

Minutes of the decision of the Sole Member of the Company's Management Board

of NOVA Green Energy, SICAV, a.s. (the "**Company**"), which creates the sub-fund NOVA Green Energy – podfond 1 (the "**Sub-Fund**")

Date: 27 July 2021

Time: 10:00 a.m.

The Sole Member of the Company's Management Board, REDSIDE investiční společnost, a.s. (the "**Sole Member**" or "**REDSIDE**"), represented in the performance of his duties by Rudolf Vřešťál, authorized representative of the Sole Member, adopted the following decision:

The Decision to temporarily suspend the issuance and redemption of the investment shares issued by the Company to the Sub-Fund

REDSIDE as the sole member of the Management Board and as the manager of the Company, or rather the Sub-Fund, **hereby decides** in accordance with Section 134 et seq. of Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended (the “Act”) and in accordance with the statute of the Company and the Sub-Fund **on temporary suspension of the issuance and redemption of investment shares issued by the Company to the Sub-Fund (the “Investment Shares”) to ensure due protection of the rights and legally protected interests of the Company’s shareholders.**

1. Reasons for temporary suspension of the issuance and redemption of the Investment Shares

The Sole Member decided, in accordance with the principle to always act in the best interests of its investors, to temporarily suspend the issuance and redemption of the Investment Shares, as emerged from stress testing, analyses of management and control system processes, and during continuous control activities and legal analyses of risk management department and compliance department, that with regard to the extremely hostile attitude of the debtor of the Sub-Fund, Arca Capital Slovakia, a.s. (“ACS”), which is in the initial phase of the insolvency proceedings under Slovak law (currently in the process of restructuring), the rights of the shareholders of the Sub-Fund could be temporarily jeopardized.

In accordance with Commission Delegated Regulation (EU) No. 231/2013, supplementing Directive No. 2011/61/EU of the European Parliament and of the Council, the fund manager shall always ensure that fair, adequate and transparent valuation methods will be applied on alternative investment funds to achieve fair and reasonable valuation of the fund's assets. Pursuant to Article 71 of the above-mentioned Regulation, it is evident that the fund manager is required to review the adequacy and fairness of individual asset values, where the current asset value is affected by entities that may have a financial interest in the alternative investment fund’s performance.

In May 2021, the Company was granted access to the restructuring report on ACS (drawn up on instruction of ACS itself), from which followed, among other things, the risk that ACS as the debtor could take specific legal action to challenge the effectiveness or validity of certain former transactions between the Company and ACS. These transactions concern photovoltaic power plant projects in Hungary in particular, legitimately acquired by the Sub-Fund. The Sub-Fund further has been developing these projects for the benefit of its shareholders and owns of their 100% business share. Subsequently, ACS, or rather. its insolvency administrator, confirmed its hostile intention also at a meeting of creditors held on 30 June 2021 in Bratislava, where the Sub-Fund, as a major creditor of ACS, was denied, among other things, its voting rights, was not appointed to the creditors' committee and thus was denied the right to co-decide on approval of possible restructuring plan of ACS, due to the alleged affinity.

The Sole Member is convinced that all legal actions and acts performed in connection with the acquisition of the assets from ACS are and remain valid and legally effective in full in accordance with the concluded contracts and legal regulations. The Sole Member bases its opinion mainly on the legal opinions of reputable law firms, the statutory auditor of the Company and the Sub-Fund (see Sub-Fund Annual Report 2020) or independent expert analyses.

The volume of potentially endangered assets of the Sub-Fund, when the extreme scenario would be fulfilled, is approximately 15% of the net asset value of the Sub-Fund. The Sole Member considers this alternative scenario to be extremely unlikely from a legal point of view. However, for the following reasons:

- 1) the size of share of endangered assets in the total volume of the net asset value of the Sub-Fund;
- 2) the absolute illegibility and the absence of any transparency and credibility of the management of Arca Group, including the insolvency administrator of ACS, also in the context of the current general effort of ACS to disclaim liability for its debts;
- 3) the unpredictability of further development in ACS insolvency proceedings at its current stage, when (i) it is currently up to ACS as the debtor to submit its restructuring plan showing the

debtor's attitude towards the Sub-Fund (this will not happen earlier than in September 2021), subsequently (ii) the creditors 'committee, the creditors 'meeting and the competent insolvency court will either approve or disapprove the submitted restructuring plan, which will clarify whether the debtor will undergo a restructuring process or ACS will go bankrupt,

currently, the abovementioned risks cannot be objectively assessed and fairly and reasonably evaluated in such a way that the rights of both existing and new shareholders of the Sub-Fund would not be infringed in any way in the future.

