

**Attention! This investment falls outside AFM supervision.  
No prospectus required for this activity.**



## **INFORMATION MEMORANDUM RED CHURCH VINEYARD BONDS**

This information memorandum is published in relation to the offering and (maximum) issuance of 196 Red Church Vineyard Bonds (Bonds) of € 25.000,- each, with an annual coupon interest that entitles the Bondholder to 366 bottles of the Classic red wine from the wine estate Red Church Vineyard per investment of (minimum) € 100.000,-.

The Bonds have a (maximum) duration till the 31<sup>st</sup> of December 2027.

The Bond has a maximum size of € 4.900.000,- and is offered and issued by:

### **Red Church Finance B.V.** (**"Issuer"**)

With regard to the offering and issuing of the Bond, no AFM (Netherlands Authority for the Financial Markets) approved prospectus will be made generally available. The Issuer makes use of the exemption provision of article 5:3 par. 1 sub c Wft (Financial Supervision Act) and article 1 par. 4 sub d of the Prospectus regulation (EU 2017/1129). This exemption reads that an offer of securities to the public does not need to have an AFM approved prospectus insofar an offer of securities addressed to Investors who acquire securities are offered for a total consideration of at least € 100.000,- per Investor, for each separate offer.

The offering of the Bond is not supervised by the AFM.

The date of this Information Memorandum is the 22<sup>nd</sup> of November 2023.

## Foreword

This Information Memorandum is prepared in connection with the offering of the Bond. 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 and a revaluation of the wine stock to current market conditions.

This Information Memorandum is an updated version of the Information Memorandum of the 27<sup>th</sup> of June 2023. In the time between this version and the previous version there have been some changes in the Bond structure of material importance. These changes relate to the valuation of the wines, the investment plans and the indirect returns. As a result the return of the Bonds and the Bond structure itself has been subject to significant changes.

As described for in Section I.I 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 and the significant changes in the total Bond structure the Issuer had decided to temporarily close the issuance of the Bond as of the 30<sup>th</sup> of September 2023 and has reviewed all of the Bond information and documentation. 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 bond in the description of the terms with regard to the Bond, whereby the current description is more clear and transparent.

Per the 22<sup>nd</sup> of November 2023 this update is finalized and the issuance of the Bond is re-opened by the Issuer under this Information Memorandum. Whereby currently subscribed investors are given the possibility to revise or reconfirm their registration based on this new updated Information Memorandum.

This Information Memorandum describes the risks and rewards of investing in the Red Church Vineyard Bond. The Issuer arranges this issuance to finance the purchase, investments and exploitation of the wine estate Red Church Vineyard.

In this Information Memorandum we have gathered all relevant information about the Bond and the investment done and to be done, as it is available to us at the time of publication of this Information Memorandum.

In the performance of our work, we work together with professional and reputable parties. We have construed a solid link between entrepreneurs seeking financing and Investors seeking return on their assets. Personal financial commitments and entrepreneurial attention and involvement are the main points. During the term of the projects, we closely monitor, guide and manage the investments and make adjustments if or when necessary.

We inform our Investors with annual meetings and interim half year newsletters. In this Information Memorandum Project Red Church Vineyard Bond is explained and described in detail. In addition, all substantive matters concerning the structure, operation, the parties involved, the risks and other relevant information are part of this Information Memorandum.

If you have any questions after reading this Information Memorandum, please do not hesitate to contact us via [info@redchurchvineyard.nl](mailto:info@redchurchvineyard.nl).

We are happy to answer your questions and hope that we have attracted your interest in this investment.

Vijfhuizen, 22<sup>nd</sup> of November 2023

Red Church Finance B.V.

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

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## Section 1 Statement of the issuer

### 1.1 General

The contents of this Information Memorandum (IM) should not be construed as legal, business or tax advice. Each prospective Investor should consult its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice regarding an investment in the Red Church Vineyard Bond. Investors should make their own assessment as to the suitability of investing in the Red Church Vineyard Bonds (Bonds).

Any decision to subscribe and acquire Bonds must also be based on the Investor's consideration of the entire Information Memorandum.

Investing in the Bonds involves risks. The principal risk factors that may affect the abilities of the Issuer of the Bonds to fulfil its obligations under the Bonds are discussed under "Risk Factors" in this IM. The Bonds are not expected to be rated. No application had been made for the Bonds to be listed and/or admitted to trading on any stock exchange.

Potential investors in the Bonds are expressly advised that investing in the Bonds involves financial risks. They should therefore thoroughly acquaint themselves with the entire contents of the IM (including the bond terms and trust deed) and are advised to obtain independent advice in order to form a proper assessment of those risks and/or to decide if these risks fit within their financial situation, risk profile and risk acceptance. The value of a Participation may fluctuate. It is possible that in the event of withdrawal or termination of the Bond, Bondholders will receive a return that is less than their initial investment. Past performance is no guarantee for the future.

As stated in the introduction this IM has not been and will not be approved by any supervisory body or authority. The Issuer of the Bond is Red Church Finance B.V. (the "Issuer"), a limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated under laws of the Netherlands, registered in the Dutch Chamber of Commerce with register-number 87234831.

The Issuer is responsible for the accuracy and completeness of the information contained in this IM. To the extent that Issuer, could reasonably have been known, those data are in accordance with reality. No information has been omitted whose inclusion would alter the scope of this IM. The provision and distribution of this IM does not imply that all information contained herein is correct at that time. Information of material importance will be regularly updated on the Website.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this IM or any other document entered into in relation to the Bonds or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer.

The Issuer is not responsible for the accuracy of information provided by third parties about the Red Church Vineyard Bond.

The issuance and distribution of this IM as well as the offering, sale and delivery of Bonds may be subject to (statutory) restrictions in certain jurisdictions. No action has been or will be taken by the Issuer to permit a public offering of the Bonds or to permit the possession or distribution of this IM in any jurisdiction where action for that purpose may be required.

The Issuer hereby requests persons who come into possession of this IM to acquaint themselves with these restrictions and to comply with them. The Issuer does not accept any liability for any breach of any such restriction by anyone, whether or not such person or legal entity is a potential holder of Bonds. As such, this IM does not constitute an offer of any security or an invitation to make an offer to purchase any security to any person in any jurisdiction where this is not permitted under the applicable laws and regulations. Persons into whose possession this IM comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

In particular, the Bonds have not been and will not be registered under the U.S. Securities Act of 1933 (as amended) (the "**Securities Act**") and are not subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons ("**U.S. Persons**") as defined in Regulation S under the Securities Act ("**Regulation S**") or "United States persons" as defined in the U.S. Internal Revenue Code of 1986, as amended (the "**U.S. Code**"), and U.S. Treasury regulations thereunder.

### 1.2 Forward-looking statements

This IM contains statements that express expectations for the future, including with regard to the Issuer's financial position, the results it expects to achieve and the business it drives. The expectations, assumptions, analyses, calculations, comments and forecasts contained in this IM are provided for informational purposes only but are not guarantees of return on the Bonds. It is expressly noted here that expectations, forecasts, assumptions et cetera in this IM have not been assessed by a (registered) accountant and that no assurance has been given on this.

This IM contains forward-looking statements that reflect the Issuer's intentions, beliefs or current expectations and projections about the Issuer's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Issuer operates. Forward-looking statements involve all matters that are not historical facts.

The Issuer has tried to identify forward-looking statements by using words such as “may”, “will”, “would”, “should”, “expects”, “intends”, “estimates”, “anticipates”, “projects”, “believes”, “could”, “hopes”, “seeks”, “plans”, “aims”, “aspires”, “objective”, “potential”, “goal”, “strategy”, “target”, “continue”, “annualised” and similar expressions or negatives thereof or other variations thereof or comparable terminology, or by discussions of strategy that involve risks and uncertainties.

The forward-looking statements are based on the Issuer’s beliefs, assumptions and expectations regarding future events and trends that affect the Bonds’ future performance, taking into account all information currently available to the Issuer, and are not guarantees of future performance. These beliefs, assumptions and expectations can change as a result of possible events or factors, not all of which are known to the Issuer or are within the Issuer’s control. If a change occurs, Issuer’s business, financial condition, liquidity, results of operations, anticipated growth, strategies or opportunities may vary very materially from those expressed in, or suggested by, these forward-looking statements. In addition, the forward-looking estimates and forecasts reproduced in this IM from third-party reports could prove to be inaccurate. A number of important factors could cause actual results or outcomes to differ very materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing the Issuer. Such risks, uncertainties and other important factors include, but are not limited to those listed in the section entitled “Risk Factors”.

Other factors could also adversely affect Issuer’s results or accuracy of forward-looking statements in this IM, and you should not consider the factors discussed under “Risk Factors” to be a complete set of all potential risks and uncertainties.

Investors or potential Investors should not place undue reliance on the forward-looking statements in this IM. The Issuer urges Investors to read this IM and specifically the section entitled “Risk Factors” for a more complete discussion of the factors that could affect the Issuer’s future performance and the markets in which the Issuer operates. In light of the possible changes to Issuer’s beliefs, assumptions and expectations, there is a real chance that the forward-looking events described in this IM will not occur. Additional risks currently not known to the Issuer or that the Issuer has not considered material as of the date of this IM could also cause the forward-looking events discussed in this IM not to occur. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. The Issuer undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law.

### 1.3 Disclaimer

All intellectual property rights in this IM are vested in the Issuer. No part of this publication may be reproduced or reproduced in whole or in part, in any form whatsoever, without the prior written permission of the Issuer.

Although the greatest possible care has been taken in its compilation, mistakes and misprints or spelling errors are not excluded.

In the event of any discrepancy between this IM and the underlying documents contained or referenced therein, the original documents shall take precedence over their representation in this IM.

### 1.4 Other

This Information Memorandum is governed by Dutch law.

The Information Memorandum is published exclusively in the English language.

### 1.5 Statement from the board

**1 Directors**

With regard to the information included in this IM, the management of Red Church Finance B.V. declares, that the data used, insofar as it could reasonably have been known, are in accordance with reality and that no data has been omitted, the mention of which could change the scope of this IM.

The management of Red Church Finance B.V. elect the Emission domicile at her office.

Vijfhuizen, 22<sup>nd</sup> of November 2023



## **Section 2 Important information**

### **2.1 Responsibility Information Memorandum**

This IM is issued under the sole responsibility of Red Church Finance B.V. The qualitative and quantitative information in this IM only has current value at the time of the publication of this IM.

### **2.2 Regulation and Prospectus Exemption**

#### **2.2.1 No prospectus requirement under Section 5:2 Wft**

On the basis of Section 5:2 Wft, it is not permitted to offer securities, including Bonds, to the public in the Netherlands, unless a prospectus that is approved for this purpose by the AFM has been made generally available. Red Church Finance B.V. is, however, exempt from the aforementioned prospectus obligation for the offer of the Bond, as the provisions of article 5:3 paragraph 1 sub c of the Wft and article 1 paragraph 4 sub d of the Prospectus regulation (EU 2017/1129) applies to the Issuing. This exemption applies to offers to the public insofar as these are securities addressed to Investors who acquire securities for a total consideration of at least € 100.000, - per Investor, for each separate offer.

The issuing of Bond in the Netherlands is no subject for licensing and therefor Red Church Finance B.V. is not subject to licensing and is not supervised by the Authority Financial Markets (AFM) or De Nederlandsche Bank (DNB).

#### **2.2.2 Prohibition of attracting repayable funds**

Pursuant to Section 3:5 Wft, anyone in the Netherlands is prohibited from attracting, obtaining or to have available repayable funds from the public in the course of a business. This prohibition does not apply to the Issuer with regard to the offer of the Bond, since the exception to this prohibition as referred to in Section 3:5 paragraph 2, sub d of the Wft applies. The Issuer attracts the repayable funds as a result of the offering of securities (the Bonds) in accordance with the provisions of chapter 5.1 of the Wft.

An important provision of chapter 5.1 of the Wft is the prohibition to offer securities to the “public” without a prospectus approved by the AFM (the prospectus obligation). In accordance with article 5:1 sub d. of the Wft a security is (i) a negotiable share issued by a legal person, company or institution or another negotiable security or right that is equivalent to a share; or (ii) any other negotiable security issued by a legal person, company or institution with which, by exercising the right attached to this security, another shareable security as referred to under i can be acquired by conversion or exchange, if the negotiable security is issued by the legal person, company or institution, or by a group company affiliated with it in a group, which has also issued the shareable security to be acquired.

Based on the Wft, it is prohibited in the Netherlands to issue a bond by the Issuer that can be converted into securities in line with Article 5:1 sub d of the Wft, meaning that the bond cannot be converted into share capital of the Issuer itself or into share capital of a legal person, company or institution, or by a group company affiliated with the Issuer.

The Issuer and EN EooD (the holding entity of the Red Church Group), which provides the conversion right and the to be acquired securities, are not affiliated to each other and are each for their own part of separate groups. Therefor the conversion right that is provided by the holding company of the Red Church Group to the Issuer, who on her turn transfers this right one-on-one to the Bondholders is not considered as an offer of a security with a share character as stated in Article 5:1 sub d. of the Wft and therefor the Issuer is permitted to offer the Bond to the “public” without a prospectus approved by the AFM.

### **2.3 Trust Deed and Bond Terms**

For further information about the Bonds, reference is made to the Bond Conditions, the Trust Deed and the Pledge Agreement which can be downloaded from the website [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads).

Bondholders are subject to and must abide by the terms of the Bond Conditions, Trust Deed and Pledge Agreement. The Bondholders must also notify the Trustee in writing of changes in name and address details, bank details, intended transfer and suchlike.

### **2.4 Consult your own financial advisor**

The greatest possible care has been taken into account in preparing this IM. However, given the general character and the specific (personal) circumstances of each potential Investor, it is strongly recommended that the individual (tax) position is assessed by one's own (tax) adviser. It is generally not wise nor advisable to invest more than 10% of the Investor's available capital in Bonds. In order to properly point out to an interested Investor the risks and characteristics of an investment in the Bonds, a list of questions is included on the back of the registration form. A decision to participate in this Bond must be based on a knowledge of the entire Information Memorandum and the understanding of the benefits and risks as described, inter alia, in Chapter 10 of this IM.

### **2.5 Corporate Governance Code**

Since the Dutch corporate governance code only applies to companies with registered office in the Netherlands whose shares are listed to the a government-recognized regulated market (stock exchange), the Issuer (not listed) does not fall within the scope of this code and therefor will not apply this code.



## 2.6 Investors target group

The Bonds are not a suitable investment for all Investors. Each potential Investor in the Bonds must determine the suitability of such investment in light of its own circumstances. More specifically, any potential investor should, among other things:

- have sufficient knowledge and experience of investing in bonds and the wine market to understand the Bonds, the pros and cons of investing in the Bonds and the information contained (by reference) in this Information Memorandum, the Bond Conditions and to be able to assess the value of the Trust Deed;
- have sufficient knowledge and experience to be able to assess an investment in the Bonds, in the context of its own financial situation, as well as its impact on its overall investment portfolio;
- have sufficient financial resources to bear all the risks associated with an investment in the Bonds, including the consequences of the occurrence of risks related to its investment, these being – in the worst case – losing the made investment and losing redeemable but not paid out interest completely;
- fully understand the terms and conditions of the Bonds; and
- be able (either independently or with the help of a financial advisor) to identify possible scenarios in relation to economic and other factors that may affect the investment, as well as the ability to bear related risks.

The characteristics of our target group:

- Natural and legal persons with a total invested capital of at least € 1.000.000,-
- We recommend investing up to a maximum of 10% of freely investable assets in the Bond;
- Investors who want to invest risky (speculate on value development);
- Investors who have investment horizon of at least 3 - 5 years
- Investors who have an affinity with a physical investment;
- Investors who want to invest but are not dependent on the income from this Investment;
- Investors seeking diversification with their invested capital;
- Asset managers seeking new investment opportunities for their clients.

## 2.7 Complaints procedure

In the event of a complaint about the Issuer, the Trustee or the Administrator this complaint can be submitted in writing (or by e-mail) to the Trustee.

The Trustee will confirm receipt within 5 (five) Working Days and indicate how the complaint will be handled.

The Trustee will inform the Issuer of any complaint submitted.

On the website of the Issuer a complaints procedure is displayed, in which it is specified in more detail how complaints are handled and in accordance with which procedure they are dealt with and settled.

## 2.8 Potential Conflicts of Interest

Various legal entities in the Bond structure perform tasks on behalf of the Issuer, Trustee and/or the Red Church Group.

Black-Box B.V. serves as the Trustee's and Issuers administrator, manager of the shareholder of the Issuer, as the Senior Finance, Risk and Control Advisor to the Red Church Group and as the Manager of the Custodian that holds the shares regarding the conversion rights.

The Bond and Fund structure is designed in such way that Black-Box is not authorized to perform legal acts vis-à-vis third parties or internally with regard to the Trustee or the Red Church Group. As a result, it cannot exert any significant influence on the policy to be pursued by the Red Church Group or on the role of the Trustee in protecting, representing and defending the interests of the Bondholders.

For Black-Box as the Manager of Stichting Red Church Custodian, the entity that holds the shares of EN (the holding of the Red Church Group) regarding the conversion rights of the Issuer respectively the Bondholders, a conflict of interests may arise in this respect as Black-Box B.V. could perform influence in the policy of the Red Church Group through the voting rights regarding the shares that the Custodian holds in ownership in the issued share capital of EN. However based on its articles of incorporation Stichting Red Church Custodian is obliged to exercise its voting rights and other rights attached to the shares of EN based on the instructions of her largest shareholder, provided these instructions does not conflict with Stichting Red Church Custodian's own object description, the interests of the Issuer, the continuity of the Red Church Group, the loan between the Issuer and the Red Church Group and the applicable laws and regulations.

In addition the Issuer, known as Red Church Finance B.V. is a 100% subsidiary of Stichting Red Church. As a consequence, the Issuer is controlled by Stichting Red Church and dependent on decisions taken by Stichting Red Church through the voting rights regarding the shares that Stichting Red Church holds in ownership in the issued share capital of the Issuer. A conflict of interests may arise in this respect as Black-Box B.V. is the sole manager of the Stichting Red Church and also the Senior Finance, Risk and Control Advisor to the Red Church Group. A conflict of interests may for example arise in this respect regarding the policy to be pursued by the Issuer. This policy may have adverse consequences than the policy to be pursued by the Red Church Group.

In order to overcome this risk of a possible conflict of interest for the Bondholders, the Red Church Group provides securities to the Issuer on the Loan that she receives from the Issuer which securities will be passed on one-on-one by the Issuer to the Trustee, whom holds these securities under management for and on behalf of the Bondholders. So if the Red Church Group or the Issuer does not comply with the terms of the Loan respectively the Trust Deed the Trustee can take manners in her own hands in elaborating the acquired securities without any involvement of the Red Church Group or the Issuer in doing so.

Black-Box, as manager of Stichting Red Church Custodian and as the Senior Finance, Risk and Control Advisor to the Red Church Group, will have direct insight into the state of affairs regarding the continuity, solvency and stability of EN and the Red Church Group. Because Black-Box is also involved as the manager of Stichting Red Church, it can immediately inform the Issuer and/or the Trustee about any deviations from the expected future prospects or about any violation of the conditions of the Loan agreement if these should occur. By holding these diverse positions by Black-Box it is believed that it will benefit the flow of information and transparency between the various stakeholders themselves and within the Bond structure.

## **2.9 Liability of the Issuer and the Trustee**

Pursuant to the Bond Conditions and the Trust Deed, the Issuer is liable towards the Investors and the Bond for damage suffered by them, insofar as the damage is the result of intent or gross negligence on the part of the Issuer. This also applies if the Issuer has outsourced the activities assigned to it in the context of the Bond Conditions and the Trust Deed to third parties. The Issuer has taken out appropriate professional liability insurance to cover its professional liability risk in the context of its activities as the Issuer of the Bond.

Pursuant to the Bond Conditions and the Trust Deed, the Trustee is liable towards the Investors for damage suffered by them, insofar as the damage is the result of intent or gross negligence on the part of the Trustee. This also applies if the Trustee has outsourced the activities assigned to it in the context of the Bond Conditions and the Trust Deed to third parties. The Trustee has taken out appropriate professional liability insurance to cover its professional liability risk in the context of its activities as the Trustee of the Bond.

## **2.10 Procedures**

There are no governmental actions, lawsuits or arbitrations, including such proceedings, which, to the best of Issuer's knowledge, are pending or may be initiated over any period of at least the preceding twelve (12) months that could have significant influence or have had a recent effect on the financial position or profitability of the Issuer or the Red Church Group.

## **2.11 Figures**

All figures in this IM have not been audited by a (registered) accountant, unless expressly stated otherwise.

## **2.12 No significant change**

There have been no significant negative changes in the Issuer's prospects since her establishment and since her foundation there has been no significant change in the financial or trade position.

## **2.13 Trends**

There is no information about known trends, uncertainties, requirements, obligations or events that can reasonably be assumed to have a material effect on the Issuer's prospects during the current Financial Year.





## Section 3 Summary

This summary should be read as an introduction to this Information Memorandum (IM). Any decision to invest in the Red Church Vineyard Bond (Bond) must be based on the investor's consideration of this entire IM, including all amendments and additions thereto and the documents incorporated by reference.

### 3.1 Introduction

This IM offers interested Investors the opportunity to participate in the issuing of the Red Church Vineyard Bonds (Bonds). These Bonds are issued with a view to finance the acquiring and upgrading of the wine estate Red Church Vineyard, her assets, stocks and the operating business by EN EooD. This vineyard is positioned near Plovdiv in Bulgaria in municipality Perushtitsa, Plovdiv province. This Issuing of the Red Church Vineyard Bonds is being made by a Dutch private company with limited liability, Red Church Finance B.V. (the "Issuer") which company will provide a Loan to the Red Church Group regarding the to be made investments, as described in Chapter 6.

### 3.2 Issuing Party

The Issuer and initiator of this Bond is Red Church Finance B.V. (the "Issuer"), and with this Bond the Issuer will provide a Loan to the Red Church Group and receives in return an interest on the Loan plus a purchase right to purchase Classic Red Wine of the Red Church Group in Bulgaria. The Bondholders on their turn receives from the Issuer a wine voucher ("Voucher") that they can redeem in order to receive the by the Issuer purchased wine as a return on their investment.

In addition the Issuer will receive from the Red Church Group a conversion right to convert the provided Loan into issued share capital of EN (the holding entity of the Red Church Group). This conversion right can be effectuated for the first time on the 15<sup>th</sup> of December 2024 and will last till the 31<sup>st</sup> of December 2026.

The Issuer will transfer these rights one-on-one to the Trustee, so that a Bondholder can convert their Bond through this right into issued share capital of the Red Church Group.

In conclusion the Bond offers the Bondholders the opportunity to invest in the Classic Red Wine of the wine estate Red Church Vineyard in Bulgaria or to participate through the conversion right into the share capital of the Red Church Group and becoming a direct shareholder of the wine estate Red Church Vineyard.

### 3.3 Risk factors

Investing in the Bonds involves risks. The principal risk factors that may affect the abilities of the Issuer of the Bonds and/or the Red Church Group to fulfil her/their obligations under the Bonds / Loan are explained in detail in Chapter 10.

### 3.4 Placement and redemption

The Issuer will issue 196 (one-hundred ninety-six) Red Church Vineyard Bonds, each with a nominal value of € 25.000,- (twenty-five thousand euro) and a joint nominal value of maximum € 4.900.000,- (four million nine-hundred thousand euro).

This proposition includes the investment in Red Church Vineyard Bonds with an intended duration upto 4 years.

The Issuer will collect subscriptions during the subscription period being the period from the date of publication of this IM till the 25<sup>th</sup> of December 2023 ("Closing Date"). The Issuer may at its own discretion decide to end the subscription period at an earlier or later date. The subscription period will close automatically if the Offering has been completed. The minimum bond amount that needs to be placed to allow the placement to take place is € 3.300.000,- (three million three-hundred thousand euro), equal to 132 (one-hundred thirty-two) Red Church Vineyard Bonds.

In the case that the minimum nominal issuance amount is reached, the Issuer is entitled to partially close the Bond, whereby all rights and obligations as set out in this Information Memorandum, the Trust Deed and the Bond Conditions apply to the Issuer, Trustee and the Bondholders. The Issuer will be allowed to issue additional Bonds, after the partial closing date under the same conditions as stated in this Information Memorandum, the Trust Deed and the Bond Conditions until the total nominal issuance amount of € 4.900.000,- (four million nine-hundred thousand euro) has been issued. If the Issuer issues additional Bonds after the partial closing of the Bond, these amounts will be added to/included into the original Trust Deed and the securities/collateral deeds provided by the Issuer to the Trustee, respectively the Bondholders regarding the already issued Bonds will be increased by adding this/these additional amount(s) to the securities/collateral deeds in line with provisions as stated in this Information Memorandum, the Trust Deed and Bond Conditions and Pledge Agreement.

The Issuer will in principle market the Red Church Vineyard Bonds directly to her Investors network, through its website ([www.redchurchvineyard.nl](http://www.redchurchvineyard.nl)) and specific advertisements.

The Issuer is free to use of the Early Redemption provision, in which the Issuer is allowed to redeem the Bond in whole or partial to the Bondholders under the conditions as described for under section 6.6.

A Bondholder must at all times invest and holding a minimum of 4 (four) bonds with a nominal value per Bond of € 25.000,- (twenty-five-thousand euro) totalling minimum total value of € 100.000,- (one-hundred thousand euro) or in the case a bondholder wishes to hold less than the minimum the Investor will be obliged to sell all of their bonds to a third party and/or convert all of her bonds into share capital as a result of which the Bondholder will no longer be participating in the Bond.

### 3.5 Interest policy of the Bond

Each Red Church Vineyard Bond with a nominal value of € 25.000,- (twenty-five thousand euro) will give the Bondholder the right, on an annual basis, to a Red Church Vineyard Wine Voucher (Voucher) that provides the Bondholder with the right to receive per Bond 91 (ninety-one) bottles of the Classic Red Wine of Red Church Vineyard.

For each 4<sup>th</sup> (fourth) participation that is owned by a Bondholder two additional bottles of the Classic Red Wine are added to the Voucher. Resulting that per 4 (four) Bonds (equal the minimum participation) with a nominal value of € 100.000 the Bondholder will receive a Voucher that she can redeem by the Issuer for 366 (three-hundred sixty-six) bottles of the Classic Red Wine of Red Church Vineyard.

This Voucher will be provided to the Bondholder afterwards on an annual basis on the 1<sup>st</sup> of December of each year. The reason for this distribution date is that each year at the end of September the crop is harvested and will be incorporated into the production process, where the crops of previous years will be transferred and stored in barrels and/or bottles which process is completed at the end of November.

As an indirect return each Bondholders will receive, each year during the term of the Bond an invite from the Red Church Group to attend an annual wine tasting event on the Red Church Vineyard, including 2 (two) hotel overnight stays and inclusive breakfast for 2 persons. The wine tasting will take place at the Red Church Vineyard and at fellow wineries in the region. This wine tasting will be given by the management of Red Church and will be organized annually in September / October, during this wine tasting, the Bondholders will also be given a tour of the wine estate and the bottles kept in storage can be observed. Travel and related expenses to the wine estate will be arranged / organized by the bondholders themselves at their own expenses. This event will be organized outside of the Bond structure and therewith will not be part of the Bond and the return calculation for the Bondholders. On request by the Red Church Group the Trustee/Lender will send the invitation for the wine tasting event to the Bondholders, based on her Register of Bondholders.

