EUROPA INVESTMENT PROPERTY CZ A.S.

Bond programme
with the maximum volume of CZK 500,000,000 in unpaid bonds
with programme duration of 10 years

1. PROSPECTUS AMENDMENT

This first amendment to the Prospectus ("**First Prospectus Amendment**") updates the Base Prospectus of the bond programme ("**Bond Programme**") of Europa Investment Property CZ a.s. with its registered office at Jindřišská 901/5, Nové Město, 110 00 Prague 1, IČ (Company ID Number): 06600204, registered in the Commercial Register of the Municipal Court in Prague, section B, file B 22998 ("**Issuer**").

The Base Prospectus containing the terms of issue of the Bonds was approved by a decision of CNB ref. no. 2019/055837/CNB/570 of 23 May 2019 which came into force on 28 May 2019.

The First Prospectus Amendment was issued on 19 August 2019 and approved by a decision of CNB ref. no. 2019/090381/CNB/570 of 21 August 2019 which came into force on [●].

The First Prospectus Amendment updates the Base Prospectus as defined in Section 36j of Act No. 256/2004 Sb., on Capital Market Undertakings, and it should always be read in conjunction with the Base Prospectus (and any other amendments thereto). Any terms not defined in this First Prospectus Amendment shall have the meaning assigned to them in the Base Prospectus.

The First Prospectus Amendment updates primarily the information regarding the countries of public offering.

The Base Prospectus and all its amendments as well as other published documents are available for consultation electronically on the Issuer's website at www.europaproperty.org, "Bonds" section, as well as on request free of charge at the Issuer's office at Jindřišská 901/5, Nové Město, 110 00 Prague 1, on business days from 9:00 a.m. to 4:00 p.m.

RESPONSIBLE PERSONS

The person responsible for the accuracy and completeness of the information contained in the First Prospectus Amendment is the Issuer, i.e. Europa Investment Property CZ a.s. with its registered office at Jindřišská 901/5, Nové Město, 110 00 Prague 1, IČ (Company ID No.): 06600204, registered in the Commercial Register of the Municipal Court in Prague, section B, file B 22998.

The Issuer, having exercised due diligence, declares that the information given in the First Prospectus Amendment, to the best of the Issuer's knowledge, reflects reality and that no facts were concealed that may change the meaning of the First Prospectus Amendment.

Prague, 19 August 2019

Europa Investment Property CZ a.s.

Ondrej Spodniak LL.M.
Job title: Member of the Board

CHANGES COMPARED TO THE INFORMATION CONTAINED IN THE BASE PROSPECTUS

The First Prospectus Amendment amends and updates the following chapters:

1 Summary

2 Risk Factors

4 Details of the Bonds and the Offering

5 Details of Securities Offered – Terms of Issue of Bonds

6 Template of the Issue Amendment - Final Terms of the Issue, including Bond Programme Supplement

12 Taxation and Foreign Exchange Regulation in the Czech Republic

The data and information updates follow the numbering system applied to the individual corresponding chapters of the relevant parts of the Base Prospectus. No announcements, information and data that remained unchanged compared to the Base Prospectus are listed.

1 Summary

In Section E, item E.3, part SUMMARY, the ***second paragraph*** *regarding the countries of the public offering has been amended as follows:*

E.3	Description of the Terms of the Offering	… [The Bonds will be distributed by public offering in the Czech Republic, in the United Kingdom of Great Britain and Northern Ireland and in the Republic of Hungary. The public offering will take place from [●] to [●]. Bonds in the public offering may be acquired by persons having their registered office or place of residence in the Czech Republic and abroad. The categories of potential investors, to whom the securities are offered, are not restricted. …

In Section D, item D.3, part SUMMARY, the ***last paragraph*** *regarding the risk of Brexit has been amended as follows:*

D.3	Main Details of the Main Securities-Specific Risks	… There have been ongoing discussions regarding the withdrawal of the United Kingdom from the European Union ("Brexit"). In the event of the "hard Brexit", it may happen that the United Kingdom, or its financial markets regulator to be more precise, will not be able to recognize previously notified prospectuses for securities issued by issuers from other European Union states starting from the effective date of Brexit, i.e. the Issuer's Base Prospectus validly notified in the United Kingdom may not be recognized. Should this be the case, the Issuer will terminate the public offering of the Bonds in the United Kingdom immediately after the effective date of Brexit.

