

Implementing changes in the Bond structure and Bond documentation

Statement of the Issuer

The original issuance and offering of the Bond has been authorised by the Issuer and initiator, Red Church Finance B.V., on the 27th of June 2023, with the publication of the Information Memorandum by this date. Per the 30th of September 2023 the issuance was temporarily closed by the Issuer as a result of changes / adjustments of material nature in the investment plans of the Red Church Group, a revaluation of the wine stock to current market conditions and some to be included changes in the Bond structure.

Since the take-over of the shares of Red Church Estate EOOD and Red Church Vineyard EOOD by EN EOOD on the 14th of July 2023 and the subsequent professionalization in the business processes and marketing of the vineyard the market prices of the Red Church Wines has been increased. This has a positive effect on the value of the underlying assets and on the IRR of the Bonds.

In addition the investment plans of the Red Church Group with regard to the French residence in the Bordeaux region, as described for in Section 7.2.3 of the Information Memorandum of the 27th of June 2023, have been crossed out by the management of the Red Church Group. This change in the investment plans is a result of the policy in France with regard to the plans of the governance to allocate EUR 200 million to destroy wine surplus. As a result, a wine depot in France contributes less to the value creation of the Red Church brand than previously intended.

With regard to the adjustment in the investment structure, the Red Church Group and the Issuer also needed to review the indirect return as described for in Section 9.3 of the Information Memorandum of the 27th of June 2023, with regard to the overnight stays in the French residence. Parties hereby came to the conclusion that as a result of the adjusted investment plans this indirect return linked to the Bonds needed to be withdrawn.

The indirect return considering the wine tasting event was also reviewed and it is agreed on between the Issuer and the Red Church Group that the Red Church Group will invite each individual Bondholder to a wine tasting event, that will be given by the management of the Red Church Group and will be organized annually in September/October. During this wine tasting, the Bondholders will be given a tour on the wine estate and the bottles kept in storage can be observed. Red Church Group will bear the costs for the wine tasting and for 2 (two) overnight stays for 2 (two) people in an accommodation arranged by the Red Church Group.

It is agreed on between the Issuer and the Red church Group that this event will be organized outside of the Bond structure and therewith will no longer be part of the Bond and the return calculation for the Bondholders. Parties came to this understanding based on the heavy administrative process and costs charging that the original structure entailed.

These changes in the valuation of the wines, the investment plans and the withdrawing of the indirect returns has as a result that the total return of the Bonds and the Bond structure itself will be changed significant. The return on the Bond will from now on only be determined by the direct return, which is based on the value of the Classic Red Wines that are linked to the Wine Vouchers.

As described for in Section 1.1 of the information memorandum of the 27th of June 2023, the Issuer is responsible for the accuracy and completeness of the information contained in the Information Memorandum and information of material importance will be regularly updated on the Website.

With regard to the above the Issuer had decided to review and revise (were needed) all the Bond information and documentation. Based on this outcome the Issuer has decided to update the Bond website and since the changes are of material nature to also update the Information Memorandum and the associated Bond documentation (Bond conditions, Trust Deed, Loan Agreement, forecast model Bondholders, etc.). With the update there were also some adjustments in the description of the terms with regard to the Bond, whereby the current description is more clear and transparent.

Per the 3rd of November 2023 this review and update is finalized and the issuance of the Bond is there for re-opened by the Issuer. Whereby the currently subscribed investors are given the possibility to revise or reconfirm their registration based on the new updated Information Memorandum.

Vijfhuizen, 3rd of November 2023

Red Church Finance B.V.

Maforte Trading B.V.
Mr. R.A.M. Wolfert