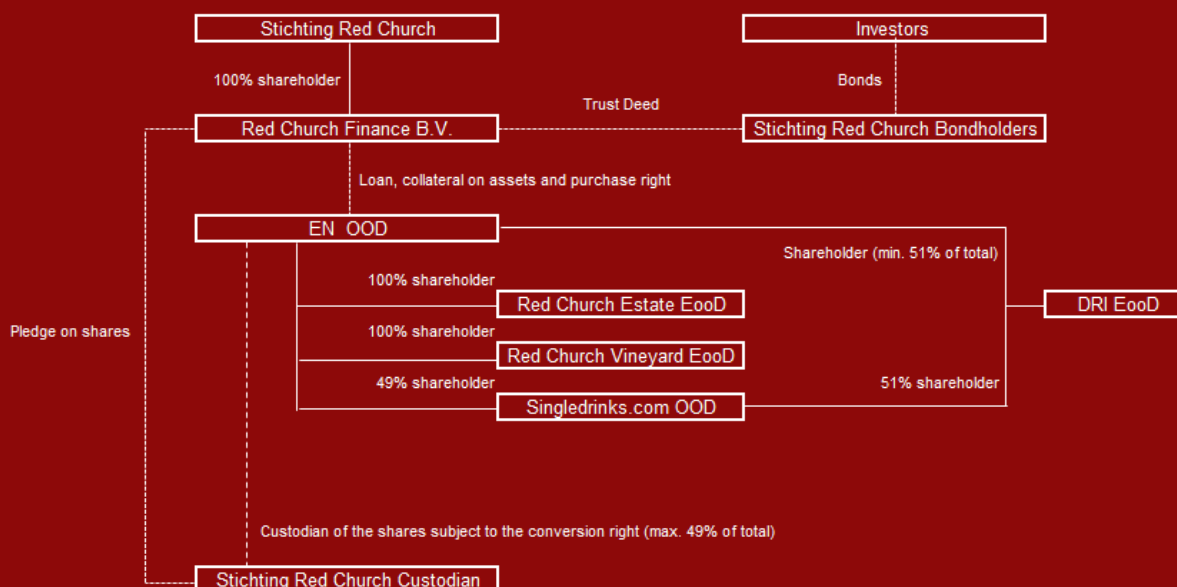


## Section 4 Bond structure and involved parties

### 4.1 Organigram

The organizational chart of the structure of the various companies involved in the Bond.

#### Investment structure



### 4.2 Issuing party: Red Church Finance B.V.

Red Church Finance B.V. (the “Issuer”) has been incorporated in view of raising funds and using the proceeds from the offering for loans to third parties regarding the purchase, exploitation, extension and up-grading of the wine estate Red Church Vineyard.

This entity will issue the Bond and will lend the received funds to EN EooD by means of a Loan.

Red Church Finance B.V. was established on the 8<sup>th</sup> of August 2022 and is registered with the Chamber of Commerce under number 87234831. The company is currently located at Vliegersplein 13 (2141VC) in Vijfhuizen (Haarlemmermeer), the Netherlands and will be relocated within the Haarlemmermeer before the closing date. The company is and operates separate and independent of the Red Church Group.

The full text of the Articles of Association of the Foundation can be downloaded from the website [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads).

Red Church Finance B.V. is a 100% subsidiary of Stichting Red Church, which was also her sole director, from the moment of establishment. After the legal and corporate structure was finalized and before the opening of the issuing period Stichting Red Church has stepped down and has been succeeded by the current sole director Maforte Trading B.V., a limited liability company registered with the Chamber of Commerce under number 60602589 and managed and owned by Mr. R.A.M. Wolfert.

Mr. R.A.M. Wolfert is a senior executive in the Financial Services & Technology World who has held executive leadership positions in VISA Europe and Logica. Today he is a serial entrepreneur and nonexecutive director, and holds positions at 2tokens, Liqwith, Remaginate and Porto Business School where he is a visiting professor for Blockchain and Fintech. He has 25 years of experience in the world of global finance and payments having worked on key industry initiatives including SEPA, CLS, iDeal, Contactless Cards, Cryptocurrency and ICO's. Mr. R.A.M. Wolfert has an MA in Economics from Maastricht University, A certificate of Governance & Compliance at Duisenberg School of Finance and an Executive degree in Innovation from the Haas School of Business at UC Berkeley.

Red Church Finance B.V. is not a listed company and does not apply any corporate governance code for listed companies.

Each of the board members of the Issuer receives a remuneration of € 12.000,- (twelve thousand euro) per year. All costs to be incurred by the Issuer regarding the Bond, including the management fee, will be covered by the interest rates on the Loan to the Red Church Group.

The secretariat and administration of the Issuer is conducted by Black-Box B.V. during the entire term of the Bond.

For performing the secretariat and administration activities of the Issuer the Administrator will receives a remuneration of € 6.000,- (six thousand euro) per year.

The Administrator only fulfils an administrative role and is not responsible for the executive duties of the Issuer in respect of compliance with the Trust Deed, Bond Conditions, Pledge Agreement and Loan Agreement or regarding the Vouchers of the Bondholders. The activities to be performed by the administrator is the responsibility of the Issuer.

### 4.3 Stichting Red Church

Stichting Red Church has been incorporated with the only purpose to hold the shares of the Issuer. During the term of the bond she will not perform any other economic activities rather than the ones that are associated with the exercise of share ownership.

Stichting Red Church was established on the 8<sup>th</sup> of August 2022 and is registered with the Chamber of Commerce under number 87223341. The company is currently located at Vliegersplein 13 (2141VC) in Vijfhuizen (Haarlemmermeer), the Netherlands.

The full text of the Articles of Association of the Foundation can be downloaded from the website [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads).

Stichting Red Church, the 100% shareholder of Red Church Bond B.V. and is established and managed by Black-Box B.V. Stichting Red Church is not a listed company and does not apply any corporate governance code for listed companies.

### 4.4 Trustee: Stichting Red Church Bondholders

The task of the Trustee is to manage and administer the Red Church Vineyard Bonds, as issued by the Issuer and to safeguard the interests of the Bondholders by acting on behalf of the Bondholders towards both the Issuer as towards third parties. In order to avoid commercial risks, the Trustee is not allowed to carry out other activities by nature. The foundation acts as a Trustee on behalf of the Bondholders and is a party to the Trust Deed to be signed between the Issuer and the Trustee, which can be downloaded from the website [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads).

The Trustee receives the Vouchers and repayments on the Bond from the Issuer and ensures the timely, correct and full transfer and/or payment to the Bondholders. The rights and interests of the Bondholders, both towards the Issuer and third parties (other than the Trustee), are exercised and observed by the Trustee without their intervention and individual Bondholders cannot act directly against the Issuer or against third parties.

The Trustee furthermore acts on behalf of the Bondholders and as the holder of the securities to be established on behalf of the Bondholders (right of first mortgage and of first pledge).

Stichting Red Church Bondholders (the "Trustee") was established on the 8<sup>th</sup> of August 2022 and is registered with the Chamber of Commerce under number 87234904. The company is currently located at Vliegersplein 13 (2141VC) in Vijfhuizen (Haarlemmermeer), the Netherlands.

The full text of the Articles of Association of the Foundation can be downloaded from the website [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads).

The Trustee was managed by Stichting Red Church, from the moment of establishment. After the legal and corporate structure was finalized and before the opening of the issuing period Stichting Red Church has stepped down and has been succeeded by the current sole director Van Dorenmalen B.V., a limited liability company registered with the Chamber of Commerce under number 66234050 and managed and owned by Mr. H.J. van Dorenmalen.

Mr. H.J. van Dorenmalen is the former Country General Manager of IBM The Netherlands from 2005 till 2017 and was from 2020 till 2017 the Chairman / Vice Chairman of IBM Europe. Currently he holds multiple chairman positions in advisory boards (SURF, LINKIT, Hogeschool van Amsterdam) and is member of the Supervisory board of KPMG Netherlands. He Studied Law in Leiden and graduated at Erasmus Rotterdam/ Delft University as Master of Business / Interfaculty. During his career, he combined Business and Societal exposure and focussed on adding energy, creativity and operational transformation to succeed at IBM and over 25 entities outside IBM. Structured creativity, digital innovation and communication are his personal drivers.

Each of the board members of the Trustee receives a remuneration of € 12,000,- (twelve thousand euro) per year, excluding third costs as travelling costs etc. All costs to be incurred by the Trustee regarding the Bond, including the management fee, will be charged at the Issuer.

The secretariat and administration of the Trustee is conducted by Black-Box B.V. during the entire Term of the Bond.

Activities performed by the Administrator:

- maintaining and/or monitoring the register of Bondholders;
- the administrative processing of the issuing and redemption of the Bonds;
- the administrative processing of the distribution of Vouchers in the Voucher register per Bondholder;
- the administrative processing of exchanging vouchers into wine bottles, which have not yet been transferred to the bondholders in the wine register per Bondholder;
- preparing and conducting the investment administration and financial administration of the Bond - if applicable;
- preparing the periodic financial reporting.



The Administrator only fulfils an administrative role and is not responsible for the executive duties of the Trustee in respect of compliance with the Trust Deed and Bond Conditions or regarding the representation of the interests of the Bondholders. The activities to be performed by the administrator is the responsibility of the Trustee.

For performing the secretariat and administration activities of the Trustee the Administrator will receive a remuneration of € 6.000,- (six thousand euro) per year. All costs to be incurred by the Trustee regarding the Bond, including the fee for the Administrator, will be charged at the Issuer.

Stichting Red Church Bondholders is not a listed company and does not apply any corporate governance code for listed companies.

#### **4.5 Custodian: Stichting Red Church Custodian**

The current sole shareholder of EN EooD (EN), has established in the Netherlands a new foundation that is known as Stichting Red Church Custodian (the "Custodian"). This Foundation will receive from the current sole shareholder of EN a maximum of 49% (forty-nine percent) of the total issued share capital of EN, by a full placement of the bond. These shares are connected to the total principal of the issued Bond.

After the Bond is placed / the issuing period is closed and the minimum amount of € 3.300.000,- (three million three-hundred thousand euro) is raised it will be determined which percentage of the issued share capital of EN will be transferred to the Custodian. Per placed Bond with a value of € 25.000,- (twenty-five thousand euro) a total of 25 (twenty-five) shares will be transferred by the current sole shareholder to the Custodian.

When the total Bond is placed with an principal of € 4.900.000,- (four million nine-hundred thousand euro) a total of 4.900 (four-thousand nine-hundred) shares will be transferred to the Custodian, equalling 49% (forty-nine percent) of the total issued share capital of EN.

The Custodian will hold these shares in custody for the duration of the to the Issuer provided conversion right. Who on her turn will transfer this right one-on-one to the Trustee and therewith to the Bondholders. The Custodian will hold these shares in her custody until she receives from EN the request to release (a part of) the shares to a Bondholder in the case of a conversion of the Bond (or a part of it) into share capital of EN.

In the event that the conversion term is expired and the Custodian, at that time, is still in the ownership of (a part) of the received share of EN and the remaining principal amount of the outstanding Bond is fully repaid she is obligated to transfer these remaining shares back to the current sole shareholder of EN.

To strengthen the collateral of the Issuer respectively the Bondholders, the Custodian will provide the Issuer with a pledge on the by her received shares in the capital of EN. Per placed Bond with a value of € 25.000,- (twenty-five thousand euro) a total of 25 (twenty-five) shares will be pledged. This pledge will last until the full amount of the outstanding Bond is repaid and/or converted into share capital of EN. The Issuer will transfers these rights one-on-one to the Trustee, whom holds these rights under management for and on behalf of the Bondholders

For Black-Box as the Manager of Stichting Red Church Custodian, the entity that holds the shares of EN (the holding of the Red Church Group) regarding the conversion rights of the Issuer respectively the Bondholders, a conflict of interests may arise in this respect as Black-Box B.V. could perform influence in the policy of the Red Church Group through the voting rights regarding the shares that the Custodian holds in ownership in the issued share capital of EN. However based on its articles of incorporation Stichting Red Church Custodian is obliged to exercise its voting rights and other rights attached to the shares of EN based on the instructions of the current sole shareholder, provided these instructions does not conflict with Stichting Red Church Custodian's own object description, the interests of the Issuer, the continuity of the Red Church Group, the loan between the Issuer and the Red Church Group and the applicable laws and regulations.

Stichting Red Church Custodian was established on the 9<sup>th</sup> of September 2022 and registered with the Chamber of Commerce for under number 87543214. The company is currently located at Vliegersplein 13 (2141VC) in Vijfhuizen (Haarlemmermeer), the Netherlands.

The full text of the Articles of Association of the Foundation and the draft of the Pledge Agreement can be downloaded from the website [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads).

The Custodian is managed from the establishing of this entity by Black-Box B.V.

Stichting Red Church Custodian is not a listed company and does not apply any corporate governance code for listed companies.

#### **4.6 Borrower: EN EooD**

EN EooD was established on the 11<sup>th</sup> of August 2021, as a private company with limited liability established under the law of the Republic of Bulgaria and registered with the Chamber of Commerce for under number 206598282. The company has its office at Emil Bersinski Street 12, 1408, Sofia, Bulgaria.

EN EooD will close, co-signed by its subsidiaries, a Loan agreement with the Issuer, in line with the provisions as stated in Chapter 6 and the concept Loan agreement which can be downloaded from the website [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads).



The Loan is obtained by EN EooD regarding:

- The re-financing of the purchase of the shares of Red Church Estate EooD, in which the real estate assets, machinery, grapes and wine stock are hold;
- The re-financing of the purchase of the shares of Red Church Vineyard EooD, in which the plots and vines are hold;
- To finance the upgrading of the wine estate Red Church Winery and to finance the operating business of the Red Church Group.
- To receive 49% of the share of singledrinks.com OOD, housing the singledrinks.com project, see section 7.2.1.

The operating business of the winery itself and the future stock will be performed by and respectively hold in EN EooD.

The shares of EN EooD are on the date on the opening of the issuing period hold by the sole owner known as the Bulgarian entity Dutch Rocks Investments EooD. This entity will only act as a passive shareholder and will not perform any active role in the Red Church Group.

The share capital of EN currently exists 10.000 (ten thousand) shares each with a par value of 1 BGN (one BGN). After the issuing period is closed the current sole shareholder will transfer to the Foundation Stichting Red Church Custodian (the "Custodian") a maximum of 49% (forty-nine percent) of the total issued share capital of EN, by a full placement of the Bond. These shares are connected to the total principal of the issued Bond.

After the Bond is placed / the issuing period is closed and the minimum amount of € 3.300.000,- (three million three-hundred thousand euro) is raised it will be determined which percentage of the issued share capital of EN will be transferred to the Custodian. Per placed Bond with a value of € 25.000,- (twenty-five thousand euro) a total of 25 (twenty-five) shares will be transferred by the current sole shareholder to the Custodian. The Custodian will hold these shares in custody for the duration of the to the Issuer provided conversion right (see section 4.5).

After this transfer the legal structure of EN will be changed from an EooD (a private limited entity with only one shareholder) into an OOD (a private limited entity with more than one shareholder). All shareholders' resolutions in EN OOD will be passed by an absolute majority of the votes cast.

EN EooD will be managed by Mr. S. Borisov on a corporate level and by Mr. A. Kanev (Vinologist) and Mr. R. Marchev (Wine Technologist) on the operating level.

For the company website of the Red Church Winery see [www.redchurch.wine](http://www.redchurch.wine)

#### **4.7 Red Church Estate EooD**

Red Church Estate EooD is a dedicated vehicle and has been incorporated in view of purchasing, holding, maintaining and selling all the real estate objects, plant, machinery and equipment of the Red Church Vineyard under and in her ownership.

Red Church Estate EooD was established on the 21<sup>st</sup> of December 2007, it is as a private company with limited liability established under the law of the Republic of Bulgaria and registered with the Chamber of Commerce for under number 130993943. The company has its office at 1 Rodopska Yaka St., 4225 Perushtitsa, Bulgaria.

The shares of this entity are purchased by EN on the 14<sup>th</sup> of July 2023 and from this date on Red Church Estate EooD is a 100% subsidiary of EN. As a consequence, Red Church Estate EooD is controlled by EN and depends on decisions taken by EN.

The shares of this entity are purchased on the basis of a cleaned-up balance sheet. This means that on the day of acquisition of the shares, a statement is issued by a Bulgarian accountant which declares that the entity has been cleared of all pre-existing debts.

In addition the current owner has issued a personal guarantee to EN regarding the clean delivery of this entity and can be held liable if debts still appear after the transfer.

Simultaneously with the receiving of the Loan by EN, Red Church Estate EooD provide the Issuer, jointly with Red Church Vineyard EooD, with an irrevocable right, on first call, to establish a first mortgage registration on the real estate and plots of land.

Red Church Estate EooD will be managed by Mr. S. Borisov, also the Manager of En EooD.

#### **4.8 Red Church Vineyard EooD**

Red Church Vineyard EooD is a dedicated vehicle and has been incorporated in view of purchasing, holding, maintaining and selling all the plots of the Red Church Vineyard under and in her ownership.

Red Church Vineyard EooD was established on the 21<sup>st</sup> of August 2003, as a private company with limited liability established under the law of the Republic of Bulgaria and registered with the Chamber of Commerce for under number 130493952. The company has its office at 1 Rodopska Yaka St., 4225 Perushtitsa, Bulgaria.

The shares of this entity are purchased by EN on the 14<sup>th</sup> of July 2023 and from this date on Red Church Vineyard EooD is a 100% subsidiary of EN. As a consequence, Red Church Estate EooD is controlled by EN and depends on decisions taken by EN.

The shares of this entity are purchased on the basis of a cleaned-up balance sheet. This means that on the day of acquisition of the shares, a statement is issued by a Bulgarian accountant which declares that the entity has been cleared of all pre-existing debts.

In addition the current owner has issued a personal guarantee to EN regarding the clean delivery of this entity and can be held liable if debts still appear after the transfer.

Simultaneously with the receiving of the Loan by EN, Red Church vineyard EooD provide the Issuer, jointly with Red Church Estate EooD, with an irrevocable right, on first call, to establish a first mortgage registration on the real estate and plots of land.

Red Church Vineyard EooD will be managed by Mr. S. Borisov, also the Manager of En EooD.

#### **4.9 Black-Box B.V.**

Black-Box B.V. is the administrator of Stichting Red Church Bondholders, the manager of Stichting Red Church (the shareholder of the Issuer), the manager of Stichting Red Church Custodian and will act as the Senior Finance, Risk and Control Advisor of the Red Church Group.

Black-Box B.V. was established on the 11<sup>th</sup> of February 2016, it is an private company with limited liability established under the law of the Netherlands and registered with the Chamber of Commerce for under number 65322835. The company has its office at Vliegersplein 13, 2141VC in Vijfhuizen the Netherlands. This entity is managed by Mr. B.B. Hartog and is separate and independent of the Red Church Group, the Issuer's Group and the Trustee.

Black-Box B.V. itself operates as an international investment manager that offers customized services to a select group of international investors and real estate developers. She is characterized by her pro-active and dedicated approach and she combines her knowledge with commercial instinct. Her expertise, broad range of services, network and vision enables her to advise, initiate and structure well-considered investment opportunities for her clients with a positive return/risk ratio. With her relatively small but powerful team she is able to operate quickly and creatively, with full personal attention where necessary. We consider ourselves committed with our clients and take pride in our services.

Black-Box B.V. will receive for the function of administrator and secretariat of the Trustee and the Issuer of each a remuneration of € 6.000,- (six thousand euro) per year. All costs to be incurred by the administrator regarding the Bonds and her administration, including the administrator fee, will be charged at the Issuer. These two administrator fees will be covered by the interest rates on the Loan to the Red Church Group.

Black-Box B.V. will receive from the Red Church Group for the function of Senior Finance, Risk and Control Advisor a remuneration of € 18.000,- (eighteen thousand euro) per year (all VAT reserved).

For advising the Red Church Group regarding the issuing of the Bond and the associated structure Black-Box B.V. receives from the Red Church Group a one-off advisory fee of € 100.000,- (VAT reserved). This fee is due on the date of the opening of the issuing period.

#### **4.10 Pre-financer**

EN EooD has agreed with a third party (the "Pre-financer") to pre-finance an amount of € 1.850.000,- (one-million eight-hundred fifty-thousand euro) prior to the closing date of this Bond. This financing is and will be used by EN EooD, for the (pre)financing of the Red Church Project and its groups running operations, during the issuing period.

In the case that the Minimum Size of the Bond of € 3,300.000,- (three million three-hundred thousand euro), equal to 132 (one-hundred thirty-two) Red Church Vineyard Bonds has been issued on the closing date of the Bond, the Pre-financer will receive in return from EN EooD her provided amount [plus interest out of the funds of the Bond.

In the case that the Minimum Size of the Bond has not been issued to third parties on the Closing Date of the Bond, the Issuer will not provide the funds of the Bond to EN EooD and on her turn EN EooD will have to refinance the amount that is it provided to her by the Guarantor. However this will not have any effect or consequences for the Issuer or for the investors that have signed the registration form.

For this funding, the Pre-financer will receive an interest from the Red Church Group of €130.000,- (one-hundred thirty thousand euro). The Bondholders will not be charged with these costs, so these costs have no effect on the interest return for the Bondholders.



## Section 5 The Wine Estate Red Church Vineyard

Red Church Vineyard is a boutique project of the Bulgarian wine industry. The Vineyard was established by Mr. N. Penkin together with Mr. A. Kanev (Vinologist) and Mr. T. Katsarov (finance).

Mr. A. Kanev is a professional winemaker with 20 years of proven experience in winemaking, with a proven track record in the introduction and establishment of new fine quality wines on the Bulgarian and international market. He teamed up with some of his partners and started the Red Church Vineyard named after the famous Byzantine Red Church Basilica located in Perushtitsa.

Red Church Vineyard is named after the famous UNESCO monument Red Church. Red Church is a large partially preserved late Roman (early Byzantine) Christian basilica in south central Bulgaria. Red Church is the first Christian Church, dating to the late 5th–early 6th century, the church stands near the town of Perushtitsa in western Plovdiv Province, some 15 kilometres (9.3 mi) southwest of the city of Plovdiv. The Red Church is a rare example of solid brick construction in a church from Late Antiquity in Bulgaria, and it was the red colour of the bricks that gave the church its name.

Red Church Vineyard is situated in a valley at the foot of the Rhodope Mountains, 12 kilometres away from Plovdiv - most of the other famous Bulgarian wine cellars like Starosel, Villa Yustina, Bessa Valley are within 50 kilometres. of Red Church reach.

### 5.1 The winemaking team

Management:

- Mr. S. (Svetoslav) Borisov, General manager, is responsible for the legal, finance, fiscal operations and for overseeing the daily operations of the business.
- Mr. A. (Alex) Kanev, the Vinologist, is responsible for the managing, controlling, and organising all the processes on the vineyards and in the winery plus marketing, sales, and contact person with commercial and government institutions.
- Mr. R. (Radoslav) Marchev, the Wine Technologist, is responsible for controlling and managing all the processes and operations in the winery, making lab analysis of the grapes/wines, configuring all the machines.

Operating team:

- Agronomist, who is responsible for spraying, cutting the grass, transporting grapes, cutting the vines, attaching the vines to the wire, maintaining the support construction of the vineyards, cleaning the base of the vine from sprouts, fixing the vines between the wires, harvesting, and loading/unloading the grapes onto the tractor and all other works in the winery.
- Each year starting from August one additional cellar hand for 8 months.
- Each year 10 seasonal workers for sorting the grapes.

### 5.2 Type of wines

Red Church Vineyard currently produces 5 types of wine:

1. Muscat (petit grain): Fresh and elegant French variety, the wines are best consumed within 3 years after bottling.
2. Rose (Cabernet sauvignon, Merlot): It's the most popular, recognised and the most fashionable product with a very high percentage of consumption. The wines are best consumed within 2 years after bottling.
3. Classic (Merlot, Cabernet sauvignon, Cabernet franc and/or Mavrud): An exceptional blend, that can be consumed daily, can be combined very well with red meats. The wines are best consumed within 5-6 years after bottling.
4. Premium (Merlot, Cabernet sauvignon, Cabernet franc and/or Mavrud). Typical Bordeaux style blend with potential for ageing until 10+ years after bottling.
5. Selection Individuelle (Cabernet sauvignon, Merlot, Cabernet franc). Amazing wine with potential for ageing for 15 – 15+ years after bottling.

The mixtures and composition of the different type of wines can differ annually, depending on the quality and quantity of the different types of grapes harvested.

Two of the produced wines of Red Church have been named as award-winning wines.

The Selection individuelle 2018 was named by DiVino as award-winning wine in two categories. For the tenth consecutive year, at the beginning of 2021, the tasting team of DiVino ranked the 50 best Bulgarian wines for the past 2020 – based on year-round regular tastings and evaluation of over 500 wines. The results were announced in March and the Selection Individuelle 2018 won the first prize as best red wine and was also named best wine of Bulgaria of 2020.

In the Balkans international wine competition of 2019, the Grand Sovereign Rose 2018 won the Silver medal. Dedicated exclusively to regional wines, this annual competition – to take place at the heart of the Balkans, in Sofia, Bulgaria – aspires to draw the attention of the global wine community to the unique range of flavours that this interesting region has to offer. The competition is open to wine producers from all Balkan countries, from the Black Sea region and from all over the world.

From the 2023 harvest on, the Red Church Group will only focus on producing the Muscat, Premium and Selection Individuelle.

### 5.3 Production and production process of the Red Church Wines

The vineyards are carefully looked-after through the whole vegetation cycle from cutting the vines until harvest as the quantity of grapes are limited to 5tons/hectare. The harvest times start after thoroughly analysing both laboratory parameters -pH, Titratable acids, Sugar content (Brix) and organoleptic analysis.

The grapes are handpicked in 10kg cases. After that the grapes are placed on the vibrational table where the first-hand selection occurs. After the destemming process the grape berries arrive on the second table for the fine selection by hand. The selected grape berries are then transported in an inert environment by dry ice in small volume fermenters (5m<sup>3</sup>, 15m<sup>3</sup>). Each one of the fermenters is individually assigned different pump over procedures and temperature control. The tanking time is around 30 days during which there is at first cold, and then warm maceration.

Each day there are specific lab procedures for the fermentation processes. Based on tasting, the young wine is separated from the mark by racking/pressing. Part of the wine is directly sent in French oak barrels for maturation, the other part is stored in stainless steel tanks under strictly inert environment. The maturation process is usually between 8-18 months, during which there is strict hygiene and control. After the blending of different varieties, the wine is bottled and packed in boxes.

The aging process is an important factor when producing red wine and should be carefully monitored. Annual average evaporation (angels share) is 2% (statement of industry), but this can also be higher.

In order to offer a Bondholders some certainty, the Issuer receives a purchase option regarding a number of bottles (0.75l) and not an amount of litre of the produced production in a specific year. So, if the management of the Red Church Group decides to extend the term of a barrel, the risk of a lower number of bottles that can be bottled due to the continued evaporation is not for the risk of the Bondholders. The Issuer will remain entitled to the number of bottles that she receives as a purchase option.

There is also a loss of alcohol strength due to evaporation. In the EU the minimum actual alcoholic strength is 8% so the wine must not fall below this alcohol strength. If this does happen, the barrel can no longer be marketed as wine, and it loses value. In order to offer a Bondholders some certainty, the Issuer receives from the Red Church Group a guarantee that the purchased wine through the effectuation of the purchase option will always meet the minimum conditions that apply to be classified as wine within the EU. In the case that a part of the wine that is stocked in barrels no longer meets the rules to be classified as wine in the EU, the Red Church Group will replace this wine with a barrel or bottles from the same year that do comply with the applicable rules. From the moment that the wine of a specific year is bottled this guarantee will lapse.

All bottles and barrels are securely stored in the Red Church Group's own cellars or storage spaces. These storage spaces will meet all the requirements of the insurer. All bottles will be insured at the production value plus a surplus of 20% or, if higher, the market value.

Barrels will remain in the Red Church Group's own controlled cellars until the wine is bottled. During this maturation period, the barrels are managed by the warehouse manager. The warehouse manager inspects on a regular basis all barrels on any leaks, quality and if desired the content and alcohol percentage in the meantime.

Since 2018 the vineyards are constantly ameliorated and kept in an excellent agro-technical state, Red Church created the best Bulgarian wine of 2020. The vineyard itself counts 93.900 vines planted over 19.447 hectares of vineyard.

Grape type	Hectares	Vines
Cabernet Franc	2,636	13.500
Cabernet Sauvignon	3,421	15.500
Mavrud	3,646	13.400
Merlot	8,664	47.000
Muscat petit grain	1,080	4.500
Total	19,447	93.900

The management of Red Church aims to guarantee high quality and put quantity second. Therefore the maximum amount of grapes which can be harvested, with the current number of vines, without compromising the quality of the grapes is set by the management at 110 tons.