2 Risk Factors

Article ***2.2.5 Taxation,*** *first paragraph, has been amended as follows:*

a) Potential buyers or sellers of Bonds should be aware that they may be obliged to pay taxes, levies or fees to public authorities in accordance with the law or customs of the state in which the Bonds are acquired or sold. In some countries, no official opinions of tax authorities or judicial decisions on financial tools such as the Bonds may be available. In this regard, the potential buyers of the Bonds should, in addition to the risks listed in this section, take into consideration taxation and foreign currency regulations in the Czech Republic, in the United Kingdom of Great Britain and Northern Ireland ("United Kingdom") and in the Republic of Hungary ("Hungary"). When acquiring, selling or paying for the Bonds, potential buyers of the Bonds should discuss general tax issues and their individual taxation with tax consultants. Potential buyers of the Bonds should be aware that possible changes in tax regulations may cause the final yield on the Bonds and/or the amount paid out at the sale or maturity of the Bonds to be lower than initially expected.

The following ***Art. 2.2.14 Risks Associated with the Withdrawal of the United Kingdom from the European Union ("Brexit")*** *has been inserted to follow* ***Article 2.2.13 Risk of Unforeseeable Events:***

a) There have been ongoing discussions regarding the withdrawal of the United Kingdom from the European Union ("Brexit"). There are two basic scenarios of the withdrawal - "hard Brexit" without a deal with the European Union and "soft Brexit".
b) The hard Brexit means that there will be a complete separation of the United Kingdom from the EU structures without any transitional period and any special arrangements of their business and other relationships. On the other hand, soft Brexit operates with a transitional period and the possibility of a partial or associated membership where both parties negotiate rules and new arrangements for their relationships and continue to cooperate, similarly as Norway or Switzerland.[1]
c) Neither scenario will have a direct effect on the Issuer's business.
d) In the event of the "hard Brexit", it may happen that the United Kingdom, or its financial markets regulator to be more precise, will not be able to recognize previously notified prospectuses for securities issued by issuers from other European Union states starting from the effective date of Brexit, i.e. the Issuer's Base Prospectus validly notified in the United Kingdom may not be recognized. Should this be the case, the Issuer will terminate the public offering of the Bonds in the United Kingdom immediately after the effective date of Brexit.

4 Details of the Bonds and the Offering

Article ***4.4 Restrictions Regarding the Sale of the Bonds,*** *first paragraph, has been amended as follows:*

a) The dissemination of this Base Prospectus and the offer, sale or purchase of Bonds are restricted by law in some countries. The Issuer does not intend to have this Base Prospectus (including any amendments hereto) approved or recognised in another state and, similarly, no offering of the Bonds outside the Czech Republic, Great Britain and Hungary will be allowed. Persons, who get a hold of this Base Prospectus, are liable for complying with restrictions that apply to offering, purchasing or selling Bonds or holding and disseminating any Bond related materials in the individual countries.

[1] https://www.mpo.cz/cz/zahranicni-obchod/o-brexitu/situacni-zprava-k-brexitu--243614/

5 Details of Securities Offered – Terms of Issue of Bonds

*In Article **7 Taxation,** item (g) has been inserted after item (f):*

g) The tax regime is governed by national laws and binding international treaties in the United Kingdom and Hungary.

6 Template of the Issue Amendment - Final Terms of the Issue, including Bond Programme Supplement

*Article **3. Terms of the Offering and Other Information**, subtitle Public Offering of the Bonds, item (e) has been amended as follows:*

e) [The Bonds are not issued in tranches. / The Bonds are issued in tranches / [●].]