A partial reason for the decision of the Sole Member to temporarily suspend the issuance and redemption of the Investment Shares of the Sub-Fund and for the decision to review the value of certain Sub-Fund's assets in terms of their fair valuation is also the fact that in July 2021, new legislation was approved and adopted in Slovakia. The legislation, which will be in effect from 1 August 2021 concerns the mandatory extension of support for photovoltaic power plants, which consists in extending the state-guaranteed additional payment by 5 years and at the same time reducing the additional payment. However, the specific method of determining the change in the state surcharge has not yet been specified by the legislators, and therefore it is currently not possible to determine the exact impact of this intention on the cash flow of individual energy projects and consequently on the net asset value of the Sub-Fund.

Similarly, on 14 July 2021, the Chamber of Deputies of the Parliament of the Czech Republic discussed and approved the amendment to the Act on Supported Energy Sources in the third reading. Unfortunately, none of the amendments concerning the amount of interval of the internal return percentages of investments (IRR) were accepted. The amount of the interval therefore remains for Czech photovoltaic power plants on draconian 6.3%, which is a reduction of almost two percent compared to the discussed proposals to the amendment. A reduction in the IRR would thus have a significant effect on the control of the proportionality of the support (so-called overcompensation), which would affect many energy producers more strictly than generally expected. In addition, the Chamber of Deputies approved an amendment to solar levies for photovoltaic power plants of 10% for 2009 installations, and 20% for 2010 installations, and further the introduction of a mechanism to prevent disproportionate yield reductions. It can be expected that this non-conceptual proposal will be returned to the Chamber of Deputies by the Senate for reconsideration, however, also fact now quite significantly complicates the correct valuation of some assets owned by the Sub-Fund. The Sole Member carefully monitors the legal situation regarding the support of renewable sources in both above-mentioned jurisdictions with the help of its asset management, risk management, compliance and business continuity strategy, and expects that the clarification of these currently not very transparent steps by legislators and the stabilization of the situation will occur in a maximum of several months.

2. The moment of suspension

The Sole Member decides that the moment of suspension of issuance and redemption of the Investment Shares is **30 July 2021, 00:00 a.m.**

3. Period of suspension

The Sole Member decides that the issuance and redemption of the Investment Shares is suspended **until 30 January 2022 (i.e. for the period of 6 months).**

The Sole Member reasonably assumes that within a specified period the facts which will either eliminate the given risks or enable their more precise quantification will occur. These facts include in particular:

- Publication of the ACS restructuring plan;
- Result of the vote on the approval or disapproval of the ACS restructuring plan;
- Approval or disapproval of the restructuring plan by the competent court, i.e. a decision as to whether the ACS restructuring process will take place or whether a bankruptcy will be initiated for ACS assets;
- Clarification of the position of the insolvency administrator and ACS towards the Sub-Fund, i.e. whether a settlement will be reached or whether the Sub-Fund will be forced to defend its interests via courts;
- Clarification of the conditions for the prolongation of FVE support in Slovakia;

- Position of the Senate of the Parliament of the Czech Republic on the amendment to the Act on Supported Energy Sources in the Czech Republic.

4. Probable future scenarios after the suspension period, i.e. 6 months

Based on the development of the facts described in point 3 above, the Sole Member will proceed to the implementation of one of the probable scenarios:

- if events that enable the Sole Member to fairly and adequately quantify the risks set out above occur (or these risks cease to be a real threat based on the above anticipated or other events), there will be either a partial re-evaluation or confirmation of the current net asset value of the Sub-Fund and the subsequent "reopening" of the Sub-Fund;
- if any of the potentially more complex scenarios occur during the suspension period, in particular if the Sub-Fund is forced to defend its interests through the courts, the Sole Member is already analysing the possibility of allocating part of the "risk" assets and subsequent "reopening". The exact form and feasibility of such a procedure according to Czech legislation and the individual steps of such operation and its form will be subsequently presented by the Sole Member.

5. Applicability of the suspension to the Investment Shares for which the issuance or redemption was requested before 30 July 2021 and the consideration for redemption has not yet been paid or the issuance of the Investment Shares has not been completed

The Sole Member decides that the suspension also **applies to the Investment Shares** for which the issuance or redemption was requested **before 30 July 2021**, and for which the consideration for redemption has not yet been paid or the issuance of the Investment Shares has not yet been completed.

6. The decision whether Section 139 par. (1) letter a) point 1. or 2, or Section 139 par. (1) letter b) of the Act will apply after the issuance and redemption of the Investment Shares will be resumed

The Sole Member decides that the procedure after resumption of the issuance and redemption of the Investment Shares will be governed by the provision of **Section 139 par. (1) letter b) of the Act**, i.e. the requests for the issuance or redemption of the Investment Shares for which consideration has not yet been paid or the issuance of the Investment Shares has not been completed **are not taken into account** and the persons who submitted such requests will be notified without undue delay after 31 January 2022 **to submit their applications again**, should their interest persist.

In Prague on 27 July 2021



Rudolf Vřešťál
Authorized Representative of the Sole Member of the Management Board of NOVA Green Energy, SICAV, a.s.