### 5.4 Current wine in stock

The Red Church Vineyard has per 22<sup>nd</sup> of November 2023 a total of 158.190 litres of wine in storage, subdivided into bottled wine, stored wine in barrels and wine that is still present in the production process in the various tanks and reservoirs. Based on the wine recipes, the production process and contents of the wine bottles a total of 157.710 litres of wine is in stock for the production of the Red Church Wines. The acquisition of the winery by EN existed out of the purchase of all the currently produced bottles, with the harvest years 2018 to 2020 and all the litres of wine that are currently stored in the reservoirs, tanks, and barrels regarding the harvest years 2019 to 2021 and the harvest of 2023. In September and October 2023 the harvest of 2023 has been harvested and on the date of the issuance of this IM this harvest is stored in the tanks and reservoirs.

#### Stock in bottles

Harvest year	Wine type	Storage	Litres	Bottles	Type of storage
2018	White	Bottled	-	-	Bottles - 0.750 l.
2018	Rose	Bottled	-	-	Bottles - 0.750 l.
2018	Classic	Bottled	16.187	21.582	Bottles - 0.750 l.
2018	Premium	Bottled	5.436	7.248	Bottles - 0.750 l.
2018	Selection individuelle	Bottled	899	1.198	Bottles - 0.750 l.
2019	White	Bottled	495	660	Bottles - 0.750 l.
2019	Rose	Bottled	-	-	Bottles - 0.750 l.
2019	Classic	Bottled	-	-	Bottles - 0.750 l.
2019	Premium	Bottled	11.012	14.682	Bottles - 0.750 l.
2019	Selection individuelle	Bottled	1.835	2.447	Bottles - 0.750 l.
2020	White	Bottled	1.863	2.484	Bottles - 0.750 l.
2020	Rose	Bottled	5.450	7.266	Bottles - 0.750 l.
2021	White	Bottled	1.757	2.342	Bottles - 0.750 l.
<b>Total</b>			<b>44.932</b>	<b>59.909</b>	

#### Stock in reservoirs

Harvest year	Wine (mix)	Storage	KG	Ratio kg/l	Litres
2019	Cabernet Sauvignon / Cabernet Franc	Reservoir			6.483
2019	Merlot / Mavrud / Cabernet Sauvignon / Cabernet franc	Reservoir			3.400
2019	Merlot / Mavrud / Cabernet Sauvignon	Fermenter			10.300
2020	Cabernet Franc	Reservoir			425
2020	Merlot / Mavrud / Cabernet Sauvignon	Insulated tank			10.300
2020	Merlot / Mavrud / Cabernet Sauvignon	Reservoir			5.300
2021	Rose	Reservoir			3.950
2023	Merlot	Fermenter	18.891	59,77%	11.291
2023	Merlot	Reservoir			7.600
2023	Mavrud	Fermenter	8.870	58,87%	5.222
2023	Cabernet Sauvignon / Cabernet Franc	Fermenter	9.191	60,13%	5.526
2023	Cabernet Sauvignon	Reservoir	10.792	59,64%	6.436
2023	Muscat	Reservoir			1.700
<b>Total</b>			<b>47.744</b>		<b>77.934</b>

#### Stock in Barrels

Harvest year	Wine (mix)	Storage	Litres
2019	Merlot / Mavrud / Cabernet Sauvignon	Barrels	1.125
2019	Merlot / Mavrud	Barrels	1.350
2020	Merlot	Barrels	6.300
2020	Merlot / Cabernet Franc	Barrels	225
2020	Cabernet Franc	Barrels	3.150
2020	Cabernet Sauvignon	Barrels	4.275
2021	Merlot	Barrels	9.675
2021	Mavrud	Barrels	3.150
2021	Cabernet Sauvignon	Barrels	3.150
2021	Cabernet Franc	Barrels	2.700
2021	Cabernet Sauvignon / Cabernet Franc	Barrels	225
<b>Total</b>			<b>35.325</b>
<b>Total Litres of wine in stock</b>			<b>158.190</b>
<b>Losses through in production process</b>			<b>480</b>
<b>Total net litres of wine in stock</b>			<b>157.710</b>

The former owner of the Red Church Vineyard has adhered to a policy in the past 3 years of covering the running costs of the vineyard through a direct sale of (a part of) the harvested grapes, while he was in search of a party to take over the vineyard. For the year 2020 the Mavrud grapes were sold, in the year 2021 the half of the total harvest were sold and for 2022 the whole harvest was sold to other wineries. Based on the harvest and bottling plan, the production processes and wine recipes the Red Church Group will be able to have the production back at a normal level in 2025 and beyond. In 2025 the Red Church Group will be able to bottle new wines from the harvest of 2023 and will be back at a normal level regarding the production.

This data has been processed in the forecast model of the Red Church Group and despite a lack of production regarding the harvest of the years 2020, 2021 and 2022 it does not result in a negative cash flow, so the Red Church Group can continue to meet its obligations.

## 5.5 Forecast of the wine production

This Forecast has been prepared to serve its purpose, in order to display a forecast of the wine production of the Red Church Group in line with the Bond and the by her to be made investments and future plans. This Forecast should be read as a possible display of a forecast for the Red Church Group regarding her growth plans whereby this Forecast is drawn up and based on variable and adjustable assumptions. The Issuer is and will not be responsible for any deviations between the content of this Forecast and the actual forecast and/or results of the Red Church Group.



No assurance can be given that the actual situation of produced litres will be in line with this forecast and any scenarios included therein. It is likely that the actual situation will deviate from the forecasts and the scenarios included therein.

For the coming years the Red Church Group made the following assumptions regarding the production of her different type of vines.

Prognosis			
Grape type	Hectares	Harvest 2024 prognosis, kg	Ratio Kilo/Litre
Cabernet Franc	2,636	9.450	62,30%
Cabernet Sauvignon	3,421	16.275	59,64%
Merlot	8,664	47.000	61,00%
Mavrud	3,646	15.410	58,87%
Muscat petit grain	1,080	6.750	53,50%
<b>Total</b>	<b>19,447</b>	<b>94.885</b>	

Average harvesting and loss per vine - prognosis 2024									
Grape type	Vines	Average kilo per vine per	Total kilo per year	Average total harvesting loss %	Average total	Average total selection loss % *	Average total	Total net kilo per year	Total loss
Cabernet Franc	13.500	0,70	9.450	1,00%	94,50	12,00%	1.123	8.233	12,88%
Cabernet Sauvignon	15.500	1,05	16.275	1,00%	162,75	12,00%	1.933	14.179	12,88%
Merlot	47.000	1,00	47.000	1,00%	470,00	12,00%	5.584	40.946	12,88%
Mavrud	13.400	1,15	15.410	1,00%	154,10	12,00%	1.831	13.425	12,88%
Muscat petit grain	4.500	1,50	6.750	1,00%	67,50	12,00%	802	5.881	12,88%
<b>Total</b>	<b>93.900</b>		<b>94.885</b>				<b>11.272</b>	<b>82.664</b>	

\* % of total kilo available for selection

Regarding the harvesting of the grapes an average loss is taken into account of 1% of the gross harvest in kilos plus an additional loss of 12% regarding selection loss. This will result in an accumulated average loss of 12,88% of the annual harvest grapes in kilos.

When the irrigation system is installed and put into use, the management of Red Church expects that the annual harvest will increase with a percentage between 15% and 20% depending on the grape type. In the following two years, a small growth is expected as a result of the further professionalization of the maintenance of the vineyard. This will result in a forecasted harvest as stated in the table below.

Forecast harvesting in KG		
Grape type	Before irrigation	After irrigation
Cabernet Franc	9.450	11.340
Cabernet Sauvignon	16.275	19.530
Mavrud	47.000	54.050
Merlot	15.410	17.722
Muscat petit grain	6.750	7.931
<b>Total</b>	<b>94.885</b>	<b>110.573</b>

When the ratio of the litre of grape juice per kilo grapes is taken into account including the accumulated loss of 12,88% this results in the following overview regarding the litres that will be arising from the annual forecasted harvests.

Litres to be produced with the harvest		
Grape type	Before irrigation	After irrigation
Cabernet Franc	5.887	7.065
Cabernet Sauvignon	9.706	11.647
Mavrud	28.668	32.968
Merlot	9.071	10.432
Muscat petit grain	3.611	4.243
<b>Total</b>	<b>56.944</b>	<b>66.355</b>

Based on these prognosis of the amounts of gross kilo's to be harvested and the wine recipes of the 5 different types of wine the Red Church Group is able to determine its policy regarding the mix of wines to be produced. Preference will be given to the production of the red wines. The white wine and in particular the rosé will play a less and less important role in the production process of the Red Church Group in the coming years. The Selection Individuelle will be produced and market as a scarcity product and will there for be produced in small editions.

The main focus will be on the production of the Premium because the Premium only has a production period of 2 years and therefore the production of the Premium wine will provide the Red Church group with a healthy ongoing cash flow. The same would apply for the Classic wine, however, the margin of the Premium is higher than the margin of the Classic.

Based on this strategic the management of Red Church has made the following expected production ratio overview in which the harvested grapes will be used in the most economic manner.

**Expected production ratio between different types of wine**

Wine type	2023	2024	2025	2026 >
White	4,56%	5,21%	5,27%	5,29%
Rose	0,00%	0,00%	0,00%	0,00%
Classic	0,00%	0,00%	0,00%	0,00%
Premium	83,98%	84,33%	84,30%	84,29%
Selection individuelle	11,46%	10,46%	10,43%	10,42%
	100,00%	100,00%	100,00%	100,00%

The ratio of the table shows the desired production ratio based on the forecasted harvest based on the different wine recipes, production loss, litre / kilo ratio, the volume per bottle / barrel and the bottlenecks in the in the production process. These ratio's will result in the following use of the different type of grapes.

**Used litres per vine type**

Wine type	2023	2024	2025	2026 >
Cabernet Franc	4.950	6.075	6.075	6.075
Cabernet Sauvignon	8.100	9.900	10.125	10.125
Mavrud	7.748	9.034	9.116	9.157
Merlot	24.975	28.575	28.800	29.025
Muscat petit grain	3.146	3.696	3.734	3.752
Total litres	48.919	57.280	57.850	58.134

The strategy is to compile a mixture of the different types of wine whereby the residue of the grapes that cannot be attributed to the production of the different types of wines amounts to around the 2% of the overall amount of litres produced. These remaining litres will be used in the production process to supplement and compensate the evaporated litres in the barrels.

The white wine and rose (if produced) will be hold for 1 year in the fermenters / tanks and will be bottled in the following year, before the new crops will be harvest. The Red wines will also be hold in the fermenters / tanks for 1 year and will be transferred in the following year to wooden French barrels. The Classic will be stored in the barrels for another 8 till 10 months before being bottled. The Premium will be stored in the barrels for another 12 months before being bottled. The Selection individuelle will be stored up to 3 years in the wooden French Barrels before being bottled.

Based on the total of litres per type of wine that can be produced with the harvest as stated in the overview above, the following amount of forecasted bottles can be produced.

**Used litres per vine type**

Wine type	2023	2024 >	2025	2026 >
Cabernet Franc	3.825	5.625	6.750	6.750
Cabernet Sauvignon	7.875	9.225	11.025	11.025
Mavrud	5.221	8.693	9.996	10.046
Merlot	18.675	27.450	31.500	31.500
Muscat petit grain	1.700	2.804	3.296	3.312
Total litres	37.296	53.797	62.567	62.633

Each type of wine has her own maturation period and therefor the bottling process of the different type of wine differs from the total number of bottles that can be filled from the production in a specific year. When the maturation periods of the different types of wine are taking into account the Red Church Group will be able, based on the above displayed forecasted harvests, to have the following quantity of bottles ready for each year, taking into account the current stock of stored wine from previous years that is included in the purchase of the vineyard.

**Bottles ready for sale**

Bottles ready for sale *	< 2023	2023	2024	2025	2026	2027	2028 >
White	2.342		2.226	3.739	4.394	4.416	4.416
Rose	5.267						
Classic	21.582		57.878				
Premium	21.930	37.500	41.761	60.491	70.328	70.395	70.395
Selection individuelle	3.645	-	-	-	5.700	7.500	8.700
Total bottles ready for sale	54.766	37.500	101.865	64.230	80.422	82.311	83.511

\* including current stock in bottles, reservoirs and barrels

The actual annual production depends on the quality (levels of sulphites, volatiles and sorbic acidities, the sugar content and on the aroma, taste and visuals) and quantity of the different types of wine of a specific year and is determined on the basis of the Vinologist's harvest and bottling plan.

## Section 6 Loan structure Red Church Group

The Issuer of this Bond is Red Church Finance B.V. (the “Issuer”), and with this Bond the Issuer will provide a Loan to the holding entity of the Red Church Group, known as EN and receives in return an interest on the loan plus, a purchase right to purchase Classic Red Wine of the Red Church Vineyard in Bulgaria and a conversion right to convert the Loan into issued share capital of EN.

The acquisition of the wine estate, the business operations and the investments will take place by EN solely with the proceeds of the issued Bond in combination with equity capital already contributed by EN. Currently existing third-party debts that are obtained previous to the issuance of the Bond regarding the purchase of the wine estate and the financing of the business operations by EN will be redeemed by her from the proceeds of the Bond. Resulting in a structure where no other third party has any security and/or collateral on the assets that should belong to the Issuer, respectively the Bondholders as described in section 6.3. Except for the to be invoked credit line regarding the funding of the marketing plan of the singledrinks.com project, as described for under section 7.2.1.

Any provided funds to affiliated (group) entities of EN that are not part of the Red Church Group must be redeemed to EN before the Issuer is allowed to provide the Loan to EN. So that the Bond will not be used to finance any claims and/or business operations that are not part of the Red Church Group.

### 6.1 Duration

The duration of the Loan is equal to the duration of the Issued Bond. Therefor the duration of the Loan will have a (maximum) duration till the 31st of December 2027.

### 6.2 Interest

The Issuer will receive from the Red Church Group on the provided loan an interest that exists out of three different interest components:

1. A fixed interest rate that will cover the annual operating costs of the Trustee and the Issuer;
2. A variable interest rate that is calculated regarding the principal of the loan and is connected to the to be received purchase right on the Classic Red Wines, and;
3. A surplus interest rate to cover the interest withholding tax as a result of the payment from the Bulgarian fiscal jurisdiction to the Netherlands fiscal jurisdiction.

The fixed interest rate will be equal to the annual operating costs of the Issuer and the Trustee, and will cover the costs of management, administration, accountant, insurance, and office costs. This amount is budgeted on an annual total per year + VAT.. This results in an annual fixed interest in the first year of € 83.415 (including start-up costs) and for 2024 onwards in an annual interest amount of € 71.306,-, to be corrected each year with the Harmonised Index of Consumer Prices. This interest amount will be paid on a monthly basis in advance + 5,26% coverage surcharge regarding levied withholding tax between Bulgaria and the Netherlands (Chapter 6.2.3). This interest is due till the moment that the last purchase right regarding the red wine bottles is effectuated or expired.

Fixed interest	2023	2024	2025	2026	2027
<b>Trustee</b>					
Start-up costs	12.000				
Management fee	12.000	12.420	12.668	12.922	13.180
Administration fee	12.000	12.420	12.668	12.922	13.180
Director's liability insurance	4.500	4.658	4.751	4.846	4.943
Office costs	2.500	2.588	2.639	2.692	2.746
<b>Total</b>	<b>43.000</b>	<b>32.085</b>	<b>32.727</b>	<b>33.381</b>	<b>34.049</b>
<b>Issuer</b>					
Management fee	12.000	12.420	12.668	12.922	13.180
Office costs	7.500	7.763	7.918	8.076	8.238
Director's liability insurance	4.500	4.658	4.751	4.846	4.943
Accountant	3.500	3.623	3.695	3.769	3.844
<b>Total</b>	<b>27.500</b>	<b>28.463</b>	<b>29.032</b>	<b>29.612</b>	<b>30.205</b>
VAT	12.915	10.759	10.974	11.193	11.417
<b>Total</b>	<b>83.415</b>	<b>71.306</b>	<b>72.732</b>	<b>74.187</b>	<b>75.671</b>

For providing the needed investment for the Red Church Group, by way of the providing of a loan to her funded with the Red Church Vineyard Bond, the Issuer will receive for the duration of the Loan from the Red Church Group a right to purchase 366 bottles per year, of the Red Church Group's Classic Red Wine, for each € 100.000,- (one-hundred thousand euro) that is lent to the Red Church Group.

This purchase right will be provided to the Issuer on an annual basis afterwards on the 1<sup>st</sup> of December of each year. Each received purchase right will have a validity period from the date of provision until repayment of the Loan or until the moment of conversion of (a part of) the Loan into issued share capital of EN. During this period the purchase right must be effectuated. If these rights are not effectuated within this period, the purchase rights will expire, without any compensation for the Issuer whatsoever. The Issuer is free to effectuate the purchase rights in parts.

In the case the total Bond is placed with a value of € 4,900,000,- (four million nine-hundred thousand euro) this result in an annual I right to purchase a total of 17,934 (seventeen thousand nine-hundred thirty-four) bottles of the by the Red Church Group produced Classic Red Wine. The Issuer will receive the right to purchase these bottles against a purchase price equal to 25% (twenty-five percent) of the annual average cost price per bottle at the time that the purchase right has been granted.

Based on the current stock and the bottling plan of the Vinologist the Red Church Group will be able to produce the following bottles of the Classic Red Wine:

- Harvest 2018: 21.582 bottles are already bottled;
- Harvest 2019: 30.211 bottles can be produced from the stock in the barrels and tanks;
- Harvest 2020: 27.667 bottles can be produced from the stock in the barrels and tanks.

In total the Red Church Group will be able to produce from the current stock a total of 79,460 (seventy-nine thousand four-hundred sixty) bottles of the Classic Red wine from the current stock. This stock is sufficient to meet the purchase right of the Issuer regarding the total duration of the Loan. Whereby the period of 2023 is determined for calculation purposes from the closing date of the issuance period of the Bond as per the 25<sup>th</sup> of December 2023. Based on the assumption that no conversion right will be effectuated during the term of the Bond the maximum amount of bottles connected to the purchase right will be 72,080 (seventy-two thousand eighty) bottles.

Year	Bottles
2023	344
2024	17.934
2025	17.934
2026	17.934
2027	17.934
Total	72.080

The bottles regarding the purchase right are connected to the (to be) bottled Classic Red Wines of the harvest 2018 till 2020. The overview below shows the link between the current stock and the purchase right.

Harvest	2023	2024	2025	2026	2027
2018	21.582	13.858			
2019	30.211	30.211	26.135	8.201	
2020	27.667	27.667	27.667	27.667	17.934
Total bottles from stock	79.460	71.736	53.802	35.868	17.934
Purchase right	344	17.934	17.934	17.934	17.934
Allocated for Vouchers	71.736	53.802	35.868	17.934	-
Remaining for free sales	7.380	-	-	-	-

The Issuer will receive from the Red Church Group a pledge on the Classic Red Wine bottles that are linked to the Purchase right. As a result, the Issuer is, respectively the Bondholders are, through this structure already secured in advance with the due quantity of Classic Red Wine with regard to the purchase right and associated Wine Vouchers for the Bondholders.

If in a particular year the stock of Classic Red Wine by the Red Church Group is not sufficient to cover the Interest in Vouchers, for example due to the loss of the harvest due to bad weather conditions or diseases in the vines or due to damage to the stored bottles and/or half-fabricates, the Bondholders remain entitled to this deferred interest. This deferred interest will be redeemed from the following year's production or distributed from the stock already available at the free disposal of the Red Church Group. The Red Church Group is free to determine the year from which the deferred bottles will be redeemed to make up the shortfall in the specific year.

The Red Church Group is authorized in this regard to choose to distribute the Premium Red Wine instead of Classic Red Wine to redeem the deferred interest. The Premium Red Wine has a higher value than the Classic Red Wine, and there for a price ratio calculation will be handled for the calculation of the to be distributed Premium Red Wine bottles. Meaning that in the case the Premium Red Wine compared with the market value of the Classic Red Wine has a ratio of 1,33 the total to be deferred interest in bottles of Classic Red Wine will be divided by this factor. With as a result that the value of the Voucher will remain the same.

As an interest for providing the Loan the Issuer will receive from the Red Church Group an interest on the provided Loan that equals the purchase price of these bottles plus an additional amount that will cover the excise duty costs on the wine and the due VAT (if any) + the surplus interest (Chapter 6.2.1.) on top of this amount.

Regarding to the Bulgarian law, excise duties are indirect taxes that are levied on certain products at one stage of their production, importation from a third territory or introduction into Bulgaria from another Member State of the European Union (EU). They have been harmonised at the EU level by Council Directive 2008/118/EC (OJ L-9 14/01/2009), which comprises the general regulation, and by various directives covering excises on specific products. These directives have been transposed into the Bulgarian legislation by *Zakon za akcizite i danuchnite skladove (DV N° 91 of 15/11/2005)*.

Regarding the distribution and importation of wines the tax is levied on grape wines, sparkling wines and other beverages fermented from fruit, whereby the tax is levied per hectolitre. The Bulgarian rate that is levied is however equal to 0,00 euro/hl, so in Bulgaria there are no excise duties due on the purchase of the wines by the Issuer.

In the Netherlands excise duties are indirect taxes that are levied on certain products at one stage of their production, importation from a third territory or introduction into the Netherlands from another Member State of the European Union (EU). They have been harmonised at the EU level by Directive 2008/118/EC (OJ L-9 14/01/2009), which comprises the general regulation, and by various directives covering excises on specific products. These directives have been transposed into the Dutch legislation by the Wet op de accijns (Stb. 1991, 561).

Regarding the import of wines, the tax is levied on grape wines, sparkling wines and other beverages fermented from fruit, whereby the tax is levied per hectolitre. The Dutch rate that is levied is equal to 88,30 euro/hl (2023), meaning € 0,883 per litre and in the case of the Red Church bottles of 0.75 litre an amount of € 0.6627 per bottle. In the case the total bond is placed with a value of € 4.900.000,- (four million nine-hundred thousand euro) this result in a total right to purchase 17.934 (seventeen-thousand nine-hundred thirty-four) bottles in which case a total amount of € 11.884,86 (eleven thousand eight-hundred eighty-four euro and eighty-six eurocents) is due on excise tax in the Netherlands.

However, these taxes are only due when the Issuer orders the Red Church Group to transport the bottles of wine from the Republic of Bulgaria to the Netherlands. Then after the goods have arrived in the Netherlands at the place of destination, the Issuer must submit the excise declaration no later than one working day after receipt of the goods, this is the so-called day declaration.

Regarding the VAT, when the Issuer purchases the wines from the Red Church Group, the Red Church Group will charge the Issuer with an invoice of 0% VAT. The Issuer must calculate the Dutch VAT on the purchase, which is 21% of the purchase price. On her VAT return, the Issuer must state the tax as VAT due (21%) for an intra-Community acquisition.

On the same time the Issuer can deduct this VAT in the same return as input tax. Resulting in a due amount of € 0,- (zero euro). In the Netherlands the due excise tax is added to the purchase price regarding the calculation of the due VAT. However these taxes are only due when the Issuer orders the Red Church Group to transport the bottles of wine from the Republic of Bulgaria to the Netherlands.

The Issuer will only use her purchase right in the case that a Bondholder has instructed the Trustee to effectuate her Voucher(s), as described in section 8.4, and the Trustee has filed a request to the Issuer to deliver the wines bottles related to the Voucher(s).

This interest is due on the 1<sup>st</sup> of December of each year and is calculated pro rata parte of the fiscal year. For the first year this interest will be calculated from the closing date of the Bond till the 31<sup>st</sup> of December 2024. For the year 2025 and so on this interest will be calculated on the basis of the period from the 1<sup>st</sup> of January till the 31<sup>st</sup> of December of that year, and may be corrected in the case (a part of the) Loan is converted into share capital of the holding entity of the Red Church Group, as described in Chapter 6.3 or in the case that the Red Church Group has made an (early) redemption on the loan, as described in section 6.6.

When (a part of) the Loan is refunded by the Red Church Group to the Issuer, and respectively by the Issuer to the Bondholders, the purchase right(s) that are not yet effectuated needs to be effectuated within 2 (two) weeks after the day of the repayment of the Loan. Whereby the bottles that the Red Church Group has hold in storage regarding the to be effectuated purchase right(s) will be transferred from the Red Church Group to the Issuer and respectively from the Issuer to the Bondholder(s).

In the case of an (early) repayment the interest and purchase right are due on the early repayment date and are calculated pro rata parte of the fiscal year in which the early repayment takes place from the 1<sup>st</sup> of January till the date of the (early) repayment.

In the case that the repayment takes place before the finalization of the bottling process of the wine in the year of repayment the Red Church Group at its own discretion and decision is allowed to choose to:

- Provide the Issuer with an additional purchase right, regarding the calculated amount of bottles on the subject of the purchase right on the Classic Red Wine that the Red Church Group has freely in stock from the previous years.
- Provide the Issuer with a purchase right regarding the to be bottled Classic Red Wine of the year in which the (early) repayment takes place. Whereby the Issuer must effectuate that purchase right within 2 weeks after the wine is bottled, otherwise this purchase right will lapse.
- Make an additional cash payment as interest (plus surcharge interest) on the Loan, equal to the market value of the bottles regarding the to be provided purchase right from the production of the year in which the (early) repayment takes places.

The Issuer is obligated to similarly apply the method of payment of the interest received by the Red Church Group to the redemption to the Bondholders regarding the due interest in Vouchers. In the case that the Issuer has refinanced the Bond by herself in the meaning of redeeming the Bond she is allowed at her own discretion and decision the choose from the payment methods of the due interest.

In the case that (a part of) the Loan is converted into share capital of the holding entity of the Red Church Group the interest and purchase right will be calculated per amount of € 25.000,- (twenty-five thousand euro) of the converted Loan over the period from the 1<sup>st</sup> of January until the 31<sup>st</sup> of December of that specific fiscal year (see section 6.3).

The overview below will provide a possible scenario of the variable interest, which is based on the above information and regarding the effectuation of the conversion right the assumption is made that no conversion right will be effectuated during the term of the Bond.



Variable Interest	2023	2024	2025	2026	2027
Outstanding Bond	4.900.000	4.900.000	4.900.000	4.900.000	4.900.000
Conversion value	-	-	-	-	-
Early repayment	-	-	-	-	-
Repayment	-	-	-	-	4.900.000
Remaining Bond	4.900.000	4.900.000	4.900.000	4.900.000	-
Participations	196	196	196	196	196
Conversion	0%	0%	0%	0%	0%
Converted participations	-	-	-	-	-
Remaining participations	196	196	196	196	196
Pre-payment	-	-	-	-	4.900.000
Participations	-	-	-	-	196
Remaining participations	196	196	196	196	-
Purchase right in bottles	344	17.934	17.934	17.934	17.934
Cost price per bottle	9,8105	9,4847	9,9745	9,9655	9,8891
Total value	3.375	170.099	178.883	178.721	177.351
Discount	75%	75%	75%	75%	75%
Purchase price	844	42.525	44.721	44.680	44.338
Excise duty	0,6627	228	11.885	11.885	11.885
VAT due in NL	21%	225	11.426	11.879	11.807
Total	1.297	65.836	68.493	68.444	68.029

### 6.2.1 Surplus interest rate

The Red Church Group will pay to the Issuer an additional interest amount to cover the interest withholding tax that is due on payments on the loan from the Republic of Bulgaria to the Netherlands in line with article 11 paragraph 2 of the tax treaty between these countries.

The withholding tax that is levied on the interest payment is equal to 5% (five percent) of the paid interest amount. Between the Issuer and the Red Church Group it will be agreed that these costs will not affect the nett interest income as calculated under the Fixed and Variable interest rates. Therefor it is agreed that the Red Church Group will pay to the Issuer an interest surcharge of 5,263% of the total amount of due interest as calculated under the Fixed and Variable interest rates. So that the nett received interest will be equal to the purchase price of the bottles + excise duty costs and VAT (if any) and the annual operating costs of the Trustee and the Issuer.

Surplus Interest	2023	2024	2025	2026	2027
Total fixed interest	83.415	71.306	72.732	74.187	75.671
Total variable interest	1.297	65.836	68.493	68.444	68.029
Fixed and variable interest	84.712	137.142	141.225	142.631	143.700
Surplus interest	5,26%	4.458	7.218	7.433	7.507
Total interest amount	89.170	144.360	148.658	150.138	151.263

### 6.3 Conversion right

The Red Church Group will provide the Issuer with an option to convert the Loan into issued share capital of the holding entity of the Red Church Group, known as EN EooD (EN).

