; 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.

#### **11.8. 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.

#### **11.9. 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-funds 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.

#### **11.10. 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).

**11.11. More detailed information on securing investments**

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

**11.12. Rules for accepting and providing credits and loans and for maximum limits, conditions of using leverage**

**Accepting credits and loans by the Sub-fund**

When managing the assets of the Sub-Fund, leverage can be used on the level of the Sub-Fund's assets through accepting credits and loans from financial institutions and banks within standard banking transactions. The Sub-fund may conclude agreements on accepting a credit or loan in total amount which is lower than 95% of Sub-fund's value (regardless the number of debtors). In case of accepting credit or loan in order to acquire, maintain or improve value of share in a real estate company, such accepted credit or a loan may amount up to 95% of the value of the acquired asset. Contracts on the acceptance of a credit or a loan concluded between the Sub-Fund as the debtor and the financial institution as the creditor will include all standard LMA (Loan Market Association) provisions. The Sub-fund as a debtor and provider of security can provide an acceptable standard scope of security for the credit or loan using the Sub-fund's assets. The risks associated with using leverage are namely an increase of the interest rates in connection with the credit or loan or a possible decrease in the value of the underlying asset of the credit or loan and obligation to supplement this decrease using equity.

When managing the assets of the Sub-fund, leverage can be used on the level of the subsidiary companies owned by the Sub-fund (SPV level) through accepting credits and loans from financial institutions and banks. The limits for the leverage on the level of the SPVs assets are set at a maximum of 85 % of the relevant SPVs asset value (equity), i.e. the value of the project. Contracts on the acceptance of a credit or a loan concluded between the real estate company as the debtor and the financial institution as the creditor will include all standard LMA (Loan Market Association) provisions. The real estate company as a debtor and provider of security can provide an acceptable standard scope of security for the credit or loan using the Sub-fund's assets. The risks associated with using leverage are namely an increase of the interest rates in connection with the credit or loan or a possible decrease in the value of the underlying asset of the credit or loan and an obligation to supplement this decrease using equity.

The Sub-fund can provide security for the received credit or loan provided that providing such security has a positive economic impact and that a cost-benefit analysis is carried out. Provision of security must be in accordance with the overall investment strategy of the Sub-fund and cannot lead to an unreasonable increase of the risk of the Sub-fund's portfolio.

**Providing credits and loans by the Sub-fund**

The Sub-fund can also provide purpose loans and credits, collectively up to a 100 % of the value of the Sub-fund's assets. Credits and loans will be provided by the Sub-fund with a due date no longer than 10 years and under the conditions customary in business. Providing a credit or a loan shall be conditioned

by the provision of sufficient security (e.g. pledge, promissory note, guarantee statement etc.), with the exception of the conditions laid out in the following paragraph.

Provided the credit or loan is provided by the Sub-fund 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.

**11.13. 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.

**11.14. 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.

**11.15. 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.

**11.16. Specification of investors of the Sub-fund**

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

**11.17. 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 or investment funds or other financial instruments specializing on different segments of the real estate market (e.g. logistics, retail or office or industrial buildings).

Experience verification:

Provided it is a qualified investors fund, the suitability of the investment fund for potential investors is not assessed. If the investment is lower than EUR 125,000.00, but greater than CZK 1,000,000.00 (or the equivalent amount according to paragraph 10.5 of the Statute), the manager or administrator will assess, in accordance with the Act, whether the investment of the investor corresponds with the investor's financial background, investment goals, expert knowledge and experience in the area of investments.

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.

**11.18. Number of shareholders of the Sub-fund**

Not limited.

**11.19. 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 (EUR 40,000.00 for investments in euro) 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 EUR 10,000.00.

**11.20. Conditional transferability (assignment)**

In order to assign (transfer) investment shares, the shareholder must obtain prior consent of the member of Management Board of the Fund, and that is in written form.

**11.21. 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 member of the Management Board of the Fund regarding the change of an owner, so that the Investment Company can assess the suitability of the investment for the investor and secure all necessary compliance / AML procedures in accordance with the internal regulations of the manager.

**11.22. Rules on providing information**

All shareholders shall be provided with information, and that is in electronic form on the website [www.redsidefunds.com](http://www.redsidefunds.com) or via "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 15<sup>th</sup> day of the following month at the latest.

#### 11.23. **Repo operation**

The Sub-fund in term of its business activities can carry out repo operations.

#### 11.24. **Strategic placement of assets**

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

#### 11.25. **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. 11.6.4. Sub-fund assets cannot be used in order to grant credits or loans that are not related to their management.