12 Taxation and Foreign Exchange Regulation in the Czech Republic

The main title of Chapter 12 has been changed to:

12 Taxation and Foreign Exchange Regulation

The wording of the introduction of Chapter 12 has been changed to:

a) The wording of Chapter 12 is only a summary of certain tax implications of acquiring, owning and disposing of the Bonds. It is therefore not a comprehensive summary of all tax-related aspects that may be relevant as regards the decision to acquire the Bonds.
b) In addition to the tax implications of Czech law, this summary also briefly describes the taxation of the Bonds in the United Kingdom and Hungary, and possibly other European Union countries.
c) This summary is based solely on the legislation applicable on the date of the Base Prospectus and may be subject to change. We recommend potential buyers of the Bonds to consult with their legal and tax consultants regarding any tax and foreign exchange legal consequences of acquiring, selling and holding the Bonds and receiving payments of interest on the Bonds under tax and foreign exchange regulations applicable in the Czech Republic and in countries of residence of the potential buyers of the Bonds as well as in countries where the yield on the holding and selling the Bonds may be subject to tax.
d) In case of a change in the relevant laws or the interpretation thereof as regards the tax applicable to the Bonds in comparison with the procedure set out below in this Base Prospectus, the Issuer shall proceed in accordance with such new procedure. If the Issuer is required to make deductions or payments of tax on income from the Bonds due to a change in legislation or the interpretation thereof, the Issuer shall not be obliged, in connection with such deductions or payments, to pay any additional amounts as compensation for such deductions or payments to the Bondholders.

Chapters 12.2 and 12.3 have been inserted after Chapter ***12.1.2 Income from the Sale of Bonds:***

12.2 Taxation in Hungary

In Hungary, interest income of legal entities from the Bonds is included in the total corporate income tax base as income from financial transactions and is taxed at a rate of 9%.
In Hungary, interest income of natural persons from the Bonds is included in the total personal income tax base as other income and is taxed at a rate of 15%.
The Issuer is liable towards the Czech tax administrator for withholding tax at the source. However, the Issuer will not withhold and pay the withholding tax at a rate of 15% applicable to interest income from the Bonds in the Czech Republic because, under a treaty for the avoidance of double taxation signed with Hungary, tax on interest income from the Bonds will be paid only in the state of tax residence, i.e. in Hungary. The Bondholder is obliged to file a tax return once a year in which it reports and then pays tax on interest income from the Bonds.
In case of tax non-residents of Hungary, the taxation follows the relevant treaty for the avoidance of double taxation. Comprehensive tax issues should be discussed with tax consultants.

12.3 Taxation in the United Kingdom

In the United Kingdom, interest income of legal entities from the Bonds is taxed at a rate of 19%. The tax is reported in the income tax return filed by legal entities once a year.
In the United Kingdom, interest income of natural persons from the Bonds is taxed at a rate of 20% for income up to GBP 45000 a year and at a rate of 40% for income exceeding GBP 45000 a year.
The Issuer is liable towards the Czech tax administrator for withholding tax at the source. However, the Issuer will not deduct and levy the withholding tax at a rate of 15% applicable to interest income from the Bonds in the Czech Republic because, under a treaty for the avoidance of double taxation signed with the United Kingdom, tax on interest income from the Bonds will be paid only in the state of tax residence, i.e. in the UK. The taxpayer is obliged to file a tax return once a year in which it reports and then pays tax on interest income from the Bonds.
In case of tax non-residents of the United Kingdom, the taxation follows the relevant treaty for the avoidance of double taxation. Comprehensive tax issues should be discussed with tax consultants based in the United Kingdom.

The chapter formerly listed as ***12.2 Foreign Currency Regulations in the Czech Republic*** *has been renumbered to Chapter* ***12.4 Foreign Currency Regulations in the Czech Republic***