The Issuer will receive from EN the right per provided € 25.000,- (twenty-five thousand euro) of Loan to convert this amount into 25 (twenty-five) issued shares in the capital of EN, each with a par value of 1 BGN / € 0,50. The conversion of 1 (one) Bond will result in a decrease in debt by EN with the same amount and will increase her equity capital with a share premium of € 25.000,- (twenty-five thousand euro). With a maximum Bond of 196 (one-hundred ninety-six) Bonds of € 25.000,- (twenty-five thousand euro) this will result by a total conversion right to receive a total of 4.900 (four-thousand nine hundred) issued shares in the share capital of EN.

The Issuer on her turn will transfer these conversion rights one-on-one to the Trustee, who holds these rights under management for and on behalf of the Bondholders.

The share capital of EN currently exists out of 10.000 (ten thousand) shares each with a par value of 1 BGN (one BGN). After the issuing period is closed, the current sole shareholder will transfer to the foundation Stichting Red Church Custodian (the "Custodian") a maximum of 49% (forty-nine percent) of the total issued share capital of EN, by a full placement of the Bond. These shares are connected to the total principal of the issued Bond.

After the Bond is placed / the issuing period is closed and the minimum amount of € 3,300,000, - (three million three-hundred thousand euro) is raised it will be determined which percentage of the issued share capital of EN will be transferred to the Custodian. Per placed Bond with a value of € 25,000,- (twenty-five thousand euro) a total of 25 (twenty-five) shares will be transferred by the current sole shareholder to the Custodian. The Custodian will hold these shares in custody for the duration of the to the Issuer provided conversion right.

Current shareholder	5.100	51%
Bondholders	4.900	49%
	10.000	100%

The conversion right will have a duration starting from the date of providing the Loan to EN and will last till the 31<sup>st</sup> of December 2026.

The Issuer will only use her conversion right in the case that a Bondholder has instructed the Trustee in written to effectuate this right that is transferred to her one-on-one by the Issuer and the Trustee has filed this request to the Issuer. Only in this case the Bond or a part of the Bond that is connected with the conversion request will be converted into share capital of EN and the Bondholder will accrue this right, as a result of which its claim against the Issuer will be repaid by the transfer of the shares in EN.

This conversion right will be executable each year during the term of the conversion right on the 15<sup>th</sup> of December, and will be executable for the first time in the fiscal year of 2024. A Bondholder must notify the Trustee within 1 (one) month prior to the conversion date that he/she wishes to make use of this right. If the Trustee has not received a request within this period, she will not file a request to the Issuer to make use of the conversion right regarding the specific Bond, in which case no conversion will take place. A Bondholder that wants to convert her Bonds into share capital of the holding company of the Red Church Group must at all times hold a minimum of 4 (four) bonds with a totalling nominal value of € 100.000,- (one-hundred thousand euro) or convert all her bonds into share capital as a result of which the Bondholder will no longer be participating in the Bond. The conversion must be finalized by the Red Church Group, the Issuer and Stichting Red Church Custodian before the 31<sup>st</sup> of January of the next fiscal year.

The Bonds respectively the Loan to be converted into issued share capital of EN are interest-bearing until the 31<sup>st</sup> of December of the year in which the conversion is notified.

The (notary) costs regarding the conversion of (a part of) the Loan / Bond into issued share capital of the holding entity of the Red Church Group will be borne by the Red Church Group. In the case a Bondholder wishes to make use of its conversion right she / he is obliged to cooperate with the instructions of the Trustee/Issuer regarding the granting of a power of attorney to a Bulgarian notary regarding the delivery of the shares in the name of the Bondholder.

Regarding this conversion right the following comment must be included regarding being in compliance with the Wft legislation that is in force on the Bond. An important provision of chapter 5:1 of the Wft is the prohibition to offer securities to the “public” without a prospectus approved by the AFM (the prospectus obligation).

In accordance with article 5:1 sub d. of the Wft a security is (i) a negotiable share issued by a legal person, company or institution or another negotiable security or right that is equivalent to a share; or (ii) any other negotiable security issued by a legal person, company or institution with which, by exercising the right attached to this security, another shareable security as referred to under i can be acquired by conversion or exchange, if the negotiable security is issued by the legal person, company or institution, or by a group company affiliated with it in a group, which has also issued the shareable security to be acquired.

In other words, based on the Wft, it is prohibited in the Netherlands to issue a bond by the Issuer that can be converted into securities in line with Article 5:1 sub d. of the Wft, meaning that the bond cannot be converted into share capital of the Issuer itself or into share capital of a legal person, company or institution, or by a group company affiliated with the Issuer.

The Issuer and EN EooD, which provide the conversion right and the to be acquired securities, are not affiliated to each other and are each for their own part of separate groups. Therefor the conversion right that is provided by the holding company of the Red Church Group to the Issuer, who on her turn transfers this right one-on-one to the Bondholders is not considered as an offer of a security with a share character as stated in Article 5:1 sub d. of the Wft and therefor the Issuer is permitted to offer the Bond to the “public” without a prospectus approved by the AFM.

## 6.4 Collateral

The Issuer will obtain as security for the Loan multiple collateral, with a minimum coverage of 100% (one-hundred percent) of the outstanding principal of the Loan, consisting of:

- an irrevocable right, on first call, to establish a first mortgage registration on the real estate and plots of land that are hold by Red Church Estate EooD (UIC 130993943) and Red Church Vineyard EooD (UIC 130493952)
- a first right of pledge on the shares that are hold by Stichting Red Church Custodian regarding the conversion right as described for in section 6.3.

Once a year after the conversion rights of the previous year has been finalized the collateral will be valued by an independent appraiser. When the collateral assets are not covering 100,00% off the nominal value of the outstanding principal of the Loan, the Issuer will receive an additional collateral. The Issuer will transfer the additional collateral one-on-one to the Trustee who holds these rights for the benefit of the Bondholders.

The Red Church Group is free to determine what additional collateral will be provided for:

- a. In the form of an increase on the value of the Assets that are currently under collateral, in the case there is room in the appraised value of the assets and the current issued amount of the collateral, this value can be used as additional collateral.
- b. In the form of a pledge registration on (a part of) the current and future plants, machinery and equipment of the Red Church Group that is needed for the production and storage process. The valuation of this pledge will be made by an independent appraiser.
- c. In the form of a pledge of a portion of the free wine stock (ready for sale and semi-finished products). The valuation of this pledge will be calculated as follows:
  - i. The wine in stock ready for sale that is part of the additional collateral, will be valued based on the VI-index or other wine index or calculation method to value the market value of the wine. For each different type of wine and production year a calculation will be made regarding the value of these wines.
  - ii. The wine in the tanks and barrels (semi-finished products) which are part of the production process at the moment of valuation are valued on the basis of the expected market value corrected with the to be made production cost.
- d. In the form of a pledge of a portion of (a part of the) harvest for the production of wines of the current/next year. The valuation of this pledge will be calculated as follows:
  - i. The harvest grapes in kilograms; The harvesting will always takes place in the month August and September, so based on the kilograms of harvest grapes the management of the Red Church Group is able to make a calculation regarding the expected wine that can be produced with these grapes. These grapes are valued on the basis of the expected market value of the to be produced Classic Red Wine corrected with the to be made production cost.
- e. In the form of an irrevocable bank guarantee, or
- f. Any other collateral that will be excepted by the Lender, in which case the Lender must receive from the Trustee prior approval in the to be provided collateral before the Lender is allowed to agree with any collateral other than described for in a till e.

#### 6.4.1 First mortgage right on the real estate assets and plots of land

The Red Church Group will provide the Issuer with a first mortgage right on the real estate assets and plots of land that are currently part of and will be purchased / realized in the (near) future by the Red Church Group, which acquisition price will be paid from the obtained Funds from the Bond. These assets will be hold by Red Church Estate EooD (UIC 130993943) and Red Church Vineyard EooD (UIC 130493952).

The current plots of land of the Red Church Group are valued at an amount of € 318.170,- (three-hundred eighteen thousand one-hundred seventy euro). This valuation is based on the valuation made by the Procredit Bank Bulgaria EAD on the 26<sup>th</sup> of April 2023, attached to the Collateral Calculation Report as attachments C and D.

In order to optimize the Red Church Vineyard production without losing the high Red Church wine quality, the management of EN EooD is assigned to enlarge and develop according to strict Red Church Vineyard standards her current surroundings through purchase of extra plot opportunities. She has, in accordance with its capex investment overview as part of the forecast model of the Red Church Group, Annex B, earmarked an investment of € 95.000,- (ninety-five thousand euro) for this expansion. When the plots are purchased the value of these plots will be added to the first mortgage right on the current real estate assets and plots of land of the Red Church Group.

The total plots of land after the investment project is finalized will have a value of € 413.170,- (four-hundred thirteen thousand one-hundred seventy euro).

Plots of land	2023	2024	2025	2026	2027
Plots of land	318.170	318.170	318.170	318.170	318.170
Current asset value	318.170	318.170	318.170	318.170	318.170
Plots of land		95.000	95.000	95.000	95.000
Investments	-	95.000	95.000	95.000	95.000
Total value	318.170	413.170	413.170	413.170	413.170

The current real estate of the Red Church Group is valued at an amount of € 634.249,- (six-hundred thirty-four thousand two-hundred forty-nine euro). This valuation is based on the valuation made by the Procredit Bank Bulgaria EAD on the 26<sup>th</sup> of April 2023, attached to the Collateral Calculation Report as attachments C.

In 2024 the projects as described for under sections 7.2.4 and 7.2.5 regarding the development of a replica of the Monumental Red Church including wine cellar and the improvement of the current wine cellar will be implemented. When these are finalized the value of these project will increase the value of the current real estate objects of the Red Church Group and will be added in value to the to the first mortgage right. This will result in a total value of the real estate objects that are hold in the Red Church Group with a value of € 2.329.249,- (two-million three-hundred twenty-nine thousand two-hundred forty-nine euro).

Real Estate	2023	2024	2025	2026	2027
Building (wine cellar)	459.527	459.527	459.527	459.527	459.527
Building (basement)	174.722	174.722	174.722	174.722	174.722
Current asset value	634.249	634.249	634.249	634.249	634.249
Cellar improvement		875.000	875.000	875.000	875.000
Replica Red Church incl. wine cellar		820.000	820.000	820.000	820.000
Investments	-	1.695.000	1.695.000	1.695.000	1.695.000
Total value	634.249	2.329.249	2.329.249	2.329.249	2.329.249

The first mortgage right regarding the plots of land and the real estate objects of the Red Church Group will have a combined value in 2023 of **€ 952.419,-** (nine-hundred fifty-two thousand four-hundred nineteen euro) and after the two real estate projects in 2024 are finalized the value will rise to an amount of **€ 2.742.419,-** (two-million seven-hundred forty-two thousand four-hundred nineteen euro).

First mortgage right	952.419	2.742.419	2.742.419	2.742.419	2.742.419
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This value will be revalued annually during the term of the Loan, however for the purpose of this calculation regarding the coverage of the Loan, a constant value is assumed without considering any increase or decrease in value.

#### 6.4.2 Pledge on Shares

As an additional collateral for the provided Loan the Custodian will provide the Issuer with a first right of pledge on the shares that she holds in custody, see section 6.3. Whereby per provided amount of € 25.000,- (twenty-five thousand euro) to the Red Church Group a pledge will be provided by the Custodian to the Issuer with a total of 25 (twenty-five) shares of the issued share capital of EN EooD.

The Issuer shall not be required to surrender the Pledged Shares unless and until the Loan is fully satisfied. Upon satisfaction on the Loan in full, the Issuer shall surrender the Pledged Shares. The Loan is fully satisfied in the following cases:

1. Repayment of the Loan as described for in section 6.6. In the case a part of the Loan is repaid the Issuer shall surrender a part of the pledged shares which correspond in proportion to the repaid part of the Loan on the basis of the ratio of 25 (twenty-five) shares per repaid amount of € 25.000,- (twenty-five thousand euro).
2. Conversion of the Loan as described for in this section 6.3. In the case a part of the Loan is converted the Issuer shall surrender a part of the pledged shares which correspond in proportion to the repaid part of the Loan on the basis of the ratio of 25 (twenty-five) shares per repaid amount of € 25.000,- (twenty-five thousand euro).

By the total issuing of the Red Church Vineyard Bond with an amount of € 4.900.000,- a pledge on the issued shares of EN EooD will be provided to the Issuer of 49% (forty-nine percent).

##### 6.4.2.1 Indirect pledge on Stock

As a result of this pledge the Issuer will indirectly have a pledge through the shares on 49% of the value of the stock of finished and semi-finished wine that the Red Church Group is currently holding, which is divided into bottled bottles, wine in barrels and wine stored in fermenters and tanks.

In addition, to the current stock of semi-finished and finished products, the annual harvest needs be added to determine the overall stock value of the Red Church Group. This stock represents a value that can be calculated through a calculation based on the production process, costs prices per wine type, the current market price of each wine type and the prognoses of the sales.

With the current wine in stock, semi-finished and finished products, the Red Church Group can produce 210.280 bottles of wine. This stock of bottles represents a market value of **€ 7.200.174,-**. When the cost price is taken into account that needs to be made for the finalization of the production process to produce these bottles an amount of € 589.701 needs to be deducted from the market value to calculate the net value of the wine in stock, as specified in the forecast model of the Red Church Group, as attached to the Collateral Calculation Report as attachment B. Resulting in a valuation of the wine in stock with an amount of **€ 6.610.473,-** (six-million six-hundred ten thousand four-hundred seventy-three euro).

Value Wine stock							
Bottles (harvest year)	Wine	Litres	Bottles	Price	Value	Cost price	Net value
2018	Classic	16.187	21.582	€ 25,10	541.708	0	541.708
2018	Premium	5.436	7.248	€ 33,75	244.620	0	244.620
2019	Premium	11.012	14.682	€ 33,75	495.518	0	495.518
2018	Selection individuelle	899	1.198	€ 113,51	135.985	0	135.985
2019	Selection individuelle	1.835	2.447	€ 113,51	277.759	0	277.759
2019	White	495	660	€ 16,87	11.134	0	11.134
2020	White	1.863	2.484	€ 16,87	41.905	0	41.905
2021	White	1.757	2.342	€ 16,87	39.510	0	39.510
2020	Rose	5.450	7.266	€ 16,87	122.577	0	122.577
<b>Total</b>		<b>44.932</b>	<b>59.909</b>		<b>1.910.716</b>	<b>0</b>	<b>1.910.716</b>
Tanks and Barrels (harvest year)							
	Wine	Litres	Bottles	Price	Value	Cost price	Net value
2019	Classic	22.658	30.211	€ 25,10	758.288	78.172	680.116
2020	Classic	20.750	27.667	€ 25,10	694.433	68.802	625.631
2020	Premium	9.225	12.300	€ 33,75	415.125	24.086	391.039
2021	Premium	18.900	25.200	€ 33,75	850.500	49.346	801.154
2023	Premium	31.321	41.761	€ 39,29	1.640.924	297.437	1.343.487
2023	Selection individuelle	4.275	5.700	€ 140,76	802.347	49.351	752.996
2023	White	1.700	2.266	€ 17,21	38.992	14.973	24.019
2021	Rose	3.950	5.267	€ 16,87	88.849	7.534	81.315
<b>Total</b>		<b>112.778</b>	<b>150.371</b>	<b>332</b>	<b>5.289.458</b>	<b>589.701</b>	<b>4.699.757</b>
<b>Total</b>		<b>157.710</b>	<b>210.280</b>		<b>7.200.174</b>	<b>589.701</b>	<b>6.610.473</b>

The valuation of the harvest can be calculated through the prognosis of the harvest for the coming years as specified in the forecast model of the Red Church Group, as attached to the Collateral Calculation Report as attachment B. Based on the production calculation the total bottles of wine can be calculated that the Red Church Group can produce from each harvest. Based on the production calculation the Red Church Group would be able to produce in the term of the Loan for each year the following amount of bottles:

#### Bottles to be produces from the harvest

Wine type	2023	2024	2025	2026 >
White	2.266	3.739	4.394	4.416
Rose	-	-	-	-
Classic				
Premium	41.761	60.491	70.328	70.395
Selection individuelle	5.700	7.500	8.700	8.700
<b>Total bottles</b>	<b>49.727</b>	<b>71.730</b>	<b>83.422</b>	<b>83.511</b>

The market price of these bottles is calculated on the basis of the market price in the year that the bottles are ready to be sold. These prices are provided for by EN EooD and are determined on the basis of the current market price and for each following year and for each new harvest an increase in value, existing out of an inflation correction and price increase as a result of higher quality of the product combined with a higher demand in the market. Resulting in the following overview of the market price per bottle.

#### Market prices in year of sale

Wine type		2023		2024		2025		2026		2027
White	€	17,21	€	17,55	€	17,90	€	18,26	€	18,63
Rose	€	17,21	€	17,55	€	17,90	€	18,26	€	18,63
Classic	€	26,63	€	27,43	€	28,25	€	29,10	€	29,68
Premium	€	39,29	€	40,67	€	42,09	€	43,56	€	45,09
Selection individuelle	€	140,76	€	147,45	€	154,45	€	161,79	€	169,47

Based on the to be produced bottles of wine, the moment that they are ready to be sold and the price prognosis, the stock of wine will have the following market value.

#### Market value of wine in stock

Wine type		2023		2024		2025		2026		2027
White	€	38.992	€	65.625	€	78.664	€	80.639	€	82.252
Rose	€	-	€	-	€	-	€	-	€	-
Classic	€	-	€	-	€	-	€	-	€	-
Premium	€	1.640.924	€	2.460.044	€	2.960.214	€	3.066.726	€	3.174.061
Selection individuelle	€	802.347	€	1.105.867	€	1.343.739	€	1.407.566	€	1.474.426
<b>Total</b>	<b>€</b>	<b>2.482.263</b>	<b>€</b>	<b>3.631.536</b>	<b>€</b>	<b>4.382.617</b>	<b>€</b>	<b>4.554.931</b>	<b>€</b>	<b>4.730.739</b>

To calculate the net market value of the wine stock, produced from the harvest in the coming years, the market value needs to be deducted with the to be made costs price to produce these bottles of wine. Based on the cost price calculation specified in the forecast model of the Red Church Group, the costs price for the production of these bottles will have the following amounts:

#### Cost of goods till sale

Wine type		2023		2024		2025		2026		2027
White	€	14.973	€	21.759	€	24.875	€	26.028	€	26.591
Rose	€	-	€	-	€	-	€	-	€	-
Classic	€	-	€	-	€	-	€	-	€	-
Premium	€	297.437	€	469.505	€	517.896	€	521.961	€	577.459
Selection individuelle	€	49.351	€	63.077	€	69.831	€	70.387	€	77.218
<b>Total</b>	<b>€</b>	<b>361.761</b>	<b>€</b>	<b>554.342</b>	<b>€</b>	<b>612.603</b>	<b>€</b>	<b>618.376</b>	<b>€</b>	<b>681.269</b>

The previous calculation result in the net market value of the stock that can be produced from the harvest in the coming years.

<b>Net market value</b>	<b>€</b>	<b>2.120.502</b>	<b>€</b>	<b>3.077.194</b>	<b>€</b>	<b>3.770.014</b>	<b>€</b>	<b>3.936.555</b>	<b>€</b>	<b>4.049.470</b>
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To calculate the total value of the stock a last correction needs to be made regarding the sold bottles, because a sold bottle will deduct the stock and there with the net value of the stock. Regarding the value of a sold bottle there are two things to be taken into account:

- I. A sold bottle represent the gross market value, an therefor for each sold bottle the cost price need to be taken into account to calculate its effect on the net market value of the stock
- II. In the Red Church forecast model the Red Classic bottles that are linked to the purchase right of the Issuer, as described for in Section 6.2, are having a selling price that is not in line with the market value. This is because the Issuer will have the right to purchase these bottles at a price equal to 25% of the cost price. The net market value of the stock from the harvest is however based on the real market value and not on the discounted price for Issuer, because otherwise the valuation of the stock would not represent the correct value. To remove this calculation difference from the calculation of sales, the purchase price of the bottles was deducted from the annual projected sales and then the number of bottles sold to the Issuer were valued according to the actual market value.

Based on the sale prognosis of the Red Church Group as specified in the forecast model of the Red Church Group the following overview can be drafted:

<b>Stock Value</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Remaining stock value	€ 4.489.970	€ 6.553.036	€ 7.318.451	€ 9.530.194	€ 10.785.446
Net market value harvest	€ 2.120.502	€ 3.077.194	€ 3.770.014	€ 3.936.555	€ 4.049.470
<b>Net stock value</b>	<b>€ 6.610.473</b>	<b>€ 9.630.230</b>	<b>€ 11.088.465</b>	<b>€ 13.466.749</b>	<b>€ 14.834.916</b>
Sold to market	€ 107.257	€ 2.866.582	€ 1.645.078	€ 3.225.035	€ 3.984.735
Value effectuated wine vouchers	€ -	€ 4.446,72	€ 373.616,87	€ -	€ -
Cost of sold goods	-49.820	-559.250	-460.424	-543.732	-607.001
<b>Net value of sold stock</b>	<b>€ 57.437</b>	<b>€ 2.311.779</b>	<b>€ 1.558.271</b>	<b>€ 2.681.304</b>	<b>€ 3.377.733</b>
Remaining net value	€ 6.553.036	€ 7.318.451	€ 9.530.194	€ 10.785.446	€ 11.457.182
Pledge on shares	49%	49%	49%	49%	49%
<b>Value of the pledge</b>	<b>€ 3.210.987</b>	<b>€ 3.586.041</b>	<b>€ 4.669.795</b>	<b>€ 5.284.868</b>	<b>€ 5.614.019</b>

#### 6.4.2.2 Indirect pledge on free liquidity

As, stated under section 6.4.2 an additional collateral for the provided Loan the Custodian will provide the Issuer with a first right of pledge on the shares that she holds in custody, see section 6.3. Whereby per provided amount of € 25.000,- (twenty-five thousand euro) to the Red Church Group a pledge will be provided by the Custodian to the Issuer with a total of 25 (twenty-five) shares of the issued share capital of EN.

The Issuer shall not be required to surrender the Pledged Shares unless and until the Loan is fully satisfied. Upon satisfaction on the Loan in full, the Issuer shall surrender the Pledged Shares. The Loan is fully satisfied in the following cases:

1. Repayment of the Loan as described for in section 6.6. In the case a part of the Loan is repaid the Issuer shall surrender a part of the pledged shares which correspond in proportion to the repaid part of the Loan on the basis of the ratio of 25 (twenty-five) shares per repaid amount of € 25.000,- (twenty-five thousand euro).
2. Conversion of the Loan as described for in this section 6.3. In the case a part of the Loan is converted the Issuer shall surrender a part of the pledged shares which correspond in proportion to the repaid part of the Loan on the basis of the ratio of 25 (twenty-five) shares per repaid amount of € 25.000,- (twenty-five thousand euro).

By the total issuing of the Red Church Vineyard Bond with an amount of € 4.900.000,- a pledge on the issued shares of EN EooD will be provided to the Issuer of 49% (forty-nine percent).

As a result of this pledge the Issuer will indirectly have a pledge through the shares on 49% (forty-nine percent) on the value of the free liquidity that is available in the Red Church Group.

The free liquidity is based on the free cash flow + the trade receivables -/- the current liabilities in the total Red Church Group at year end. This will provide the following overview, based on the forecast model of the Red Church Group as attached to the Collateral Calculation Report as attachment B1.

<b>Liquidity buffer</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Free cash flow end of year	€ 2.575.045	€ 3.255.822	€ 3.983.638	€ 6.076.295	€ 6.445.433
Trade receivables	€ 5.365	€ 143.467	€ 84.539	€ 161.516	€ 205.970
<b>Current liabilities</b>	<b>€ -43.984</b>	<b>€ -214.241</b>	<b>€ -103.577</b>	<b>€ -253.669</b>	<b>€ -339.015</b>
Buffer	€ 2.536.426	€ 3.185.049	€ 3.964.600	€ 5.984.141	€ 6.312.388
Pledge on shares	49%	49%	49%	49%	49%
<b>Value of the pledge</b>	<b>€ 1.242.849</b>	<b>€ 1.560.674</b>	<b>€ 1.942.654</b>	<b>€ 2.932.229</b>	<b>€ 3.093.070</b>

### 6.4.3 Total provided collateral

Based on the above calculation regarding the different types of provided collateral, the total collateral for each year during the duration of the Loan can be calculated. Whereby, in line with section 6.4, a minimum coverage needs to be provided for by the Red Church Group to the Issuer of 100% of the outstanding principal of the Bond.

In the Collateral Calculation Report the assumption has been adopted that the Issuer will not use her conversion right, as escribed for in section 6.3, during the term of the Loan. Resulting in a to be provided collateral with a minimum of € 4.900.000,- (four-million nine-hundred thousand euro). Based on the Collateral Calculation Report the provided collateral will have the following value and coverage during the term of the Bond.

Collateral		2023	2024	2025	2026	2027
Plots of land	1st mortgage right	€ 318.170				
Real Estate	1st mortgage right	€ 634.249				
Stock value	through share pledge	€ 3.210.987	€ 3.586.041	€ 4.669.795	€ 5.284.868	€ 5.614.019
Liquidity buffer	through share pledge	€ 1.242.849	€ 1.560.674	€ 1.942.654	€ 2.932.229	€ 3.093.070
<b>Total collateral</b>		€ 5.406.255	€ 5.146.715	€ 6.612.449	€ 8.217.097	€ 8.707.089
Loan/Bond		€ 4.900.000	€ 4.900.000	€ 4.900.000	€ 4.900.000	€ 4.900.000
<b>Coverage</b>		110,33%	105,04%	134,95%	167,70%	177,70%
LTV		90,64%	95,21%	74,10%	59,63%	56,28%

The Issuer on her turn will transfer these mortgage and pledge rights one-on-one to the Trustee, who holds these rights under management for and on behalf of the Bondholders.

The Issuer is entitled to establish a second (2nd) right of mortgage or pledge in addition to the Mortgage and pledge Right(s) on one or more of the mortgaged and pledged Assets, in the case that this is needed for the redemption of the Loan.

Once a year after the conversion rights of the previous year has been finalized the collateral will be valued by an independent appraiser. When the collateral assets are not covering 100,00% off the nominal value of the outstanding principal of the Loan, the Issuer will receive an additional collateral. The Issuer will transfer the additional collateral one-on-one to the Trustee who holds these rights for the benefit of the Bondholders.

The Red Church Group is free to determine what additional collateral will be provided for:

- In the form of an increase on the value of the Assets in the case there is room in the appraised value of the assets and the current issued amount of the collateral, this value can be used as additional collateral.
- In the form of a pledge registration on a part of the current and future barrels, plants, machinery and equipment of the Red Church Group that is needed for the production and storage process. The valuation of this pledge will be made by an independent appraiser.
- In the form of a pledge of a portion of the free wine stock (ready for sale and semi-finished products). The valuation of this pledge will be calculated as follows:
  - The wine in stock ready for sale that is part of the additional collateral, will be valuated based on the VI-index or other wine index or calculation method to value the market value of the wine. For each different type of wine and production year a calculation will be made regarding the value of these wines.
  - The wine in the tanks and barrels (semi-finished products) which are part of the production process at the moment of valuation are valued on the basis of the expected market value or at the cost price plus a 17,50% mark-up if this value is higher.
- In the form of a pledge of a portion of (a part of the) harvest for the production of wines of the current/next year. The valuation of this pledge will be calculated as follows:
  - The harvest grapes in kilograms; The harvesting will always takes place in the month August and September, so based on the kilograms of harvest grapes the management of the Red Church Group is able to make a calculation regarding the expected wine that can be produced with these grapes. These grapes are valued on the basis of the expected market value of the to be produced Classic Red Wine or at the cost price plus a 17,50% mark-up if this value is higher.
- In the form of an irrevocable bank guarantee, or
- Any other collateral that will be excepted by the Lender, in which case the Lender must receive from the Trustee prior approval in the to be provided collateral before the Lender is allowed to agree with any collateral other than described for in a till e.