#### 11.26. **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**

Considering the possible unforeseeable fluctuation on the real estate market, the value of the Sub-fund's assets can fluctuate, meaning it can increase and decrease. Moreover, loss of planned profits from rent can lead to a decrease in the value of investment shares because of lower net profits. If the loss of profits is of a long-term basis, it will be reflected in the decrease in the value of the relevant property. Because of the nature of real estate property, which makes up a major part of the Fund's assets, it is necessary to point out that liquidation of a real estate property while trying to achieve the best price possible is time consuming. Shall it be necessary to sell the immovable assets in a short time, there is a risk of not achieving the expected price for the property. There is a credit risk in subjects who have payment obligations towards the Sub-fund (e.g. real estate tenants, investment instruments debtors etc.) will not fulfill their obligation. Loss of planned profits from rent can happen at random and affect the more significant real estate property tenants or be connected with the overall state of the market (e.g. in the case of economic recession, which affects the behavior of the majority of tenants or potential tenants influences the market). A part of the real estate in the Fund's portfolio and a part of the rent arising from the real estate properties in the portfolio is kept in CZK. The overall performance of the Fund can therefore also be influenced by the EUR/CZK exchange rate. The profitability of the investment can't be guaranteed.

#### 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 security 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. Past performance does not constitute a guarantee of any future performance.

## 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 concentration within selected investment partners

The Sub-fund's investments can concentrate on projects, investments and values that the Fund purchases within selected financial group. The business risk lies in failure to fulfill the business plans of individual projects or the failure of this financial group as a counterparty of the Fund, including all project companies belonging to such financial groups.

- s) 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.

- t) risks associated with a failure to repay bank credit line by real estate company (SPV), which could lead to the sale of the relevant real estate property

- u) changes in tax law can lead to a decrease in the value of the relevant real estate property

### **13. INFORMATION ON DISBURSMENT OF SHARES IN PROFIT IN CASE OF DIVIDEND INVESTMENT SHARES**

#### **13.1. Decisive day for profit-sharing payment**

In case of profit and in case of dividend investment shares, 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 of the month, in which the General Meeting takes place, i.e. the right to a dividend belongs to the holders of dividend investment shares who, at the decisive date, own dividend investment shares of the Sub-fund. If the decisive date is a business day, the General Meeting will be held the same day as the decisive day, which will decide on the payment of the dividend.

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 for the payment of the dividends, the decisive day included.

In order to protect the investors, shareholders who have a filed a request for the redemption of investment shares by the Sub-fund (redemption request) before the decisive day for the payment of the dividends are not entitled to a payment of the dividends, unless the redemption request is filed in a month in which the General Meeting deciding on the payment of the dividends takes place (meaning a month that includes the decisive day for the payment of the dividends).

- 13.2. 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.

#### **13.3. 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.

#### 13.4. 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 dividend investment shares in the subscription documentation, or otherwise, in writing, to the address of the member of the Management Board.

#### 13.5. 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.

#### 13.6. 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

<b>One-time fees charged prior to and after the termination of investment</b> (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) – investments made before or on 30.4.2020	Up to 5 % if the shareholder requests the redemption of investment shares before the period of 24 months from their acquisition. If the shareholder requests the redemption of the investment shares after the period of 24 months after acquiring the investment shares, the deduction shall not apply.
Exit fee (deduction) – investments made after 1.5.2020	Up to 5 %. See Article 10.6 of the Statute
<b>Costs settled from Sub-fund's property in the course of the year</b>	
Management fee for investment company	1,6 % p.a.
Total maximum expense-to-NAV ratio (before any costs associated with the payment of the performance fee)	1,95 %
<b>Costs settled from Sub-fund's property under special conditions</b>	
Performance fee	30% from the Value exceeding 6% of the Annual

	<p>Performance of the Sub-fund calculated on the growth class of the investment shares of the Sub-fund</p> <p>Performance fee is further based on High Water Mark (HWM) principle, i.e. for the purpose of calculation of the performance fee the highest value of the growth investment share as at 31.12. in a history of the Sub-fund will be used as comparative base for a relevant year.</p> <p>To apply the performance fee, the value of growth class investment share as at 31.12. in a relevant year must exceed the highest audited value of the growth investment share as at 31.12. in the history of Sub-fund by at least 6%.</p> <p>For the avoidance of any doubts, two following conditions must be fulfilled to apply the performance fee:</p> <ol style="list-style-type: none"> <li>i. Audited performance of the growth investment share reached at least 6% in a relevant year;</li> <li>ii. The performance in the relevant year exceeded the HWM threshold by at least 6%, i.e. the highest NAV per growth investment share in the history of Sub-fund.</li> </ol>
<p><b>Value</b> means the sum of NAV of the Sub-fund and disbursed gross dividends</p> <p><b>NAV of the Sub-fund</b> means the value of the Sub-fund's equity as at 31.12. of the relevant year after audit and revaluation excluding</p>	

<p>the items which have no impact on the change of the Sub-fund's performance</p> <p><b>Annual performance of the Sub-fund</b> means the percentage difference between the value of the growth investment shares of the Sub-fund as at 1.1. and 31.12 in the relevant year</p>	
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#### 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 this Statute and in the agreement on the performance of office of the member of the Management Board. 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.

##### **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](http://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](http://www.redsidefunds.com) or send an inquiry to [info@redsidefunds.com](mailto: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](http://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](http://www.cnb.cz), [info@cnb.cz](mailto: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.

**This Statute is made in the Czech and English version. In case of any discrepancies between both language versions, the Czech version shall prevail.**

In Prague, on 8 February 2021

Effective date: 8 February 2021

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



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Rudolf Vřešťál  
Chairman of the Board of Directors



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Ing. Karel Krhovský  
Member of the Board of Directors