The described additional collateral under a. till f. in the paragraph above are not a ranking and the Red Church Group is free to also issue a mix of the above collaterals, as long as the value of these collaterals is sufficient to cover the principal of the outstanding Loan respectively Bond for 100,00%.

In the case an additional collateral is provided in the form of a pledgee on the current and future plants, machinery and equipment of the Red Church Group it is possible that pledged plant, machinery and equipment needs to be replaced with new ones whereby the old ones are being sold or disposed, during the Term. In such a case, the Trustee and respectively the Issuer must cooperate with the release of the collateral (the pledge Rights) for the specific to be replaced asset, whereby the new acquired assets will be added to the collateral. In order to limit notary fees, these withdrawals and additions are first agreed in private deed between the Red Church Group and the Issuer, regarding the provided collateral in the and secondly between the Issuer and the Trustee regarding the Bond, after which they are notarial processed once a year in the applicable registers after the finalization of the to be effectuated conversion rights.

When the value of the Mortgage and Pledge Rights are valued at a higher amount then is needed to the fulfilment of the total collateral of the principal of the outstanding Bond, the Trustee will automatically agree to release a portion of the pledge that exceeds this value.

Additionally the Issuer will receive from the Red Church Group a first right of pledge on the Classic Red Wine bottles that will fall within the purchase option that the Issuer annually receives, in order to secure that these bottles will not be sold to third Parties. The Issuer will transfer these rights one-on-one to the Trustee, who holds this right for the benefit of the Bondholders. The received pledge or a part thereof will lapse simultaneously with the effectuation of the purchase right regarding the bottles under the pledge or will lapse in the case the term of the purchase option regarding the bottles under the pledge has expired.

For the greater certainty of the Issuer and vis-à-vis the Bondholders, the Red Church Group, after having received the Loan from the Issuer, will not attract and/or use bank financing and/or non-bank money loan(s) whereby securities will be provided to the financier with regard to the assets on which a security rests for the Issuer and the Bondholders respectively. In addition, the Issuer respectively the Bondholders obtain collateral in the amount of 100% of the outstanding principal of the Bond.

The Red Church Group is however allowed to attract / receive (short term) money loans from third parties (including via another bond loan) under market conditions, to finance her business operation, growth plans and for the pre-financing of subsidy programs, whereby the free assets of the Red Church Group can be provided as collateral to the Financier. No prior approval of the meeting of Bondholders is required for raising financing as referred to in this paragraph.

The Red Church Group is also allowed to invoke a credit line regarding the funding of the marketing plan of the singledrinks.com project, of € 500,000,- (five-hundred thousand euro) to be provided by DRI EooD, the current sole shareholder of EN. The credit line will have a duration of 3 years and DRI EooD will receive an interest on this loan of 3-months Euribor + 300 basis points. DRI EooD will receive from EN a pledge on 100% (one-hundred percent) of her participation in singledrinks.com (see section 7.2.6) equal to 49% (forty-nine percent) of the issued share capital of singledrinks.com OOD. Which DRI EooD can effectuate in the event that the credit line is not repaid within the period of 3 years or in the event interest payments

#### **6.4.4 EBIT calculation valuation**

To provide an overview of the company value of the Red Church group in the coming years a calculation is made in the Collateral Calculation Report, to be downloaded from the website [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads). Whereby a calculation of the company value of the Red Church Group is made based on the current operating business processes and a calculation is made regarding the perspective value of the singledrinks.com project. Whereby both calculations are based on an EBIT factor valuation.

##### **6.4.4.1 Company valuation**

The valuation of the company value of the Red Church Group is based on the forecast model of the Red Church Group as attached to the Collateral Calculation Report as attachment B. Whereby the company is valued on an average EBIT factor for the coming years (end of 2027), equal to the term of the Bond. Whereby the EBIT is based on the sales and production costs in relation to the prognosis of the harvest for the coming years. The EBIT for the winery shall increase in the coming years, as a result of professional management of the winery that will result in a sustainable high quality of the wine and on the other hand taking into account that from 2025 the winery will be able to have the production back at a normal level. Caused by the sale of (a part of) the harvest in the period 2020 till 2022 the production and therewith the sale will be lower till the year 2025 than in the normal situation whereby harvest is held for own production. In 2025 the Red Church Group will be able to bottle new wines from the harvest of 2023 and will be back at a normal level regarding the production. Therefore the EBIT factor will rise from 2025 on. Because of the steadiness of the production, fast growth in sales, high profitability and a high scalable that is projected for the coming years the EBIT will also rise. The average EBIT factor that is used to calculate the average company value over the term of the Bond is factor 11 (eleven). For similar wineries the EBIT sale factor is in the range of factor 11 (eleven) up to 20 (twenty).

In the Red Church forecast model, as attached to the Collateral Calculation Report as attachment B, the Red Classic bottles that are linked to the purchase right of the Issuer, as described for in Section 6.2 have a selling value that is not in line with the market value. Because the Issuer will have the right to purchase these bottles at a price equal to 25% of the cost price. To show the real value of the earning in the Red Church Group the effect of this purchase right needs to be removed from the calculation of the sales. This is realized by deducting the purchase price of the bottles sold under the conditions of the purchase right from the annual projected sales and corrected them with the market value of these sold bottles.

The Collateral Calculation Report and her attachments can be downloaded from the website [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads).

The company valuation of the Red Church Group, based on the forecast model of the Red Church Group, is valued **€ 21.849.862** (twenty-one million eight-hundred forty-nine thousand eight-hundred sixty-two euro), whereby the valuation represents the average company value based on the term of the Loan, valued on an average EBIT factor of 11.

Company value Red Church Group	2023	2024	2025	2026	2027	2028	2029
Earnings	107.257	2.871.028	2.018.694	3.225.035	3.984.735	4.294.457	4.437.192
Cost of sold goods	49.820	559.250	460.424	543.732	607.001	618.384	674.047
Operating costs	142.850	238.032	211.204	207.172	209.860	197.400	217.134
Advisory fee	18.000	18.630	19.003	19.383	19.770	20.166	20.569
Total operational costs	210.670	815.912	690.631	770.286	836.632	835.950	911.750
EBITDA	-103.413	2.055.116	1.328.064	2.454.749	3.148.103	3.458.507	3.525.441
Revaluation stock and inventory	671.501	-	-	-	-	-	-
Depreciation	-64.070	-64.070	-64.070	-64.070	-64.070	0	0
EBIT	504.018	1.991.046	1.263.994	2.390.679	3.084.033	3.458.507	3.525.441
EBIT factor	8,50	9,50	10,75	12,25	14,00	15,75	17,50
EBIT factor increase year on year		1,00	1,25	1,50	1,75	1,75	1,75
Valuation	4.284.156	18.914.939	13.587.933	29.285.818	43.176.462	54.471.490	61.695.222
Participation	49,00%	49,00%	49,00%	49,00%	49,00%	49,00%	49,00%
EBIT value	2.099.236	9.268.320	6.658.087	14.350.051	21.156.467	26.691.030	30.230.659
Average EBIT factor in first 5 years	11,00						
Average company value in first 5 years	21.849.862						

The Issuer will receive as a collateral for the provided Loan of pledge on the shares that are hold by Stichting Red Church Custodian regarding the conversion right as described for in section 6.3. Whereby per provided amount of € 25.000,- (twenty-five thousand euro) to the Red Church Group a pledge will be provided with a total of 25 (twenty-five) shares of the issued share capital of EN EooD.

By the total issuing of the Red Church Vineyard Bond with an amount of € 4.900.000,- a pledge on the issued shares of EN EooD will be provided to the Issuer of 49% (forty-nine percent). This pledge represents on the basis of the EBIT calculation a value of **€ 10.706.432,-** (ten million seven-hundred six thousand four-hundred thirty-two euro), whereby the valuation represents the average value calculated over the term of the Loan till the end of 2027. Taken into account that Red Church Finance B.V. will not use her conversion right during the term of the Loan.

<b>Pledge value</b>	
Average company value in first 5 years	21.849.862
Pledge on shares	49,00%
<b>Net collateral</b>	<b>10.706.432</b>

#### 6.4.4.2 Valuation singledrinks.com

The project description of the singledrinks.com project is described for in section 7.2.1 and the singledrinks.com plan, perspective and EBIT value calculation can be downloaded from the Issuer's website: [www.redchurchvineyard.nl](http://www.redchurchvineyard.nl)

The value of the singledrinks.com project is not taken into account regarding the valuation of the company value of the Red Church Group. The reason for this is that because of the novelty of the singledrinks.com project it is hard to predict its future success. The valuation of this project is there for not taken into account in the valuation of the collateral for the minimum coverage of the provided and outstanding principal of the Loan, as described for in section 6.4. However this project does add value to the Red Church Group as a whole, and there for a calculation is made in the Collateral Calculation Report of the possible added value to be realised by this project and the associated collateral that this project will provide.

The Collateral Calculation Report and her attachments can be downloaded from the website [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads).

Based on the perspectives of the signeldrinks.com project, as specified in attachment E to the Collateral Calculation Report, the singledrinks.com project will provide the Issuer with an additional collateral of **€2.186.123,-** (two-million one-hundred eighty-six thousand one-hundred twenty-three euro), whereby this valuation represents the average value calculated over the term of the Loan till the end of 2027. Taken into account that the Issuer respectively the Bondholder will not use her conversion right during the term of the Loan.

Perspective valuation of singledrinks.com	2023	2024	2025	2026	2027	2028	2029
EBIT	-	188.448	340.165	964.959	2.474.985	4.457.071	6.830.848
EBIT factor	8,50	8,50	9,50	10,75	12,25	14,00	15,75
EBIT factor increase year on year		1,00	1,25	1,50	1,75	1,75	1,75
Value	-	1.601.806	3.231.565	10.373.313	30.318.569	62.398.998	107.585.854
Participation	24,01%	24,01%	24,01%	24,01%	24,01%	24,01%	24,01%
EBIT value for pledge shares	-	384.594	775.899	2.490.632	7.279.488	14.981.999	25.831.363
Average EBIT factor in first 5 years	9,90						
Average company value in first 5 years	9.105.051						
<b>PM - singledrinks.com</b>							
Participation by EN in singledrinks.com OOD	49,00%						
Pledge on shares	49,00%						
Nett Securitization in singledrinks.com	24,01%						
Average EBIT factor in first 5 years	9,90						
Average company value in first 5 years	9.105.051						
<b>Value in singledrinks.com</b>	<b>2.186.123</b>						

This valuation is based on an indirect interest in Singledrinks.com OOD by the Issuer respectively the Bondholders of 24,01% (twenty-four point one percent). This indirect interest is calculated as follows, EN EooD will hold 49% (forty-nine percent) of the issued shares of singledrinks.com OOD and Red Church Finance B.V. on her turn will have a pledge right on 49% (forty-nine percent) of the issued share capital of EN EooD, she will there for have an indirect interest of 24,01% (twenty-four point one percent) (49% of 49%) in Singledrinks.com OOD.

#### 6.4.4.3 EBIT calculation value

When the EBIT calculation of the company is added to the perspective value of the singledrinks.com project, the total EBIT calculation value of the Red Church Group will have an amount of **€12.892,555** (twelve-million eight-hundred ninety-two thousand five-hundred fifty-five euro) equal to a loan to value of **38,01%** and a coverage of **263,11%** whereby this valuation represents the average value calculated over the term of the Loan till the end of 2027. Taken into account that the Issuer respectively the Bondholder will not use her conversion right during the term of the Loan.

EBIT valuation	2023	2024	2025	2026	2027	2028	2029
EBIT value company shares	2.099.236	9.268.320	6.658.087	14.350.051	21.156.467	26.691.030	30.230.659
EBIT value singledrinks shares	-	384.594	775.899	2.490.632	7.279.488	14.981.999	25.831.363
Total ebit value for pledged shares	2.099.236	9.652.914	7.433.986	16.840.683	28.435.955	41.673.029	56.062.022
Average value in first 5 years	<b>12.892.555</b>						
Loan/Bond	4.900.000						
LTV	38,01%						
Coverage	263,11%						

#### 6.5 Pre-repayment right of the Red Church Group

The Red Church Group is allowed to make early repayments on the loan in accordance with the following provisions:

1. The Red Church Group is allowed to make an early repayment on the Loan in the fiscal years 2024 and 2025, in which case the Red Church Group is allowed to repay a part of the Loan or the whole Loan against a rate of 105,00%
2. The Red Church Group is allowed to make an early repayment on the Loan in the fiscal year 2026, in which case the Red Church Group is allowed to repay a part of the Loan or the whole Loan against a rate of 102,50%
3. The Red Church Group is allowed to make an early repayment on the Loan in the fiscal year 2027 in which case the Red Church Group is allowed to repay a part of the Loan or the whole Loan against a rate of 100,00%.

In the case that the Red Church Group wishes to make an early repayment on a part of the received loan the repayment must at all time be made in consultation with the Issuer, who on her turn will consultate the Trustee, so that in all times a repayment of the loan does not result in a Bondholder holding less than 4 (four) Bonds with a total nominal value of € 100.000 (one-hundred thousand euro) or the Bondholder must be repaid in full as a result of which she / he will no longer be participating in the Bond.

By a partial repayment of the Loan the Issuer is mandatory, as included in the Trust Deed, to use the repayment on the Loan as a repayment on the Bonds. In the case of a partial repayment on the Bonds the repayment will be allocated to the issued Bonds on the basis of a drawing of lots carried out by a Dutch civil-law notary.

Red Church Group is obliged to pay the interest on the Loan until the moment of early repayment of the Loan. In the case of an early repayment the interest is due on the early repayment date and is calculated pro rata parte of the fiscal year in which the early repayment takes place. The interest will be calculated per amount of € 25.000,- (twenty-five thousand euro) of the outstanding Loan over the period from the 1<sup>st</sup> of January of that specific fiscal year until the moment of early repayment in that specific fiscal year (see section 6.2).

#### 6.6 Dividend clause

EN EooD will declare in the Loan agreement with the Issuer that she will not make any dividend payments to its shareholders during the term of the Bond. Meaning that in the case (a part of) the Bond is not redeemed, as described for under section 6.6 or converted as described for under section 6.3 the management of EN EooD will not cooperate with a shareholder proposal to distribute dividends or decide by herself to make such a proposal to the shareholders.

This clause should ensure that available capital present in the Red Church Group, during the term of the Bond, will be available to meet the redemption of the Bondholders. So that the risk of withdrawing funds from the Red Church Group which could potentially worsen the position of the Bondholders will be eliminated.

The side effect of this clause means that in the case a Bondholder decides to convert its bond before the total issued Bond is converted or redeemed or a combination of both, this Bondholder will have as a result of this clause no prospect of receiving dividends in the interim period from conversion till the moment that the total issued Bond is fully redeemed and/or converted.

It should also be noted that as a result of a conversion of (a part of) the Bond by a Bondholder the right regarding the Vouchers linked to the converted Bonds will lapse. Meaning that in the time between the conversion by the Bondholder and the fully redemption and/or conversion of the total issued Bond the Bondholder will not receive any direct return on its investment.

The effect of this dividend clause in combination with the time at which (a part of) the Bond is converted by a Bondholder on the forecasted return for the Bondholder can be calculated in the forecast model which can be downloaded freely from the Issuer's website: [www.redchurchvineyard.nl](http://www.redchurchvineyard.nl).



## Section 7 Bond structure

### 7.1 Description of the Bond structure

The Issuer of this Bond is Red Church Finance B.V. (the “Issuer”), and with this Bond the Issuer will provide a Loan to the holding entity of the Red Church Group, known as EN EooD (“EN”) and receives in return an interest on the loan plus a purchase right to purchase Classic Red Wine of the Red Church Vineyard in Bulgaria. The Bondholders on their turn receive from the Issuer a Red Church Vineyard Wine Voucher (“Voucher”) that the Bondholders can redeem in order to receive from the Issuer the by the Issuer purchased wine as a return on their investment.

EN will use the funds of the Loan to (refinance the) purchase 100% the issued shares of Red Church Vineyard EooD and Red Church Estate EooD. Red Church Vineyard EooD is the owner of the plots and vines and Red Church Estate EooD is the owner of all the real estate, plant, machinery and equipment of the wine estate Red Church Vineyard.

In the Netherlands the Foundation Stichting Red Church is established by Black-Box B.V. which on her turn has established the Issuer of the Bond known as Red Church Finance B.V. (the Issuer). This entity is established for the issuing of the Bond. At the same time, the Foundation Stichting Red Church Bondholders was established who will act as a Trustee and representative of the investors interest towards the Issuer.

The Issuer is structured with the purpose to issue the Red Church Vineyard Bond (Bond) by raising capital from the investors in order to grant a Loan to the Red Church Group, so that she can proceed to purchase the Red Church Vineyard by the share transactions, including all the assets and stock and to finance the wine estate her business operations and growth plans. The Issuer will sign with Stichting Red Church Bondholders a Trust Deed regarding this issued Bond. In which all mutual rights and obligations are recorded, between the Bondholders and the Issuer. The Trustee acts as a representative of the Bondholders' interests.

The Bonds are denominated in euro and bear a nominal value of € 25.000,- (twenty-five thousand euro) per Bond, with a minimum participation of 4 (four) Bonds, representing a minimum participation of at least € 100.000,- (one-hundred thousand euro) per investor that must be always adhered to. Only if a Bondholder is willing sell and/or to convert her total investment she is allowed to sell and/or convert her minimum participation of € 100.000,- (one-hundred thousand euro), otherwise she can only sell and/or convert an amount of Bonds that is above this minimum.

The Bonds will not bear an ISIN-number and will not be admitted for clearance in any clearing system. The Bonds are in registered form. No certificates will be issued. The Bonds are governed by Dutch law.

After the bond is placed, with a minimum of € 3.300.000,- (three million three-hundred thousand euro) conditional assignment of the Bonds by the Issuer will take place by means of written notification (by e-mail or letter) thereof to the subscriber by the Trustee of the number of Bonds assigned to each subscriber. The notification is accompanied by a request from the Trustee to deposit the funds in accordance with the Deposit Request. After conditional assignment of the Bonds, the Bondholder must, within the term specified in writing by the Trustee in the Deposit Request, deposit the principal amount of all Bonds conditionally assigned to the subscriber by transferring the amount conform the payment details as stated in the Deposit Request.

After the whole issued bond is received the Notary will effectuate the Trust Deed between the Trustee and the Issuer.

When the Issuer has received the Bond, she will close a loan agreement (the “Loan”) with the Red Church Group. EN will use the principal to fund all the investments as described for in section 7.2. This Loan agreement, in concept version, can be downloaded from the website of the Issuer: [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads).

In order to strengthen its position the Issuer, regarding the provided Loan to the Red Church Group, will receives an irrevocable right, on first call, to establish a first mortgage registration on the real estate and plots of land that are currently part of and/or will be purchased/realized in the (near) future by the Red Church Group and in addition she will receive a first right of pledge on the shares that are hold by Stichting Red Church Custodian regarding the conversion right as described for in section 6.4. This pledge will have a duration equal to the term of the Bond and will lapse after the Bond is fully redeemed and/or converted.

The Red Church Group will provide the Issuer with this collateral regarding the Loan and as a security for the fulfilment of the Bond by the Issuer vis-à-vis the Bondholders, the Issuer will transfer these rights one-on-one to the Trustee, who holds this right for the benefit of the Bondholders.

Additionally, the Issuer will receive from the Red Church Group a first right of pledge on the bottles / litres that will fall within the purchase option that the Issuer annually receives from the Red Church Group. In order to secure that these bottles / litres will not be sold to third Parties. The Issuer will transfer these rights one-on-one to the Trustee, who holds this right for the benefit of the Bondholders, regarding their received Vouchers.

Each Red Church Vineyard Bond with a nominal value of € 25.000,- (twenty-five thousand euro) will give the Bondholder the right, on an annual basis, to a Red Church Vineyard Wine Voucher (Voucher) that provides the Bondholder with the right to receive per Bond 91 (ninety-one) bottles of the Classic Red Wine of Red Church Vineyard.

For each 4<sup>th</sup> (fourth) participation that is owned by a Bondholder 2 (two) additional bottles of the Classic Red Wine are added to the Voucher. Resulting that per 4 (four) Bonds (equal the minimum participation) with a nominal value of € 100.000,- (one-hundred thousand euro) the Bondholder will receive a Voucher that she can redeem by the Issuer for 366 bottles of the Classic Red Wine of Red Church Vineyard, regarding the Classic Red Wine that is bottled in the interest year.

In the case the total Bond is placed with a value of € 4.900.000,- (four million nine-hundred thousand euro an annual total of 17.934 (seventeen thousand nine-hundred thirty-four) Voucher will be provided by the Issuer to the bondholders.

Based on the current stock and the bottling plan of the Vinologist the Red Church Group will be able to produce the following bottles of the Classic Red Wine:

- Harvest 2018: 21.582 bottles are already bottled;
- Harvest 2019: 30.211 bottles can be produced from the stock in the barrels and tanks;
- Harvest 2020: 27.667 bottles can be produced from the stock in the barrels and tanks.

In total the Red Church Group will be able to produce from the current stock a total of 79.460 (seventy-nine thousand four-hundred sixty) bottles of the Classic Red wine from the current stock. This stock is sufficient to meet the purchase right of the Issuer regarding the total duration of the Loan. Whereby the period of 2023 is determined for calculation purposes from the closing date of the issuance period of the Bond as per the 25<sup>th</sup> of December 2023. Based on the assumption that no conversion right will be effectuated during the term of the Bond the maximum amount of bottles connected to the purchase right will be 72.080 (seventy-two thousand eighty) bottles.

Year	Bottles
2023	344
2024	17.934
2025	17.934
2026	17.934
2027	17.934
<b>Total</b>	<b>72.080</b>

The bottles regarding the Vouchers are connected to the (to be) bottled Classic Red Wines of the harvest 2018 till 2020. The overview below shows the link between the current stock and the Vouchers.

Harvest	2023	2024	2025	2026	2027
2018	21.582	13.858			
2019	30.211	30.211	26.135	8.201	
2020	27.667	27.667	27.667	27.667	17.934
<b>Total bottles from stock</b>	<b>79.460</b>	<b>71.736</b>	<b>53.802</b>	<b>35.868</b>	<b>17.934</b>
<b>Purchase right</b>	<b>344</b>	<b>17.934</b>	<b>17.934</b>	<b>17.934</b>	<b>17.934</b>
<b>Allocated for Vouchers</b>	<b>71.736</b>	<b>53.802</b>	<b>35.868</b>	<b>17.934</b>	<b>-</b>
<b>Remaining for free sales</b>	<b>7.380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

These Vouchers will be provided to the Bondholder afterwards on an annual basis on the 1<sup>st</sup> of December of each year, after that she has received her purchase right from the Red Church Group. The bottles connected to the Voucher of a specific year is calculated pro rata parte of that fiscal year. For the first year the amount of bottles connected to the Voucher will be calculated from the Closing Date of the Bond till the 31<sup>st</sup> of December 2024. For the year 2025 and so on this interest will be calculated based on the period from the 1<sup>st</sup> of January till the 31<sup>st</sup> of December of that year and may be corrected in the case (a part of the) Loan is converted into share capital of the holding entity of the Red Church Group, as described in section 6.4. or in the case that the Red Church Group has made an (early) redemption on the loan, as described in section 6.6.

The reason for this distribution in December is that each year at the end of September the crop is harvested and will be incorporated into the production process, where the crops of the previous years will be transferred and stored in barrels and/or bottles which process is completed at the end of November.

When a Bondholder wishes to redeem the Voucher, she will inform the Trustee of this action. On her turn the Trustee will inform the Issuer who will effectuate a part of her purchase option to purchase the respective bottles of wine from the Red Church Group, against the fixed purchase price as agreed on between the Issuer and the Red Church Group. The Red Church Group will transport the wine to the Issuer who on her turn delivers the bottles of wine to the address of the Bondholder in the case that this address is in the Netherlands. In the case the delivery address is in another EU country the excise duty and VAT regarding that transport are for the costs of the Bondholder and will be charged by the Issuer to the Bondholder, prior to transport.

The Issuer will only use her purchase right in the case that a Bondholder has instructed the Trustee to effectuate her Voucher(s), and the Trustee on her turn has filed a request to the Issuer to deliver the wines bottles related to the Voucher(s).

A Voucher can only be exchanged once a year by a Bondholder for the acquisition of the wine bottles connected to the Voucher. Each year in the period from the 1<sup>st</sup> of December till the 15<sup>th</sup> of December a Bondholder can instruct the Trustee in writing to redeem her Voucher for a specific year in whole or in part. The Trustee will instruct on the 16<sup>th</sup> of December the Issuer of the total redeemed Vouchers and the years to which they relate. Based in this instruction the Issuer will effectuate his purchase right and will purchase the Red Classic Wine bottles connected to the redeemed Vouchers.

The Red Church Group on her turn will transfer these bottles of wine to the storage of the Issuer in the Netherlands and upon receipt of the wines by the Issuer and payment of the taxes due the Issuer will send the bottles to the address of the Bondholder(s) who redeemed her /his Voucher. The Red Church Group will deliver the wine bottles by transport from the wine estate at the latest on the 31<sup>st</sup> of January of the year following to the effectuation of the purchase right.

The foregoing may only be deviated from with the mutual consent of the Trustee, Issuer and the Red Church Group with regard to the amount of dates on which a Voucher can be converted into the acquisition of the wine bottles connected to the Voucher. Whereby the transport date of these wines will be at the latest on the last day of the month following the month in which an additional exchange is made possible.

The costs for transport from the wine estate to the storage of the Issuer will be invoiced by the Red Church Group to the Issuer. The Issuer will pass these costs one-on-one plus the costs of transport from the storage from the Issuer to the Bondholder by invoice to the Bondholder. The Bondholder is obliged to pay these costs to the Issuer prior to obtaining the bottles.

In the case the bottles of wine of a Bondholder are transferred from the storage of the Issuer to another country than the Netherlands any due VAT, excise duty, capital gain tax and/or any kind of withholding tax or other tax that is calculated on the market price/sale price of these wines or other basis is and comes for the account of the specific Bondholder.

The Trustee, the Issuer and/or the Red Church Group will not be liable for any tax that is due regarding such transfer. This also applies in the case that the payment of the interest in Vouchers by the Issuer to the Bondholder, through the Trustee, will result in a due amount of VAT, excise duty, capital gain tax and/or any form of withholding tax that is not refundable for the Issuer or covered by the interest rate on the Loan to the Red Church Group.

Each Bondholder is entitled regarding her non redeemed Vouchers to engage the Red Church Group to purchase on her own account the bottled wine, that the Bondholder has received as interest through her Vouchers, and that are stored in the cellars / storage of the Red Church Group, at the then prevailing market price for the sold wines (ex VAT and other charges and/or taxes), which is determined on the basis of the value in the VI-index or other wine index or calculation method to value the market value of the wine, with a discount of 20% (twenty percent). The minimum bottles to be sold must be at least 6 (six) bottles. The Red Church Group will transfer the purchase price directly to the bank account of the Trustee and after the wine register is being up-dated with the transaction the Trustee will transfer the sale price to the bank account of the Bondholder. The Red Church Group is free, without stating reasons, not to comply with this request if it deems this necessary for her own continuity / solvency / liquidity.

For each bottle of wine that is stored by the Red Church Group in regard to the provided and active purchase rights respectively the non-redeemed Vouchers the Red Church Group will invoice the Issuer with an annual storage fee of € 0,125 (twelve and a half eurocent), to be indexed annually conform the HICP. The Issuer will invoice this amount on one-on-one to the Bondholders or could choose to instruct the Red Church Group to invoice these costs directly to the Bondholders.

This storage fee will cover the costs for the Red Church Group regarding the costs of storage space and insurance costs regarding the stored bottles.

For all the litres of wine that are stored by the Red Church Group she take out the needed insurances that will cover any loss of the stored wine in the case this loss is a result of:

- Damage through humidity, temperature, light and/or sound;
- Damage through a production defect in the barrels or bottles in which the wine is stored;
- Loss as a result of theft;
- Loss as a result of fire.

Damages as a result of war, terrorist attacks and nature disasters are generally not covered.

The bottles that are stored in the cellar and/or storage locations of the Red Church Group are insured at the production value plus a surplus of 20% or, if higher, the market value.

The storage fee will be calculated as follows: on the 16<sup>th</sup> of December of each year, after the Bondholders has received their Vouchers and after the redeem date of the Vouchers and the effectuation date of the purchase right(s) an inventory will be made regarding the bottles of wine that the Red Church Group has in storage for the Issuer / Bondholder(s). This quantity will be set off at the rate of € 0,125 (twelve and a half eurocent) per bottle.

In the case the Issuer receives a full repayment on the Loan the Issuer is obligated to transfer it directly into the custody of Trustee for and on behalf of the Bondholders, as a repayment of the Bond, which then immediately makes it available to the Bondholders.

In the case that the Red Church Group wishes to make an early repayment on a part of the received Loan the repayment must at all time be made in consultation with the Issuer and the Trustee, so that in all times a repayment of the loan does not result in a Bondholder holding less than 4 (four) Bonds with a total nominal value of € 100.000,- (one-hundred thousand euro) or the Bondholder must be repaid in full as a result of which the Bondholder will no longer be participating in the Bond.

By a partial repayment of the Loan by the Red Church Group the Issuer is mandatory, as included in the Trust Deed to use this repayment on the Loan as a repayment on the Bonds. In the case of a partial repayment on the Bonds the repayment will be allocated to the issued Bonds based on a drawing of lots carried out by a Dutch civil-law notary.

In the case of an (early) repayment the interest in Vouchers is due on the early repayment date and is calculated pro rata parte of the fiscal year in which the early repayment takes place from the 1<sup>st</sup> of January till the date of the (early) repayment.

In the case that the repayment on the Loan takes place before the finalization of the bottling process of the wine in the year of repayment the Red Church Group at its own discretion and decision is allowed to choose to:

- Provide the Issuer with an additional purchase right, regarding the calculated amount of bottles on the subject of the purchase right on the Classic Red Wine that the Red Church Group has freely in stock from the previous years.
- Provide the Issuer with a purchase right regarding the to be bottled Classic Red Wine of the year in which the (early) repayment takes place. Whereby the Issuer must effectuate that purchase right within 2 weeks after the wine is bottled, otherwise this purchase right will lapse.
- Make an additional cash payment as interest (plus surcharge interest) on the Loan, equal to the market value of the bottles regarding the to be provided purchase right from the production of the year in which the (early) repayment takes places.

The Issuer is obligated to similarly apply the method of payment of the interest received by the Red Church Group to the redemption to the Bondholders regarding the due interest in Vouchers. In the case that the Issuer has refinanced the Bond by herself in the meaning of redeeming the Bond she is allowed at her own discretion and decision to choose from the above mentioned payment methods of the due interest.

When (a part of) the Bond is refunded by the Issuer the Vouchers that are not yet redeemed needs to be redeemed within 2 weeks after the day of the (partly) repayment of the Bond. Whereby the bottles that the Red Church Group has hold in storage regarding the to be redeemed Voucher(s) will be transferred from the Red Church Group to the Issuer and respectively from the Issuer to the Bondholder(s).

In line with section 6.4 the Bondholders will receive through the Trustee from the Issuer the conversion right to convert their Bonds into issued share capital of the holding entity of the Red Church Group. The conversion right will have a duration starting from the date of providing the Loan to EN and will last until the 31<sup>st</sup> of December 2026.

This conversion right will be executable each year during the term of the conversion right on the 15<sup>th</sup> of December, and will be executable for the first time in the fiscal year of 2024. A Bondholder must notify the Trustee within 1 (one) month prior to the conversion date that he/she wishes to make use of this right. If the Trustee has not received a request within this period, she will not file a request to the Issuer to make use of the conversion right regarding the specific Bond, in which case no conversion will take place. A Bondholder that wants to convert her Bonds into share capital of the holding company of the Red Church Group must at all times hold a minimum of 4 (four) bonds with a totalling nominal value of € 100.000,- (one-hundred thousand euro) or convert all her bonds into share capital as a result of which the Bondholder will no longer be participating in the Bond. The conversion must be finalized by the Red Church Group, the Issuer and Stichting Red Church Custodian before the 31<sup>st</sup> of January of the next fiscal year.

In the case that (a part of) the Bond is converted into share capital of the holding entity of the Red Church Group the interest in Vouchers will be calculated per amount of € 25.000,- (twenty-five thousand euro) of the converted Bond(s) over the period from the Closing Date in the first year and respectively the 1<sup>st</sup> of January in the following years until the 31<sup>st</sup> of December of that specific fiscal year. Whereby the Voucher(s) regarding the to be converted Bond that are not yet redeemed needs to be redeemed within 2 weeks after the day of the conversion of the Bond.

The (notary) costs regarding the conversion of (a part of) the Loan / Bond into issued share capital of the holding entity of the Red Church Group will be borne by the Red Church Group. In the case a Bondholder wishes to make use of its conversion right she / he is obliged to cooperate with the instructions of the Trustee/Issuer regarding the granting of a power of attorney to a Bulgarian notary regarding the delivery of the shares in the name of the Bondholder.

As an additional collateral for the provided Bond the Bondholders will receive through the Trustee from the Issuer the first right of pledge on the shares connected to the conversion rights that are hold in custody by Stichting Red Church Custodian. This pledge will have a duration equal to the term of the Bond and will lapse after the Bond is redeemed and/or is converted fully. In the case (a part of) the Bond is converted into shares of EN the pledge on these converted shares will be lapse automatically with the transfer of the shares.

## 7.2 Destination of the Bond

The allocation of the issued Bond will be firstly used by the Issuer to finance: (i) the purchase of the shares of Red Church Vineyard EooD, owner of the plots (ii) to Purchase of the shares of Red Church Estate EooD, owner all the Assets (real estate, plant, machines and equipment) and (iii) to purchase all the intellectual property regarding Red Church Winery from the current owners by EN EooD.

Secondly after the purchase of the above points are finalized the issued Bond will be used by the Issuer to finance (i) the structuring and advise costs for the Red Church Group and this Bond (ii) the purchase of 1 tube machine lines for producing tubed packet wine, see section 7.2.1 (iii) purchasing additional plots for making the accessibility of Red Church Vineyard more accessible and for possible expansion of the vines (iv) to cover the subsidy investment if these are not acquired or postponed and the investments need to be made to professionalize the winery in her total (v) to cover the renovation and upgrading cost of the production building and production line (vi) to build a replica of the wine cellar to extant the storage size (vii) to cover the marketing budget to create high level brand awareness (viii) to provide the Red Church Group with working capital so that its operational activities are not compromised (ix) to form a liquidity buffer for on foreseen costs and investment. Below is an overview displayed of the spending of the Bond:

Startup costs	Amount	Entity	Asset	Year	2023	2024	2025	2026	2027	2028	2029
Red Church Estate	1.179.205	Red Church Estate	Shares	2023	1.179.205	0	0	0	0	0	0
Red Church Vineyard	639.468	Red Church Vineyard	Shares	2023	639.468	0	0	0	0	0	0
IP	100	Red Church Holding	IP	2023	100	0	0	0	0	0	0
VAT	20			2023	20	0	0	0	0	0	0
<b>Total Startup Investments</b>					<b>1.818.794</b>	-	-	-	-	-	-

Startup costs	Amount	Entity	Year	2023	2024	2025	2026	2027	2028	2029
Structuring costs	13.350	Red Church Holding	2023	13.350	0	0	0	0	0	0
Information Memorandum	9.500	Red Church Holding	2023	9.500	0	0	0	0	0	0
Legal advise fees	167.500	Red Church Holding	2023	167.500	0	0	0	0	0	0
Pre-finance fee	130.000	Red Church Holding	2023	130.000	0	0	0	0	0	0
Working capital / reserve post calculaton	550.000	Red Church Holding	2023	550.000	0	0	0	0	0	0
<b>Total Startup costs</b>				<b>870.350</b>	-	-	-	-	-	-

Investments	Amount	Entity	Asset	Year	2023	2024	2025	2026	2027	2028	2029
Marketing budget for brand awareness	300.000	Red Church Holding		2023	0	82.500	52.500	45.000	45.000	37.500	37.500
Tube machine line 1	124.500	Red Church Estate	Machinery	2023	0	124.500	0	0	0	0	0
Tube machine line 2	124.500	Red Church Estate	Machinery	2024	0	124.500	0	0	0	0	0
Purchasing additional plots	95.000	Red Church Vineyard	Land	2023	0	95.000	0	0	0	0	0
Irrigation System	95.000	Red Church Vineyard	Infrastructure	2023	0	95.000	0	0	0	0	0
Tractor and other agricultural machinery	80.500	Red Church Vineyard	Vehicles	2023	0	80.500	0	0	0	0	0
Cellar improvement	875.000	Red Church Estate	Buildings	2024	0	875.000	0	0	0	0	0
Replica Red Church incl. wine cellar	820.000	Red Church Estate	Buildings	2024	0	820.000	0	0	0	0	0
Computers / IT	22.500	Red Church Estate	Computer / IT	2023	0	22.500	0	0	0	0	0
Office furniture	12.500	Red Church Estate	Others	2023	0	12.500	0	0	0	0	0
Office / mobile home	125.000	Red Church Estate	Buildings	2023	0	125.000	0	0	0	0	0
Vermeters	0	Red Church Estate	Machinery		0	0	5.975	0	0	29.380	32.839
Reservoirs	0	Red Church Estate	Machinery		0	0	13.843	86.977	14.402	50.652	36.681
Barrels	0	Red Church Estate	Barrels		123.165	131.400	192.002	227.634	232.383	237.030	241.771
VAT	0				0	406.100	3.963	17.395	2.880	16.006	13.904
<b>Total Investments</b>					<b>123.165</b>	<b>2.994.500</b>	<b>268.283</b>	<b>377.007</b>	<b>294.665</b>	<b>370.569</b>	<b>362.694</b>

<b>Total investment</b>	<b>2.812.309</b>	<b>2.994.500</b>	<b>268.283</b>	<b>377.007</b>	<b>294.665</b>	<b>370.569</b>	<b>362.694</b>
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Based on the investments displayed above the following summary can be made regarding the needed investments:

Total investment	Total	2023	2024	2025	2026	2027	2028	2029
Total Startup Investments	1.818.794	1.818.794						
Startup costs	870.350	870.350						
Investments	4.790.883	123.165	2.994.500	268.283	377.007	294.665	370.569	362.694
<b>Total Investments</b>	<b>7.480.027</b>	<b>2.812.309</b>	<b>2.994.500</b>	<b>268.283</b>	<b>377.007</b>	<b>294.665</b>	<b>370.569</b>	<b>362.694</b>
VAT return	-460.270	-20	-406.100	-3.963	-17.395	-2.880	-16.006	-13.904
Subsidy for Barrels	-631.110	-	-65.700	-96.001	-113.817	-116.191	-118.515	-120.885
Subsidy for Machinery	-119.094	-	-119.094	-	-	-	-	-
<b>Net investments</b>	<b>6.269.554</b>	<b>2.812.289</b>	<b>2.403.606</b>	<b>168.318</b>	<b>245.795</b>	<b>175.593</b>	<b>236.047</b>	<b>227.905</b>
Currently made deposits/investments	-267.340	-267.340						
Investment from free cashflow	-1.136.159	0	-82.500	-168.318	-245.795	-175.593	-236.047	-227.905
<b>Total needed investment</b>	<b>4.866.055</b>	<b>2.544.949</b>	<b>2.321.106</b>	-	-	-	-	-

The total investments in the Red Church Winery, including the purchase of the winery herself, will have a total amount of € 7.5480.027,.

Since the VAT is refundable and the investment will be spread over the years the management of the Red Church Group will set the cash flow in such a way that it can be paid from the resources of the net cash flow and does not have to pre-finance this refundable VAT in the amount of the Loan.

Regarding the annual investment in the Barrels, these will be covered for 50% with a subsidy whereby the remaining amount will be paid from the free cash flow of the Red Church Group, with the exception for the year 2023. With respect to the investments in the needed new machinery and equipment (tractor and irrigations system) two additional subsidies will be applied for, resulting in a decrease of the needed capital with an expected total amount of € 119.094,- (one-hundred nineteen thousand ninety-four euro).

In addition, a part of the budgeted investments will be funded from the resources of the net cash flow of the Red Church Group and does not have to be pre-financed by the Bond, with a total amount of € 1.136.159,- (one-million one-hundred thirty-six thousand one-hundred fifty-nine euro). Resulting in a total needed investment, without taking into account any of the subsidy programs for the Cellar improvement and Vine conversion plans of € 4.866.055 (four-million eight-hundred sixty-six thousand fifty-five euro).

So based on a participation value of a bond of € 25.000,- (twenty-five thousand euro) and a minimum participation of € 100.000,- (one-hundred thousand euro) the total bond is set on an amount of €4.900.000,- (four million nine-hundred thousand euro), representing 196 (one-hundred ninety-six) Bonds.

For purchasing the wine estate and covering the structuring costs plus needed investments in the first 2 years for improving the wine estate and her production processes a total amount of € 3.262.969,- (three-million two-hundred sixty-two thousand nine-hundred sixty-nine euro) is needed. In this calculation the investments regarding the Cellar improvement, the Vine conversion plan, and marketing plan are excluded because these investments are not directly required for the winery to ensure the payment of the interest and purchase right for the Issuer respectively the Bondholders. The subsidy programs for the to be made investments and the recovered VAT are not deducted from the minimum needed investment, the reason for this is that both of them must be pre-financed by the Red Church Group. With as a result that a deduction of these amount could result in a liquidity shortage. To manage and cover this risk, this cash flow is not taken into account in the calculation of the minimum required resources.

Total investment	Total	2023	2024
Total Startup Investments	1.818.794	1.818.794	
Startup costs	870.350	870.350	
Investments	841.165	123.165	718.000
<b>Total Investments</b>	<b>3.530.309</b>	<b>2.812.309</b>	<b>718.000</b>
Currently made deposits/investments	-267.340	-267.340	
<b>Minimum Bond</b>	<b>3.262.969</b>	<b>2.544.969</b>	<b>718.000</b>



So based on a participation value of a bond of € 25.000,- (twenty-five thousand euro) and a minimum participation of € 100.000,- (one-hundred thousand euro) the minimum bond that needs to be placed to allow the placement to take place is set on an amount of € 3.300.000,- (three million three-hundred thousand euro), equal to 132 (one-hundred thirty-two) Red Church Vineyard Bonds. In the case that the Bond is closed and only the minimum amount is raised this will result in the fact that the investments in a tube line, the renovation of the Cellar and building of a replica of the Cellar will be postponed or waived. However, these investment do not have an direct effect on the operability of the wine estate, as the other investments in the first two years have.

Based on available subsidy trajectories in Bulgaria and the EU, the Red Church Group can receive part of its investments in upgrading and renewing the vineyard from various subsidies. However, the programs are structured in such a way that the Red Church Group firstly needs to pre-finance the whole investment and after the purchase of an asset or realization of a real estate assets is finalized the subsidy can be obtained. However, the allocation of these subsidy programs is based on lottery, which means that there is a chance that they will not be allocated to the Red Church Group. This is why the management of the Red Church Group has decided that to cover this risk the gross investments regarding these subsidy programs need to be part of the total principal of the Loan.

When the Red Church Group is able to attract a subsidy program this will have a huge impact on her cash flow, meaning that after the Red Church Group has made the needed investment, she will receive in return a large amount of her invested amount for the specific subsidy program. This means that the Red Church Group could find itself in a situation where it has a large amount of liquid assets that it does not immediately need for its business operations or for the repayment of the Loan.

In this case it will be agreed between the Issuer and the Red Church Group, as included in the provisions of the Loan, that the Red Church Group is allowed to invest this excess liquidity on a risk-avoiding matter based on the guidelines below.

- Attracting and disposing of investments is exclusively aimed at limiting the risks of the financial policy and management and aimed at the financial continuity of the Red Church Group.
- Before investments are made, an investment proposal is prepared and approved by the Management board. The investment proposal provides insight into how the investment contributes to financial continuity and how risks are limited.
- The basic principle is that structural excess liquidity is used for internal financing (repayment or redemption of existing loans, financing of investments, etc.).
- The Red Church Group's investment policy is risk averse. Achieving a return on surplus funds is of secondary importance.
- Investments must be quoted in Euros, BGN, CHF, GBP, or USD at all times.
- The maintenance of a structural investment portfolio is not permitted. Only temporarily surplus funds are eligible for investments. The long-term withdrawal of available funds from liquidity with the aim of achieving extra returns is not permitted.
- It is not permitted to take out loans for the purpose of continuing to invest.
- It is not permitted to take out loans for the purpose of lending them to the same or another party (near banking).
- The Red Church Group and its affiliated entities do not invest in subordinated papers.
- Is permitted to raise financing at an early stage at a favourable interest level due to an anticipated future financing requirement and then to invest it for a period of up to 3 years with the aim of minimizing capital costs.
- The funds involved in the investments during the term of the investment are not required to meet current financial obligations, as evidenced by the liquidity forecast.
- The Red Church Group does not use an interest rate adjustment when making investments.

The permitted forms are included in the overview below. Investing in other types of investments is not permitted and is only possible with the approval of the Issuer and the Trustee on the basis of a motivated proposal from the management of the Red Church Group. If, after reducing excess liquidity, the Red Church group still holds excess liquid assets, these assets can be invested in:

Type	Interest rate term	Availability of money
(Own) current accounts	Short	Short
Saving account	Short	Short
(term)deposits	Short	Short
Call and cash outgoing	Short	Short
Listed shares	Short/Long	Short/Long
Private investments	Long	Long
Tangible assets	Long	Long
Intangible assets	Long	Long
Bonds (fixed income rates)	Long	Long

### 7.2.1 singledrinks.com

Within EN EooD the singledrinks.com project will be integrated in the Red Church Vineyard wine production process. singledrinks.com is a completely new market approach designed by the management of DRI EooD. The project will be housed in the to be established entity singledrinks.com OOD, existing out of 100 (one hundred) shares each with a par value of 1 (one) BGN. DRI EooD will hold 51% (fifty-one percent) of the to be issued shares and EN EooD will receive 49% (forty-nine percent) of the to be issued shares.

singledrinks.com is focused to serve primarily the single markets in the different continents regarding drinks (alcohol as non-alcohol) and other consumer goods. The drinking distribution system is designed to sell less centilitres per package, with quantities in between 100 ml and 125 ml. The need to finish a bottle of 750 ml up to 1.000 ml before it gets badly tasted is over when singles become clients of the singledrinks.com project. The mental challenge to finish the complete big bottle is over because there is none. With the singles client program she will create an environment for her clients to lower total consumption per person per consuming moment.

For singledrinks.com an unique direct deliver concept has been developed to reach out to the respected single clients worldwide. This year an unique first class wine module will be launched, with focus on the singles market. The client program is unique, and the market potential is huge. Because of this the singledrinks.com project has no calibration moment other than to work with a conservative approach calculation. The objective has translated her starting point into a market share within a period of 5 years of only 0,05% of total. Her ambition is to reach far more than this small percentage of the total market. Because of this novelty it is hard to predict the future success of the singledrinks.com project.

The success prognoses of singledrinks.com are therefore shown in a separate investment return model and are no part of the forecasted IRR calculations of the Bond. When these singledrinks.com prognoses are not realized, the projected IRR of the Red Church Bonds are not affected. But when the prognoses are realized, the IRR of the Red Church Bondholders will be upgraded significantly in the case that (a part of) the Bond is converted into shares of EN EooD, before the end of 2026.

Due to business sensitive information the Red Church Group and DRI EooD requested the Issuer to not describe in this IM the novelty content of the singledrinks.com project other than to visualize the possible prognoses in terms of cash flow and profits in the singledrinks.com forecast, that can be downloaded from the website [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads).

It is the mother company of EN EooD who shows the trust and commitment in the Singedrinks.com project. DRI EooD grants singledrinks.com EooD a credit line of € 500.000,- (five-hundred thousand euro) in order to support the singledrinks.com marketing program and start-up costs.

The credit line will have a duration of 3 years and DRI EooD will receive an interest on this loan of 3-months Euribor + 300 basis points. DRI EooD will receive from EN a pledge on 100% (one-hundred percent) of her participation in singledrinks.com, equal to 49% (forty-nine percent) of the issued share capital of singledrinks.com OOD. Which DRI EooD can effectuate in the event that the credit line is not been repaid within the period of 3 years or in the event interest payments are not paid according to the loan contract by singledrinks.com OOD to DRI EooD.

Within the period up to 3 (three) years, it must be clear if singledrinks.com will be a success yes or no. The Bondholders will have an opportunity to take advantage of future singledrinks.com successes, by converting their Bonds into share capital of EN EooD, but the Bondholders have no risk regarding their forecasted return in this IM

## **7.2.2 Purchase additional plots**

In order to optimize the Red Church Vineyard production without losing the high Red Church wine quality, the management of EN EooD is assigned to enlarge and develop according to strict Red Church Vineyard standards her current surroundings through purchase of extra plots opportunities.

## **7.2.3 Replica Red Church including Wine Cellar**

The management of the Red Church Group aims to guarantee high quality and put quantity second. For her business model it is important that the different types of wines can be stored, without having to move it in the meantime, for the per type of wine best determined maturation period. This will result in the fact that a large part of the red wine will be stored between the 5 and 15 years.

With an average annual production of the red wine with a quantity in litres to fill 61.500 bottles or 200 barrels in combination with a maturation period between the 1 and 4 years, this results in the need of additional storage space in the coming years.

To fulfil in this additional need Red Church is planning to build a replica of the Red Church Monumental Building. The realization process is still in the preparation phase and the total investment has been budgeted for € 820.000,- (eight-hundred twenty thousand euro). When this Monumental Red Church Replica is built, the costs can in our prognoses be covered by applying for subsidies for presumably up to 70% (seventy percent) of the costs. Resulting in a needed net investment by the Red Church Group of rounded € 255.000,- (two-hundred fifty-five thousand euro).

## **7.2.4 Cellar improvement**

The management of the Red Church Group aims to guarantee high quality and put quantity second. To secure and maintain the quality of the wine within the production process a couple additional investments needs to be made in the machinery and equipment of the Red Church Group.

The management of the Red Church group wants to invest in the following machinery: Pneumatic press machine, 2 Peristaltic pumps, additional lab equipment, electric forklift, barrel washing and floor washing attachment (for the pressure washer), separation wall of glass for the barrel cellar, lightning and decoration for the barrel cellar, construction of a tasting room, and additional expansion of the winery (storage space for bottles and consumables).

The realization process is still in the preparation phase and the total investment has been rounded to a budgeted of € 875.000,- (eight-hundred seventy-five thousand euro). These investments can be covered by applying for subsidies for presumably up to 90% (ninety percent) of the costs. Resulting in a needed net investment by Red Church of rounded € 90.000,- (ninety thousand euro).

### 7.2.5 Marketing

For the development of brand awareness of the Red Church Winery and her different bottles of wine, a budget of € 82,500 (eighty-two thousand five-hundred euro) will be set aside from the Bond for the preparation and implementation of a marketing plan / activities. In the following years an annual marketing budget will be made available from the free cash flow of the Red Church Group.

The currently sole owner of the Red Church Group, known as the Bulgarian entity Dutch Rocks Investments EooD (DRI EooD), will provide EN EooD with a credit line of € 500,000,- (five-hundred thousand euro) to fund the marketing plan of singledrinks.com. The credit line will have a duration of 3 years and DRI EooD will receive an interest on this loan of 3-months Euribor + 300 basis points. DRI EooD will receive from EN a pledge on 100% (one-hundred percent) of her participation in singledrinks.com, equal to 49% (forty-nine percent) of the issued share capital of singledrinks.com OOD. Which DRI EooD can effectuate in the event that the credit line is not been repaid within the period of 3 years or in the event interest payments are not paid according to the loan contract by singledrinks.com OOD to DRI EooD.

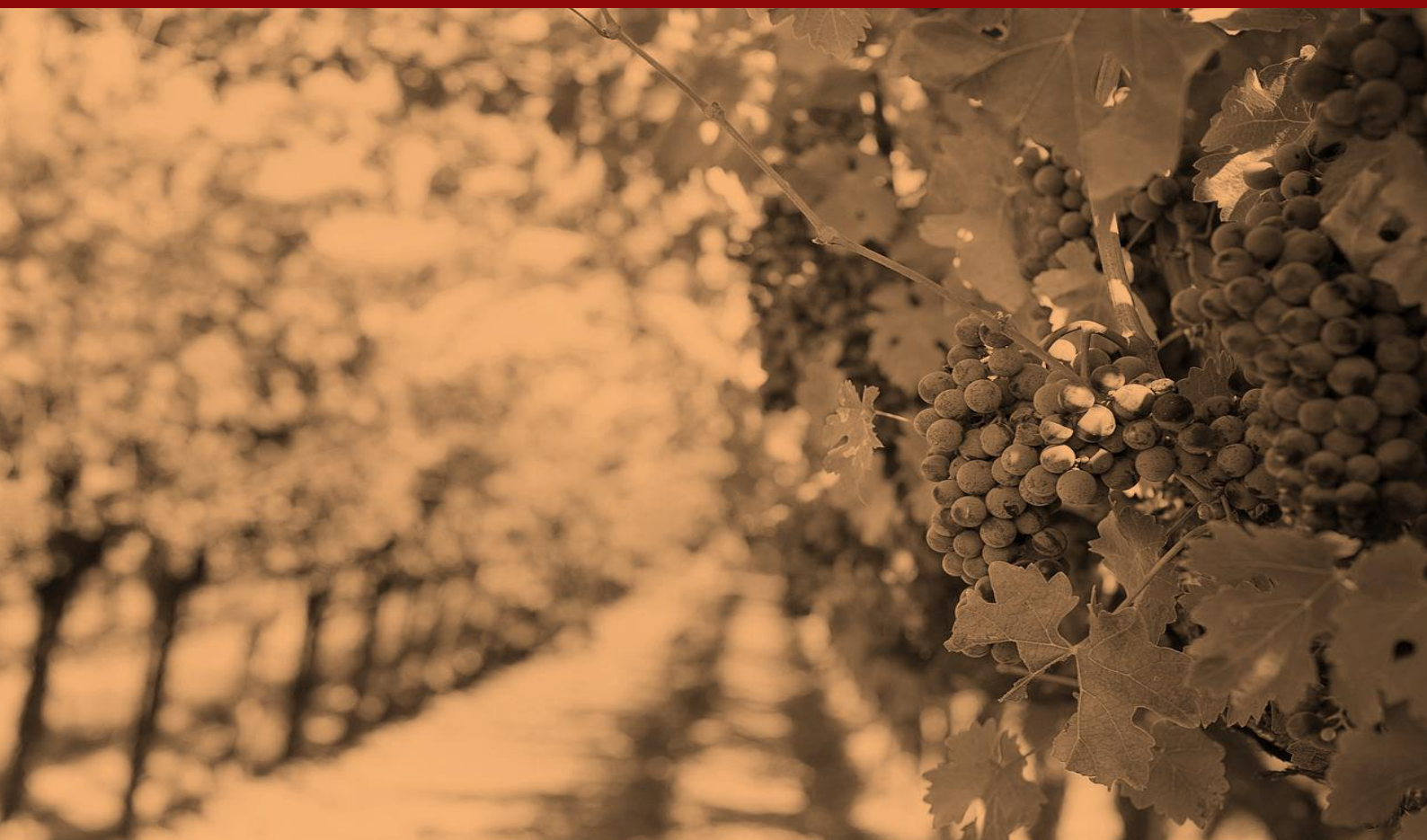
### 7.2.6 Subsidies

On the basis of available subsidy trajectories in Bulgaria and the EU, Red Church should be able to finance part of its investments in upgrading and renewing the vineyard from various subsidies. However, the programs are structured in such a way that the Red Church Group firstly needs to pre-finance the whole investment and after the purchase of an asset or realization of a real estate assets is finalized the subsidy can be obtained.

Subsidy	Investment	Subsidy	Subsidy	Own capital	Asset	Year
Irrigation System	95.000	90%	85.500	9.500	Machinery	2024
Tractor and other agricultural machinery	80.500	50%	40.250	40.250	Machinery	2024
Cellar improvement subsidy program	975.000	90%	877.500	97.500	Buildings	2024
Vine conversion subsidy program	825.000	70%	577.500	247.500	Buildings	2024
<b>Total</b>	<b>1.975.500</b>		<b>1.580.750</b>	<b>394.750</b>		

1. Irrigation system: with the subsidy the investment in a new irrigation system will be reduced with 90%. The Irrigation system is needed in the first quarter of next year so that the watering and thus the growth and quality of the grapes can be optimized. It is expected by the management of the current owners of the Red Church Vineyard that the irrigation system will boost harvest by 15-20 % above current/expected levels.
2. Tractor and other agricultural machinery: with the subsidy the investment in a new tractor + additional needed agricultural machinery can be reduced with an average of 50%.
3. Cellar: see section 7.2.4.
4. Machinery and equipment: see section 7.2.5.

Please note that all the amounts are without VAT.



## Section 8 Key features of the Bond

This section describes certain key features of the Red Church Estate Bonds. The complete and entire features of the Red Church Vineyard Bonds are set out in the Bond Conditions and the Trust Deed.

### 8.1 General

This Information Memorandum is issued in connection with the offer and issuance by Red Church Finance B.V. ("Issuer") of 196 (one-hundred ninety-six) Red Church Vineyard Bonds (Bonds) each with a nominal value of € 25.000,- (twenty-five thousand euro) and a total Bond value of € 4.900.000,- (four million nine-hundred thousand euro). The Red Church Vineyard Bonds are denominated in €.

The Minimum Size on the Closing Date is at least € 3.300.000,- (three million three-hundred thousand euro), equal to 132 (one-hundred thirty-two) Red Church Vineyard Bonds. The Issuer explicitly reserves the right, in its sole discretion, to reduce the Minimum Size if the number of registrations gives reason to do so.

Each Red Church Vineyard Bond with a nominal value of € 25.000,- (twenty-five thousand euro) will give the Bondholder the right, on an annual basis, to a Red Church Vineyard Wine Voucher (Voucher) that provides the Bondholder with the right to receive from the Issuer per Bond 91 (ninety-one) bottles of the Classic Red Wine of Red Church Vineyard.

For each 4<sup>th</sup> (fourth) participation that is owned by a Bondholder 2 (two) additional bottles of the Classic Red Wine are added to the Voucher. Resulting that per 4 (four) Bonds (equal the minimum participation) with a nominal value of € 100.000,- (one-hundred thousand euro) the Bondholder will receive an Voucher that she can redeem by the Issuer for 366 (three-hundred sixty-six) bottles of the Classic Red Wine of Red Church Vineyard.

For example, if an investor holds 8 (eight) bonds she / he will receive from the Issuer a Voucher that entitles this investor to receive 732 (seven-hundred thirty-two) bottles of red wine. When an investor holds 6 (six) bonds she / he will receive from the Issuer a Voucher that entitles this Bondholder to receive 548 (five-hundred forty-seven) bottles of red wine (366 bottles + 2 times 91 bottles).

The Red Church Vineyard Bond will not bear an ISIN-number and will not be admitted for clearance in any clearing system. The Red Church Vineyard Bond are in registered form, meaning that no certificates will be issued. The Red Church Vineyard Bonds are governed by Dutch law.

The Bonds are subject to the Bond Conditions and to the Trust Deed. Both documents can be downloaded from the website [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads).

The issuance period of the Bonds takes place from the publishing date of this IM till the 25<sup>th</sup> of December 2023, save that the Issuer may at its own discretion decide to end the subscription period at an earlier or later date.

Dutch law applies to the Bond Conditions, respectively the Trust Deed and this Information Memorandum.

### 8.2 No issuance costs

Subscribers to the Red Church Vineyard Bond will not be charged with any issuance costs.

### 8.3 Ranking

The Issuer's obligations under the Bonds constitute independent, legally enforceable obligations of the Issuer towards the Bondholders. The (claims under the) Bonds rank equally among themselves and with respect to each other, without any difference in preference. The Bondholders' claims against the Issuer under the Bonds shall rank at least equally with all current and future claims of the Issuer's unsecured creditors, provided that the Bondholders' claims will be reinforced with real security rights in the form of mortgage and pledge rights, save for those preferred by mandatory and/or overriding provisions of law.

For the greater certainty of the Issuer and vis-à-vis the Bondholders, the Red Church Group, after having received the Loan from the Issuer, will not attract and/or use bank financing and/or non-bank money loan(s) whereby securities will be provided to the financier with regard to the assets on which a security rests for the Issuer and the Bondholders respectively. In addition, the Issuer respectively the Bondholders obtain collateral in the amount of 100% of the outstanding principal the Bond.

The Red Church Group is however allowed to attract / receive (short term) money loans from third parties (including via another bond loan) under market conditions, to finance her business operation, growth plans and for the pre-financing of subsidy programs, whereby the free assets of the Red Church Group can be provide as collateral to the Financier. No prior approval of the meeting of Bondholders is required for raising financing as referred to in this paragraph.

The Red Church Group is also allowed to invoke a credit line regarding the funding of the marketing plan of the singledrinks.com project, of € 500.000,- (five-hundred thousand euro) to be provided by DRI EooD, the current sole shareholder of EN. The credit line will have a duration of 3 years and DRI EooD will receive an interest on this loan of 3-months Euribor + 300 basis points. DRI EooD will receive from EN a pledge on 100% (one-hundred percent) of her participation in singledrinks.com (see section 7.2.1) equal to 49% (forty-nine percent) of the issued share capital of singledrinks.com OOD.



Because no other funds will be attracted by the Issuer and the Red Church Group, regarding the collateral provided to the Issuer and passed on one-on-one by the Issuer to the Trustee, who holds these securities under management for and on behalf of the Bondholders, the Loan provided by the Issuer to the Red Church Group is expected to rank Senior to other creditors of the Red Church Group.

The Red Church Bonds will not be guaranteed by any entity.

## **8.4 Voucher**

For providing the needed investment for the Red Church Group, by way of providing a Loan to her from the bond capital funded with the Red Church Vineyard Bond, the Issuer will receive from the Red Church Group a purchase right to purchase the by the Red Church Group produced Classic Red Wine. In the case the total Bond is placed with a value of € 4.900.000,- (four million nine-hundred thousand euro) this results in a total right to purchase 17.934 (seventeen thousand nine-hundred thirty-four) bottles of the by the Red Church Group produced Classic Red Wine. The Issuer will receive the right to purchase these bottles against purchase price equal to 25% (twenty-five percent) of the annual average cost price per bottle at the time that the purchase right has been granted.

The Issuer on her turn will connect to each Red Church Vineyard Bond with a nominal value of € 25.000, - (twenty-five thousand euro) a right to receive, on an annual basis, a Red Church Vineyard Wine Voucher (Voucher) that provides the Bondholder with the right to receive per Bond, on an annual basis, 91 (ninety-one) bottles of the Classic Red Wine of Red Church Vineyard.

For each 4<sup>th</sup> (fourth) participation that is owned by a Bondholder 2 (two) additional bottles of the Classic Red Wine are added to the Voucher. Resulting that per 4 (four) Bonds (equal the minimum participation) with a nominal value of € 100.000,- (one-hundred thousand euro) the Bondholder will receive a Voucher that she can redeem by the Issuer for 366 (three-hundred sixty-six) bottles of the Classic Red Wine of Red Church Group. Because the production process of the Red Classic Wine has a duration of 2 (two) years the bottles connected to the Voucher sees to the harvest of 2 years prior to the year of the bottling. The bottles for the interest year 2025 sees to the harvest of 2023 and so on.

For example if an investor holds 8 (eight) bonds she / he will receive from the Issuer a Voucher that entitles this investor to receive 732 (seven-hundred thirty-two) bottles of wine. When an investor holds 6 (six) bonds she / he will receive from the Issuer a voucher that entitles this investor to receive 548 (five-hundred forty-eight) bottles of red wine (366 bottles + 2 times 91 bottles).

This Voucher is due on the 1<sup>st</sup> of December of each year and is calculated pro rata parte of the fiscal year. For the first year this interest will be calculated from the closing date of the Bond till the 31<sup>st</sup> of December 2024. For the year 2025 and so on this interest will be calculated on the basis of the period from the 1<sup>st</sup> of January till the 31<sup>st</sup> of December of that year and may be corrected in the case (a part of) the Bond is converted into share capital of the holding entity of the Red Church Group, as described in Chapter 8.12. or in the case that the Issuer has made an (early) redemption on the Bond, as described in Chapter 8.9.

Each received purchase right will have a validity period from the date of provision until repayment of the Bond or until the moment of conversion of (a part of) the Bond into issued share capital of EN. During this period the Voucher must be redeemed. If these rights are not effectuated within this period, the Vouchers will expire, without any compensation whatsoever. The Bondholder is free to redeem the Voucher(s) in parts.

The Bondholder is free to redeem the Voucher in parts but must at all time redeem in multiples of 6 (six) bottles.

The Vouchers are not transferable to another party and are registered in the bond administration of the Trustee to the Bonds in connection with which they are issued.

The reason for the distribution on the 1<sup>st</sup> of December of each year arises from the fact that each year at the end of September the crop is harvested and will be incorporated into the production process, where the crops of the previous years will be transferred and stored in barrels and/or bottles. The Crop that is used for the production of Red Church's Classic Red Wine has a maturation period of 24 months before it is bottled. Therefor the harvest of two years ago will be bottled in the last quarter of the current fiscal year, and therefore the Voucher refers to a right to the wine that comes from the harvest of two year prior to the bottling year.

## **8.5 Payment of Interest**

All Bonds will bear Interest, in the form of a Voucher, on their outstanding Principal Amount, with effect from the Closing Date. The Voucher will be made payable per calendar year in arrears, at the latest on the 1<sup>st</sup> of December of each year, calculated from the 1<sup>st</sup> of January till the 31<sup>st</sup> of December of that specific year.

For the first year the Voucher will be calculated from the closing date for the Bonds till the 31<sup>st</sup> of December 2024.

The Bonds will cease to bear Interest with effect from the date on which the full Principal Amount of the Bond has been unconditionally and irrevocably repaid.

In the case of an early repayment the interest is due on the early repayment date and is calculated pro rata parte of the fiscal year in which the early repayment takes place. The interest will be calculated per amount of € 25.000,- (twenty-five thousand euro) of the outstanding Bond over the period from the 1<sup>st</sup> of January of that specific fiscal year until the moment of early repayment in that specific fiscal year.



In the case that only a part of the Bond is redeemed, through an early repayment, the interest on the remaining bond will be calculated from the 1st of January till the 31st of December of that specific year and will become due, at the latest on the 1<sup>st</sup> of December of that specific year in which the early redemption was made.

In the case that the repayment takes place by means of a repayment of the Loan by the Red Church Group to the Issuer and this payment takes place before the finalization of the bottling process of the wine in the year of repayment the Red Church Group at its own discretion and decision is allowed to choose to:

- Provide the Issuer with an additional purchase right, regarding the calculated amount of bottles on the subject of the purchase right on the Classic Red Wine that the Red Church Group has freely in stock from the previous years.
- Provide the Issuer with a purchase right regarding the to be bottled Classic Red Wine of the year in which the (early) repayment takes place. Whereby the Issuer must effectuate that purchase right within 2 weeks after the wine is bottled, otherwise this purchase right will lapse.
- Make an additional cash payment as interest (plus surcharge interest) on the Loan, equal to the market value of the bottles regarding the to be provided purchase right from the production of the year in which the (early) repayment takes places.

In the case of a repayment of the Loan by the Red Church Group to the Issuer, the Issuer is obligated to similarly apply that method of payment of the interest received by the Red Church Group to the redemption to the Bondholders regarding the due interest in Vouchers. In the case that the Issuer has refinanced the Bond by herself in the meaning of redeeming the Bond she is allowed at her own discretion and decision the choose from the payment methods of the due interest.

When (a part of) the Bond is refunded by the Issuer the Vouchers, in connection to the bond refunded, that are not yet redeemed needs to be redeemed within 2 (two) weeks after the day of the repayment of the Bond. Whereby the bottles that the Red Church Group has hold in storage regarding the to be effectuated Voucher will be transferred from the Red Church Group to the Issuer and respectively from the Issuer to the Bondholder(s).

In the case that (a part of) the loan is converted into share capital of the holding entity of the Red Church Group the interest in Vouchers will be calculated per amount of € 25.000,- (twenty-five thousand euro) of the converted Loan over the period from the 1<sup>st</sup> of January until the 31<sup>st</sup> of December of that specific fiscal year as described for in section 8.12.

## 8.6 Deferral of interest

Based on the current stock and the bottling plan of the Vinologist, the Red Church Group will be able to produce the following bottles of the Classic Red Wine:

- Harvest 2018: 21.582 bottles are already bottled;
- Harvest 2019: 30.211 bottles can be produced from the stock in the barrels and tanks;
- Harvest 2020: 27.667 bottles can be produced from the stock in the barrels and tanks.

In total the Red Church Group will be able to produce from the current stock a total of 79.460 (seventy-nine thousand four-hundred sixty) bottles of the Classic Red wine from the current stock. This stock is sufficient to cover the interest in Vouchers regarding the total duration of the Bond. Whereby the period of 2023 is determined for calculation purposes from the closing date of the issuance period of the Bond as per the 25<sup>th</sup> of December 2023. Based on the assumption that no conversion right will be effectuated during the term of the Bond the maximum amount of bottles connected to the Vouchers will be 72.080 (seventy-two thousand eighty) bottles.

Year	Bottles
2023	344
2024	17.934
2025	17.934
2026	17.934
2027	17.934
Total	72.080

The Issuer will receive from the Red Church Group a pledge on the Classic Red Wine bottles that are linked to the Vouchers. The Issuer on her turn will transfer these rights one-on-one to the Trustee, who holds these rights under management for and on behalf of the Bondholders.

As a result of this structure the Bondholders are already secured in advance with the due quantity of Classic Red Wine for the whole term of the Bond, with regard to the Wine Vouchers. Meaning that there is no risk regarding an insufficient number of Classic Red Wine that can be produced in a specific year to cover the Vouchers, for example due to the loss of the harvest due to bad weather conditions or diseases in the vines.

If in a particular year the stock of Classic Red Wine by the Red Church Group is not sufficient to cover the Interest in Vouchers, for example due to the loss of the harvest due to bad weather conditions or diseases in the vines or due to damage to the stored bottles and/or half-fabricates, the Bondholders remain entitled to this deferred interest. This deferred interest will be redeemed from the following year's production or distributed from the stock already available at the free disposal of the Red Church Group. The Red Church Group is free to determine the year from which the deferred bottles will be redeemed to make up the shortfall in the specific year.

The Red Church Group is authorized in this regard to choose to distribute the Premium Red Wine instead of Classic Red Wine to redeem the deferred interest. The Premium Red Wine has a higher value than the Classic Red Wine, and there for a price ratio calculation will be handled for the calculation of the to be distributed Premium Red Wine bottles, Meaning that in the case the Premium Red Wine

compared with the market value of the Classic Red Wine has a ratio of 1,33 the total to be deferred interest in bottles of Classic Red Wine will be divided by this factor. With as a result that the value of the Voucher will remain the same.

## **8.7 Term of the Bond**

The Term of the Bond is the 31<sup>st</sup> of December 2027, for all Bonds from their Closing Date, on the understanding that the Issuer is authorized to make Early Redemption during the Term. As soon as the Closing Date has been definitively determined, the Issuer will communicate this date in writing to the Bondholders.

## **8.8 Early Redemption**

The Issuer may at all times and under any circumstances, without penalty, subject to a twenty (20) business days prior written notice to the Bondholders, decide to fully or partly redeem the Bonds prior to their final maturity (Early Redemption).

The Issuer is allowed to make early repayments on the loan in accordance with the following provisions:

1. The Issuer is allowed to make an early repayment on the Bond in the fiscal years 2024 and 2025, in which case the Issuer is allowed to repay a part of the Bond or the whole Bond against a rate of 105,00%
2. The Issuer is allowed to make an early repayment on the Bond in the fiscal year 2026 in which case the Issuer is allowed to repay a part of the Bond or the whole Bond against a rate of 102,50%
3. The Issuer is allowed to make an early repayment on the Bond in the fiscal year 2027, in which case the Issuer is allowed to repay a part of the Bond or the whole Bond against a rate of 100,00%.

The Issuer is only allowed to make these early repayment in the case that, during the Term, the Issuer attracts a bank financing and/or non-bank money loan(s) from third parties (including via another bond loan), for the (full or partial) refinancing of the Bond, on commercial terms or in the case that the Red Church Group makes an early repayment in the Loan.

By a partial repayment of the Loan by the Red Church Group the Issuer is mandatory, as included in the Trust Deed, to use the repayment on the Loan as a repayment on the Bond. In the case of a partial repayment on the Bonds the repayment will be allocated to the issued Bonds on the basis of a drawing of lots carried out by a Dutch civil-law notary.

In the case of an early repayment on a part of Bond the repayment must at all times be made in consultation with the Trustee, so that in all times a repayment of the Bond does not result in a Bondholder holding less than 4 (four) Bonds with a total nominal value of € 100.000,- (one-hundred thousand euro) or the Bondholder must be repaid in full as a result of which she / he will no longer be participating in the Bond.

As from the moment a Bond is repaid it will no longer benefit from the right to receive the same amount of interest payments or to receive interest payments at all.

Furthermore, the Bonds issued by the Issuer during the Subscription Period will be fully redeemed early in the event that the Minimum Size is not met on the Closing Date. If such a situation arises, the Early Redemption will take place on the first (1st) business day after the Closing Date.

The Bondholders may not request the redemption of their Red Church Vineyard Bonds prior to the maturity date. If an Event of Default (as defined in the Bond Conditions and Trust Deed) occurs, the Issuer will be required to repay all outstanding amounts due under the Bonds (whether in principal or interests). For the avoidance of doubt, no variable component element (as described in the Bond Conditions) will be due in the occurrence of an Event of Default (as defined in the Bond Conditions).

## **8.9 Payments in respect of the Bonds**

The Issuer will arrange for direct payments under the Bonds (including Principal Amount and Interest in the form of a Voucher) to the Trustee under the Trust Deed. The Trustee will arrange direct payment by transfer thereof to the bank account specified as stated in the Register of Bondholders and regarding the Vouchers she will send these to the e-mail address of the Bondholders specified as stated in the Register of Bondholders.

## **8.10 Conversion right**

The Red Church Group will provide the Issuer with an option to convert the Loan into issued share capital of the holding entity of the Red Church Group, known as EN EooD (EN). This conversion right will have a duration starting from the date of providing the Loan to EN and will last until the 31<sup>st</sup> of December of 2026.

The Issuer will receive from the EN the right per provided € 25.000,- (twenty-five thousand euro) of loan to convert this amount into 25 (twenty-five) issued shares in the capital of EN EooD, each with a par value of 1 BGN / € 0,50. The conversion of 1 (one) Bond will result in a decrease in debt by EN with the same amount and will increase her equity capital with a share premium of € 25.000,- (twenty-

five thousand euro). With a maximum Bond of 196 (one-hundred ninety-six) Bonds of € 25,000,- (twenty-five thousand euro) this will result by a total conversion right to receive a total of 4,900 (four-thousand nine hundred) issued shares in the share capital of EN.

The share capital of EN currently exists out of 10,000 (ten thousand) shares, each with a par value of 1 BGN (one BGN). After the issuing period is closed, the current sole shareholder will transfer to the Foundation Stichting Red Church Custodian (the “Custodian”) a maximum of 49% (forty-nine percent) of the total issued share capital of EN, by a full placement of the Bond. These shares are connected to the total principal of the issued Bond.

After the Bond is placed / the issuing period is closed and the minimum amount of € 3,300,000,- (three million three-hundred thousand euro) is raised it will be determined which percentage of the issued share capital of EN will be transferred to the Custodian. Per placed Bond with a value of € 25,000,- (twenty-five thousand euro) a total of 25 (twenty-five) shares will be transferred by the current sole shareholder to the Custodian. The Custodian will hold these shares in custody for the duration of the to the Issuer provided conversion right.

When the total loan will be converted into share capital of EN, within the conversion period, this will provide the Issuer with an interest in the Red Church Group of 49% (forty-nine percent) of the total issued share capital of holding entity of the Red Church Group.

Current shareholder	5.100	51%
Bondholders	4.900	49%
	10.000	100%

The Issuer on her turn will transfer these rights one-on-one to the Trustee, who holds these rights under management for and on behalf of the Bondholders.

The Issuer will only use her conversion right in the case that a Bondholder has instructed the Trustee in written to effectuate this right that is transferred to her one-on-one by the Issuer and the Trustee has filed this request to the Issuer. Only in this case the Bond or a part of the Bond that is connected with the conversion request will be converted into share capital of EN and the Bondholder will accrue this right, as a result of which its claim against the Issuer will be repaid by the transfer of the shares in EN.

This conversion right will be executable each year during the term of the conversion right on the 15<sup>th</sup> of December, and will be executable for the first time in the fiscal year of 2024. A Bondholder must notify the Trustee within 1 (one) month prior to the conversion date that he/she wishes to make use of this right. If the Trustee has not received a request within this period, she will not file a request to the Issuer to make use of the conversion right regarding the specific Bond, in which case no conversion will take place. A Bondholder that wants to convert her Bonds into share capital of the holding company of the Red Church Group must at all times hold a minimum of 4 (four) bonds with a total value of € 100,000,- (one-hundred thousand euro) or convert all her bonds into share capital as a result of which the Bondholder will no longer be participating in the Bond. The conversion must be finalized by the Red Church Group, the Issuer and Stichting Red Church Custodian before the 31st of January of the next fiscal year.

The Bonds respectively the Loan to be converted into issued share capital of EN are interest-bearing until the 31<sup>st</sup> of December of the year in which the conversion is notified.

The (notary) costs regarding the conversion of (a part of) the Loan / Bond into issued share capital of the holding entity of the Red Church Group will be borne by the Red Church Group. In the case a Bondholder wishes to make use of its conversion right she / he is obliged to cooperate with the instructions of the Trustee/Issuer regarding the granting of a power of attorney to a Bulgarian notary regarding the delivery of the shares in the name of the Bondholder.

## 8.11 The Parallel Claim and the Mortgage Rights

### 8.11.1 Parallel Claim

Bondholders cannot institute their own individual rights of action and/or direct actions against the Issuer. The Trustee will always in its sole discretion – but considering the interests of the Bondholders – dispose of the rights of such Bondholders under the Bond Conditions. Under the Trust Deed, the Trustee will act on a private basis for and on behalf of the Bondholders. To this end, the Trustee will have its own exclusive claim against the Issuer as a creditor that corresponds in substance to ('parallel to') the claim rights of the Bondholders against the Issuer (a so-called Parallel Claim).

### 8.11.2 The Mortgage and Pledge Rights

The Parallel Claim of the Trustee will be reinforced by first (1st) rights of mortgage and pledge (the Mortgage and Pledge Rights) which will be established from time to time by the Issuer (as mortgagor) on behalf of the Trustee (as mortgagee) before a Dutch and/or Bulgarian civil-law notary.

The Issuer will obtain as security for the Loan multiple collateral, with a minimum coverage of 100% (one-hundred percent) of the outstanding principal of the Loan, consisting of:

- an irrevocable right, on first call, to establish a first mortgage registration on the real estate and plots of land that are hold by Red Church Estate FooD (UIC 130993943) and Red Church Vineyard FooD (UIC 130493952)
- a first right of pledge on the shares that are hold by Stichting Red Church Custodian regarding the conversion right as described for in section 6.3.

These securities / collateral will be provided to the Issuer in order to strengthen her position regarding the provided Loan and as a security for the fulfilment of the Bond by the Issuer vis-à-vis the Bondholders, the Issuer will transfer these rights one-on-one to the Trustee.

For the specification and valuation of these securities / collateral see section 6.4.

In the Collateral Calculation Report the assumption has been adopted that the Issuer respectively the Bondholder will not use her conversion right, as described for in section 6.3, during the term of the Bond. Resulting in a to be provided collateral with a minimum of € 4.900.000,- (four-million nine-hundred thousand euro). Based on the Collateral Calculation Report the collateral will have the following value and coverage during the term of the Bond.

Collateral		2023	2024	2025	2026	2027
Plots of land	1st mortgage right	€ 318.170				
Real Estate	1st mortgage right	€ 634.249				
Stock value	through share pledge	€ 3.210.987	€ 3.586.041	€ 4.669.795	€ 5.284.868	€ 5.614.019
Liquidity buffer	through share pledge	€ 1.242.849	€ 1.560.674	€ 1.942.654	€ 2.932.229	€ 3.093.070
<b>Total collateral</b>		<b>€ 5.406.255</b>	<b>€ 5.146.715</b>	<b>€ 6.612.449</b>	<b>€ 8.217.097</b>	<b>€ 8.707.089</b>
Loan/Bond		€ 4.900.000	€ 4.900.000	€ 4.900.000	€ 4.900.000	€ 4.900.000
<b>Coverage</b>		<b>110,33%</b>	<b>105,04%</b>	<b>134,95%</b>	<b>167,70%</b>	<b>177,70%</b>
LTV		90,64%	95,21%	74,10%	59,63%	56,28%

The Collateral Calculation Report and her attachments can be downloaded from the website [www.redchurchvineyard.nl/downloads](http://www.redchurchvineyard.nl/downloads).

## 8.12 Dividend clause

EN EooD will declare in the Loan agreement with the Issuer that she will not make any dividend payments to its shareholders during the term of the Bond. Meaning that in the case (a part of) the Bond is not redeemed, as described for under section 6.6 or converted as described for under section 6.4 the management of EN EooD will not cooperate with a shareholder proposal to distribute dividends or decide by herself to make such a proposal to the shareholders.

This clause should ensure that available capital present in the Red Church Group, during the term of the Bond, will actually be available to meet the redemption of the Bondholders. So that the risk of withdrawing funds from the Red Church Group which could potentially worsen the position of the Bondholders will be eliminated.

The side effect of this clause means that in the case a Bondholder decides to convert its bond before the total issued Bond is converted or redeemed or a combination of both, this Bondholder will have because of this clause no prospect of receiving dividends in the interim period from conversion till the moment that the total issued Bond is fully redeemed and/or converted.

It should also be noted that as a result of a conversion of (a part of) the Bond by a Bondholder the right regarding the Vouchers linked to the converted Bonds will lapse. Meaning that in the time between the conversion by the Bondholder and the fully redemption and/or conversion of the total issued Bond the Bondholder will not receive any direct return on its investment.

The effect of this dividend clause in combination with the time at which (a part of) the Bond is converted by a Bondholder on the forecasted return for the Bondholder can be calculated in the forecast model which can be downloaded freely from the Issuer's website: [www.redchurchvineyard.nl](http://www.redchurchvineyard.nl).

## 8.13 Transfer of Bonds

The Bonds are transferable. The Bonds are issued solely for sale and trading in the EU, as long as this does not constitute an offer of any security or an invitation to make an offer to purchase any security to any person in any jurisdiction where this is not permitted under the applicable laws and regulations. The Trustee and the Issuer accepts no responsibility or liability with regard to a transfer of Bonds to (legal) persons residing or domiciled outside the EU or in the EU if a transfer is not permitted under the applicable laws and regulations.

The Trustee will maintain a register including contact details of Bondholders, the number of Bonds held by each holder and transaction history. The transfer of Bonds shall be evidenced through the registration of the transferee in the register of the Bondholders Register.

The Bonds are freely transferable, subject to the prior written notice given by a Bondholder to the Trustee of his or her intention to assign or transfer rights, interests, or benefits under the Bonds. The assignment or transfer of such rights, interests or benefits under the Bonds shall be perfected and fully effective upon prior written consent given by the Trustee to the relevant Bondholders following their notification.

Ownership of a Bond can only be transferred by means of a (private) deed intended for that purpose.

Any Bondholder wishing to transfer (a) Bond(s) in any way shall give prior written notice thereof to the Trustee indicating the name and address of the transferee, (ii) the number of Bonds to be transferred, (iii) the date of the transfer and (iv) the details of the bank account of the transferee. The Trustee has the right to refuse the transfer in the Register of Bondholders (as defined in the Bond Conditions) in case the stated conditions are not complied with, at the sole discretion of the Trustee. No price will be established for the Red Church Vineyard Bonds at any time. Investors are free to trade the Bonds at a price of their choice.

However in any event, the request will be denied if, in the sole discretion of the Trustee, it would (a) affect the tax status of the Fund, (b) disrupt or prevent an orderly Offering, (c) the orderly liquidation of the Fund (after the dissolution of the Fund) would (could) be disrupted or prevented, (d) adversely affects the interests of the (other) Bondholders, (e) the issuing, sale or purchase of a Bond would result in the acquiring investor to acquire less than the minimum participation of 4 (four) Bonds per investor with a nominal value of €100.000,- (one-hundred thousand euro) or the selling investor will hold, after disposing of the to be sold Bonds, a remaining participation in the Bond of less than the minimum participation of 4 (four) Bonds per investor with a nominal value of €100.000,- (one-hundred thousand euro) (unless the disposing investor sells and transfers all the Bonds held by him) or (f) (otherwise) conflicts with the Bond Terms and Conditions.

Upon prior written consent given by the Trustee to the relevant Bondholders following their notification, the Trustee will report the notification in the Register of Bondholders, so that the transfer and change in ownership is known from the Register.

The Bonds will not be listed on any regulated market (stock exchange) or multilateral trading facility and no market will be maintained in the Bonds by the Issuer.

#### **8.14 Register of Bondholders**

The Bondholders are entered into the Register of Bondholders, administrated by the Trustee, which is available for inspection at the office of the Issuer. This is because the Issuer does not issue physical pieces. The Bondholders can receive a copy from the Register of Bondholders on request.

The Trustee shall keep a Register of Bondholders, which shall contain the names and addresses of the owners of the Bonds, together with the other information required under the Trust Deed and Bond Conditions. The Trustee recognizes as Bondholders the persons who are recorded in the Register of Bondholders as the owners of the Bonds.

Persons having acquired the Bonds will be recorded in the register as Bond holders, provided that they confirm in the manner specified by the Trustee that they are holding the Bond so acquired in their own name and for their own account. The Trustee may ask a Bondholder to repeat that confirmation at any time. After having heard the relevant person, the company may cancel the registration of a Bondholder from the Register of Bondholders with retroactive effect with respect to some or all of such Bondholder's Bonds if the registration in the Register of Bondholders turns out to have been made on the basis of inaccurate information provided by the Bondholder or if the relevant Bondholder refuses, upon request, to confirm that he holds the relevant Bonds in its own name or for its own account. The relevant Bondholder is informed of the cancellation.

The administration of the Bonds, as specified in more detail in the Bond Conditions and Trust Deed, is provided by the Trustee and is outsourced by her to Black-Box B.V.

#### **8.15 Meetings of Bondholders**

A meeting of Bondholders will be held (i) if the Trustee deems this desirable, (ii) at the written request of the Issuer or (iii) upon written request of the holders of at least 25% (twenty-five percent) of the aggregate nominal amount of Bonds outstanding. A written request as referred to above must contain the subject(s) to be discussed. The Trustee will convene the Meeting of Bondholders.

The Trustee convenes the Meeting of Bondholders at the latest within 1 (one) month after receipt of the written request to that effect. Bondholders will receive notice of the meeting at least 15 (fifteen) days prior to the date on which the meeting is held.

The convocation letter must contain the topics to be discussed, an accompanying explanation thereto and also the place where the meeting of Bondholders will be held.

Voting will be done by ballot papers during the meeting or can be submitted to the Trustee in advance of the Meeting of Bondholders.

The Trustee can decide to hold the Meeting of Bondholders through telecommunication or digital. The Bondholders and the proxies (if any) have the right to speak at the Meeting of Bondholders.

The (implementation of the) following decisions require the approval of the Meeting of Bondholders:

- Extending the Term of the Bonds or the dates on which the Voucher is payable in respect of the Bonds;
- To reduce or cancel the nominal amount the Bonds;
- To reduce, cancel or giving-up the interest (Voucher) on the Bonds;
- To change the currency and or way of payment of the interest;
- To change the currency and or way of repayment of the Bond;
- To modify the provisions concerning the quorum required in accordance with the quorum and majority requirements set out in Trust Deed and the Bond Conditions;
- To modify or waive any other provision of the Trust Deed and the Bond Conditions;

Each Bond entitles its holder to one vote at the Meeting of Bondholders. Blank votes are considered not to have been cast. Resolutions are passed by the Meeting of Bondholders by a simple majority of votes validly cast (50% +1) of the Bonds or representatives represented at the meeting, unless stipulated otherwise in the Trust Deed and Bond Conditions.

Resolutions duly passed by a Meeting of Bondholders in accordance with these provisions shall be binding on all Bondholders, whether or not they are present at the general meeting and whether or not they vote in favour of such a resolution.



#### 8.16 Default of the Issuer under the Bond

In certain cases, the Issuer may be in default under the Bond. This includes default on the part of the Issuer if it defaults on the payment of the Interest and/or the repayment of the Principal in the event of Regular Repayment and this default continues for at least 30 (thirty) days after such default has been notified per registered letter by the Trustee to the Issuer. For a complete overview of all grounds for default, reference is made to Article 11 of the Bond Conditions and Article 17 of the Trust Deed.

In the event of default in respect of the Bonds, the Trustee will, at its discretion close the Bond (including Principal and Interest) per immediately claim, with due observance of the provisions in this regard in the Trust Deed.

At any time, after the Bonds become immediately payable, the Trustee may, in its discretion and without further notice, initiate proceedings against the Issuer that the Trustee believes is necessary to enforce the terms of these Bond terms. A Bondholder may only commence proceedings against the Issuer if the Trustee fails to commence proceedings within a foreseeable time and such failure continues.



## Section 9 Forecast of the Bond

### 9.1 The valuation of the Interest in Kind

There are a number of factors that influence the value of the bottles of Classic Red wine that the Bondholder(s) receive as an interest in kind in their Bonds and there with their return on investment.

The value of the bottles can mainly be determined by following factors:

- Age: wine mainly needs time to become a high-quality product. Wine must be given time and that is what happens less and less often in the industry. This often happens under the pressure of rising wine demand and issues such as profit maximization and shareholder value. Although in the past Red Church Vineyard has offered wine at a lower maturity, it currently holds the position / strategy of aging wine for a minimum term.
- Quality: managing a barrel during the maturation period requires knowledge and expertise. Red Church strives for high quality wine in order to maximize the financial return at the end of the maturation period. In order to know how a wine develops, each cask is sampled semi-annually, or more often to the reason of the winemaker, and its maturation progress is analysed. If necessary, it is decided to adjust the maturation process, for example by transferring the wine to another barrel. Through this method, Red Church knows the quality of the wine at the time of bottling. That the wine that Red Church produces have a high quality shows the award-winning wine Selection individuelle 2018 by being proclaimed in 2020 as the best wine in all of Bulgaria by DiVino.Taste.
- Scarcity: Scarcity combined with a unique winemaking project can be a powerful marketing tool, making the wines reach a high market price and value growth over the years. Name, reputation and unique stances of the winemaker are in this case key to sell the wine at high market prices.
- Other factors that affect the value of the wine includes the name and reputation of the winery, the circulation, the alcohol percentage, the "premium feeling" of the packaging and vintage and quality (rating).

The management of the Red Church Group aims to guarantee high quality and put quantity second. Therefore the maximum amount of grapes which can be harvested, with the current number of vines, without compromising the quality of the grapes is set by the management at 110 tons. This amount of tons, divided into 5 types of wine, can be classified in the wine industry as a small amount, meaning that the produced bottles are deemed exclusive and the scarcity is supply-caused. In addition the management of the Red Church Group aims to create high level brand awareness and with a limited amount of bottles to be market this will result in a higher market price based on demand-caused scarcity and there with a higher forecasted return on investment. Because wine is now also being introduced to the market as an investment product, the sales area is being expanded, so that the marketability is also expected to increase.

### 9.2 Valuing the stored interest

With so many factors influencing the value of fine wine it is not hard to see why valuations may vary. Prior to the internet putting a value on a wine portfolio was a lengthy, manual process with merchants having to read through printed brochures and prices from various sources before making a judgement on value. The internet made this research much easier but still required merchants to go through a similar process and make an educated guess, which would vary from merchant to merchant. Now there are several platforms which have the software to scan publicly available price information on traded wine, but even with these platforms expert knowledge is required to base a valuation. More sophisticated online resources available to professional members of the wine trade offer a greater depth of data and provide more accurate valuations and Liv-ex is at the forefront of this. Liv-ex formulates valuation data based on members' transaction prices, including bids, offers, last trade and the Market Price.

- The **Liv-ex Benchmark Market Price:** is the **lowest** quoted entry price on the Liv-ex trade exchange over a 30-day period from what Liv-ex refer to as "Tier One" merchants, i.e. those merchants who can be reasonably relied upon to have the stock they are advertising for sale at the prices they are quoting. Similar to any asset, there is a spread between the entry and exit prices, as such these figures cannot and should not be relied upon to calculate a realisation or exit value but offer an indication of a likely ceiling to values achievable at a point in time.
- The **Liv-ex Average List Price:** takes the **average** of retail list prices over a 30-day period from the "Tier One" merchants. This provides an indicative rather than an accurate guide to exit prices. The Average List Price is therefore a useful guide to what is a reasonable buying price for your wines.
- The **Liv-ex Benchmark Trade Price:** is the most recent price the wine has traded at on the Liv-ex exchange, not including fees.

In the periodic reports to the Bondholders, the market value will be determined as follows, noting that if method 1 does not give a result method 2 will be used, and so on.

1. If the bottle(s) has been traded within 3 months prior to the reference date on one of the Liv-ex benchmarks (LIV-ex), we will use this as the market value.
2. If several identical bottles are offered on the market, other than the LIV-ex, we will use the lowest asking price. We use various websites on the market as a frame of reference, such as [www.wine-searcher.com](http://www.wine-searcher.com) and [www.vinovest.co](http://www.vinovest.co). If the winemaker is of the opinion that the asking price of the bottle in question is not realistic (or priced too high or too low), this price will be considered as unrealistic, and the winemaker will look for the closest price that provides sufficient basis for market value.
3. If the bottle was traded between 3 and 6 months ago, we use this as the market value.
4. If the bottle is not traded within the period as stated above the price set by the winemaker, based on his many years of experience in winemaking and wine trading.

### 9.3 Indirect return

In addition to the interest in kind, with respect to the wine bottles, each Bondholder will receive an indirect return on his investment in the form of an annual wine tasting:

- Each year during the term of the Bond each Bondholder will receive an invite from the Red Church Group to attend an annual wine tasting event on the Red Church Winery and at fellow wineries in the region, including 2 (two) hotel overnight stays inclusive breakfast for 2 (two) persons. This wine tasting 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. Travel and related expenses to the wine estate will be arranged / organized by the Bondholders themselves at their own expenses. This wine tasting is not part of the obligations as agreed on in the Bond/Loan structure and rest with the Red Church Group and therefor will not be part of the Bond structure and as a result is not included, as a value or return, in the calculation of the IRR.

### 9.4 Return prognosis

To provide a better insight in the possible development of the return on investment the Issuer has made a forecast model available that can be downloaded from her website: [www.redchurchvineyard.nl](http://www.redchurchvineyard.nl). In this forecast model a (potential) Bondholder can calculate all different types of scenarios regarding the return on investment. The variable and adjustable assumptions include, but are not limited to:

- The size of the participation in the Bond;
- Storage period of the bottles;
- Sales of the bottles;
- Price increase of the bottles;
  - price increase of the bottles in stock (year on year);
  - price increase of a new batch;
- Effectuation of the conversion right;
- Forecasted dividend income after conversion.

The standard forecast scenario included in the downloadable forecast model is included for illustrative purposes. No assurance can be given that the actual situation will be in line with this forecast and any scenario's included therein. It is likely that the actual situation will deviate from this forecast and the scenario's included therein.

The standard forecast scenario included in the downloadable forecast model is based on the following assumptions:

- The calculation is based on 4 Bonds with a total value of € 100.000,-;
- The interest exists out of 366 bottles of Classic Red Wine per year;
- The market price per bottle is currently € 25,10;
- An price increase of the bottles in stock with a growth percentage of 2% year on year;
- An price increase of a new batch of 3% relative to the price in the previous year;
- No resale to the Red Church Group, with a discount of 20% of the market price;
- A storage fee per bottle that is stored on the Red Church Vineyard of € 0,125 per year;
- A transport fee of € 0,75 per bottle;
- A conversion of the 4 Bonds into share capital of the Red Church Group end of 2026;
- A conversion of the total Bond for 75% end of 2026;
- The annual return is based on the value for the received bottles in the specific year + the price mutation of the sold bottles in a specific year + the price mutation of the remaining stored bottles from previous years. This amount is divided by the nominal value of the Bond.
- The IRR calculation is based on a period starting from the Closing date of the Bond, projected as the 25th of December 2023 and will last till the end of the Bond, on the 31<sup>st</sup> of December 2027 plus two (2) additional years till the 31<sup>st</sup> of December 2029 to display the dividend and capital repayment potential after a conversion of the Bond in 2026.
- Dividend payments are based on the growth plans and forecast of the Red Church Group.

An value increase regarding the received share capital, through the conversion, has been left out of consideration because at the time of issuance of the Bond it is too speculative what the market value of a participation in the Red Church Group would be. Besides the Issuer has no influence on the strategic operations of the Red Church Group and her future developments and there for the end return / value of the participation is equal to the made investments. As a result, any increase or decrease in the value of the participation in the Red Church Group, based on the (partly) effectuation of the conversion right is disregarded in the return on investment calculation.

Based on the above assumptions and scenario's the return on investment in the standard downloadable forecast will have an forecasted IRR of **19,77%**. The forecasted IRR without conversion and a duration till the end of the Bond is forecasted on an IRR of **9,57%**

Forecast Bond	0	1	2	3	4	5	6	7
	2023	2024	2025	2026	2027	2028	2029	
Investment in Bond	100.000	100.000	100.000	100.000	100.000	-	-	-
Conversion	-	-	-	-	-	-	-	-
Repayment	-	-	-	-	-100.000	-	-	-
Remaining investment in Bond	100.000	100.000	100.000	100.000	-	-	-	-

<b>Valuation calculation of the Bottles</b>								
Vouchers	7	366	366	366	366	-	-	-
Expected price per bottle	25,10	25,60	26,11	26,64	27,17	-	-	-
Value of bottles	176	9.370	9.558	9.749	9.944	-	-	-
Value of bottles	176	9.370	9.558	9.749	9.944	-	-	-
Price mutation sold bottles from storage	-	2	95	154	234	-	-	-
Price mutation stored bottles	-	2	95	134	-	-	-	-
Total value stored bottles	176	9.374	9.747	10.037	10.178	-	-	-
Resale discount Red Church Group	-	-	-	-	-	-	-	-
Net value of bottles	176	9.374	9.747	10.037	10.178	-	-	-
Storage costs	1	48	75	65	101	-	-	-
Transport costs	-	2	144	403	449	-	-	-
Operating costs	1	50	219	468	550	-	-	-
Nett return	175	9.324	9.528	9.569	9.628	-	-	-
Annual return on Bond	10,66%	9,32%	9,53%	9,57%	9,63%	0,00%	0,00%	0,00%

<b>Conversion</b>								
Total Bonds	4	4	4	4				
Conversion								
Repayment								
Remaining bonds	4	4	4	0	0	0	0	0
Conversion value	-	-	-	100.000	100.000	100.000	100.000	100.000
<b>Shares</b>								
Shares per Bond	25	25	25	25	25	25	25	25
Shares receive by conversion	-	-	-	100	-	-	-	-
Total shares received	-	-	-	100,00	100,00	100,00	100,00	100,00
% of participation in total capital	0,00%	0,00%	0,00%	1,00%	1,00%	1,00%	1,00%	1,00%
Forecast dividend of Red Church Group	0	0	0	0	0	0	0	0
Dividend forecasted per share	-	-	-	-	256	498	382	382
Participation	0,00%	0,00%	0,00%	1,00%	1,00%	1,00%	1,00%	1,00%
Forecasted dividend	0	0	0	0	25.582	49.816	38.178	38.178
Annual return on conversion	0,00%	0,00%	0,00%	0,00%	25,58%	49,82%	38,18%	38,18%

<b>Total return</b>								
Annual return on Bond	175	9.324	9.528	9.197	-	-	-	-
Annual return on conversion	-	-	-	-	25.582	49.816	38.178	38.178
Total return	175	9.324	9.528	9.197	25.582	49.816	38.178	38.178
Annual return	0,18%	9,32%	9,53%	9,20%	25,58%	49,82%	38,18%	38,18%

<b>IRR Investor on Bond</b>		
Participation	25-12-2023	-100.000
Return	31-12-2023	175
Return	1-12-2024	9.324
Return	1-12-2025	9.528
Return	1-12-2026	9.197
Return	1-12-2027	25.355
Repayment	31-12-2027	-
Return	1-12-2028	49.816
Return	1-12-2028	38.178
Value participation **	31-12-2029	100.000
IRR		19,77%

\*An value increase regarding the received share capital, through the conversion, has been left out of consideration because at the time of issuance of the Bond it is too speculative and the Issuer has no influence on this development. there for the end return / value of the participation is equal to the made investments. As a result, any increase or decrease in the value of the participation in the Red Church Group is disregarded in the return on investment calculation.

\*\*A repayment of the share premium by EN FooD as a result of the conversion of the Bond into share capital is also left out of consideration because at the time of issuance of the Bond it is too speculative to determine what part of the Bond will be converted. Therefor it is not possible for the Issuer to determine what the total amount of share premium will be and in what terms these will be paid in return to the shareholders. As a result, any repayment of share premium as a result of the conversion right is disregarded in the return on investment calculation, but will have a positive effect on the total return, as the participants will receive a part of their investment in return, while this payment will have no effect on the valuation of the company itself, based on a market-based EBITDA factor, and therefore also not on the valuation of the value of the conversion.

## Section 10 Risk factors

The following is a disclosure of risk factors (the “**Risks Factors**”) that are material with respect to the Issuer to fulfil its obligations under the Red Church Vineyard Bonds.

### 10.1 Introduction

The Bondholders must realise that investing in Red Church Vineyard Bonds leads to certain risks. It may lead to losses and in the worst case, the entire amount invested might be lost.

These risks factors are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer and/or the Red Church Group may face other risks and uncertainties not presently known to the Issuer, or that the Issuer currently believes to be immaterial or that it may not be able to anticipate. The Issuer does not represent that the statements below are exhaustive. If any of the following risks, as well as other risks and uncertainties that are not yet identified or that the Issuer thinks are immaterial at the date of this Information Memorandum, actually occur, then these could have a material adverse effect on the ability of the Issuer to fulfil its obligations to pay interest or the principal in connection with the Bonds. More than one risk factor can affect simultaneously the Issuer’s ability to fulfil its obligations under the Bond. The extent of the effect of a combination of risk factors is uncertain and cannot be accurately predicted.

### 10.2 Risks related to the nature of the Bonds

#### 10.2.1 Compensation Risk on the Bond Loan

During the Term, the Bonds bear an compensation on their outstanding Principal Amount in the form of a Wine Voucher that the Bondholder can redeem in a per Bond set amount of bottles of Classic Red wine of the Red Church. This compensation obligation rests on the Issuer. In principle, the compensation is paid from the resources arising from the Loan from the Issuer to the Red Church Group and the received purchase option of the Issuer provided to her by the Red Church Group.

The Issuer runs an entrepreneurial risk in this respect. It may be due to one or more factors, including the manifestation of a number of the following risks, that the Issuer's financial position is not strong enough (for example, too few free cash flows) to be able to fully or partially meet this compensation obligation. This may result in the Issuer being restricted from meeting its obligations (including Principal and compensation) towards the Bondholders.

In order to cancel this risk the Issuer will receive from the Red Church Group a pledge on the Classic Red Wine bottles that are linked to the Vouchers. The Issuer on her turn will transfer these rights one-on-one to the Trustee, who holds these rights under management for and on behalf of the Bondholders.

In total the Red Church Group will be able to produce from the current stock a total of 79.460 (seventy-nine thousand four-hundred sixty) bottles of the Classic Red wine from the current stock. This stock is sufficient to cover the Interest in Vouchers regarding the total duration of the Bond. Whereby the period of 2023 is determined for calculation purposes from the closing date of the issuance period of the Bond as per the 25<sup>th</sup> of December 2023. Based on the assumption that no conversion right will be effectuated during the term of the Bond the maximum amount of bottles connected to the Vouchers will be 72.080 (seventy-two thousand eighty) bottles.

As a result of this structure the Bondholders are secured in advance regarding the due quantity of Classic Red Wine bottles for the whole term of the Bond, with regard to the Wine Vouchers. Meaning that there is no compensation risk as a result of an entrepreneurial risk of the Issuer or the Red Church Group.

#### 10.2.2 Limited tradability of the Bonds

The Bonds are freely transferable, subject to the prior written notice given by a Bondholder to the Trustee of his or her intention to assign or transfer rights, interests or benefits under the Bonds. The assignment or transfer of such rights, interests or benefits under the Bonds shall be perfected and fully effective upon prior written consent given by Trustee to the relevant Bondholders following their notification.

However, the Bonds will not be listed on any regulated market (stock exchange) or multilateral trading facility and no market in the Bonds will be maintained by the Issuer and the Trustee and/or the Issuer do not have the obligation to redeem the Bonds at the request of a Bondholder. It is only possible to sell the Bonds privately to other investors.

There is a risk (when the Bonds are sold) that the Bonds are not negotiable, or are not negotiable to a limited extent, because a Bondholder who wishes to sell his Bonds cannot find another (legal) person who wants to buy the Bond(s) he or she holds to take over. In the event Bonds cannot be sold the Bondholders will have to hold the Bonds longer than wanted. As a result, the Bondholders may not be able to sell the Bonds they hold at the time they wish and therefore cannot make them liquid.

Illiquidity can also result in sale prices below the nominal value in the secondary market. No application for a listing of the Bonds on any market has been made. There is a risk that a liquid secondary market for the Bonds will not develop or, if it does develop, that it will not remain liquid in the future.



In an illiquid market, all investors are exposed to the risk of not being able to sell their Bonds at a fair market price. In addition, the sale of the Bonds may be subject to further restrictions in certain countries. At its discretion, the Issuer may decide to list the Bonds on one more markets, exchanges or any other type of trading venue in the future.

In addition, each investor must hold at all times at least 4 bonds with a nominal value of € 100.000,- (one-hundred thousand euro) in total. If an Bondholder no longer considers it desirable to maintain an investment in the Bond with a size of at least € 100.000,- (one-hundred thousand euro), the bondholder is obliged to sell or convert its entire investment.

### **10.2.3 Valuation risk of the Bonds**

There is a risk that during the Term the value of the Bonds cannot be determined objectively, accurately or insufficiently, because no public price is formed for the Bonds and no other regular objective interim valuation of the Bonds takes place on the basis of which a valuation can be made. There is also a risk that in the market, insofar as there will be a market for the Bonds, a value will be assigned to the Bonds that is not realistic. There is a risk that (when the Bonds are sold) the Bonds will not be negotiable, or will not be tradable at the desired or fair value, because a Bondholder who wishes to sell his Bonds will not find another (legal) person who wants to take over the Bond(s) held by him or her at the desired and/or fair value thereof. As a result, the Bondholder may not be able to sell the Bonds at a fair price and this sale price may be (considerably) lower than the original purchase price.

### **10.2.4 Risk of Regular Redemption**

The Term is (maximum) till the 31<sup>st</sup> of December 2027, for all Bonds from the Closing Date. The Bonds will be redeemed at their Principal Amount, plus the Compensation already due but unpaid. The repayment obligation rests on the Issuer. The manifestation of one or more situations may result in the Issuer not being able to meet its Regular Repayment obligation, whether or not in part, at the end of the Term. Examples include the following situations that can lead to insufficient liquid financial resources at the Issuer (i) manifesting one or more of the risks as described in this Chapter; (ii) not being able to collect the repayment of the loan at the Red Church Group or not being able to collect them on time; (iii) the inability to successfully enforce one or more Mortgage and Pledge Rights in a foreclosure scenario and/or (iv) the inability to refinance the Bond. Bondholders should be aware that this risk, whether partially or not, may materialise.

### **10.2.5 Risk of not meeting Minimum Size**

The Minimum Amount of the Bond on Closing Date is at least € 3.300.000,- (three million three-hundred thousand euro), equal to 132 (one-hundred thirty-two) Red Church Vineyard Bonds. It is possible that the Minimum Amount of the Bond on Closing Date is not achieved. As a result, the Bonds already issued to Bondholders during the Subscription Period are fully redeemed by the Trustee. Failure to achieve the Minimum Amount of the Bond may thus mean that Bondholders will not be able to achieve a projected investment return for their investment portfolio, since in such a case the Bond will be repaid immediately and an investor will not be able to make an indirect or direct return on his participation. The Issuer, Trustee or any other involved party are not obligated to pay any interest or other compensation to the participants that already made their payment to the Trustee, in the case that the Minimum Amount of the Bond is not achieved.

## **10.3 Risks relating to the Issuer and the Red Church Group**

### **10.3.1 Insolvency**

In the event of an insolvency or similar proceedings, the Issuer will only make any payments to the Bondholders after payments have been made to creditors who have a higher ranking than the Bondholders, such as banks and fiscal authorities. There is a significant risk that in the case of an insolvency or similar proceedings, the Bondholders will lose the entire amount they have invested.

For the greater certainty of the Issuer and vis-à-vis the Bondholders, the Red Church Group, after having received the Loan from the Issuer, will not attract and/or use bank financing and/or non-bank money loan(s) (other than to redeem the Bonds) whereby securities will be provided to the financier with regard to the assets on which a security rests for the Issuer and the Bondholders respectively. In addition the Red Church Group holds a tax policy in which she will pay the due taxes in the Red Church Group on time and will not use fiscal structures to gain income or will use them as a business unit itself. So the risk of having creditors in a higher ranking will be reduced by this strategy. In addition, the Bondholders obtain collateral in the amount of the outstanding principal of the Bond.

### **10.3.2 Key persons**

The Issuer and more specifically the Red Church Group depends on the natural person(s) involved in its structure now and in the future. A loss of such person(s) or the inability to attract additional person(s) may result in a material adverse effect on its business and financial position and its ability to meet its obligation towards the Issuer respectively the Bondholders. As of the date of issuance of this IM, the key person within the Issuer is Mr. R.A.M. Wolfert, within the Trustee is Mr. H.J. van Dorenmalen and within the Red Church Group are Mr. S. Borisov (Manager), Mr. A. Kanev (Vinologist) and Mr. R. Marchev (Wine Technologist).

Further key person(s) may be appointed in the future.

### **10.3.3 Flexibility in structure**

The choices that the Issuer and the Red Church Group will make as to the structure of its investment may have a negative impact on itself and the Bondholders. For example, negative fiscal consequences may attach to the choice of a certain legal form for a company or other vehicle holding an asset. A joint investment with one or more other investors may lead to discussions and difficulties relating to, among other things, the timing and price of sale of assets.

Taking into account the conversion option offered by the Red Church Group to the Issuer and thus to the Bondholder, as described in section 8.12, it cannot be excluded that in the future the Red Church Group will have additional shareholders in addition to the current shareholder. Such shareholder or shareholders may have different views on the business and operations of the Red Church Group than the current shareholder, which views may have a detrimental impact on the position of the Bondholders that did not convert her bond into a share participation in the Red Church Group.

### **10.3.4 Reputation**

The Issuer and the Red Church Group are exposed to the risk that, among other things, litigation, employee misconduct, operational failures and the possible negative publicity resulting therefrom, whether or not founded, will harm its reputation. Any damage to its reputation could cause counterparties and investors to be reluctant or elect not to do business with the Red Church Group or will have a negative result on the market value of the Classic Red Wine, that is paid to the Bondholders as interest in kind through the Vouchers. Resulting in a lower return for the Bondholders on their investment.

### **10.3.5 Conflicts of interest**

Various legal entities in the Bond structure perform tasks on behalf of the Issuer, Trustee or Red Church Group, see section 4. However the Bond and Fund structure is designed and structured in such way that parties with a conflict of interest are not authorized to perform legal acts vis-à-vis third parties or internally with regard to the Trustee or the Red Church Group. As a result, it cannot exert any significant influence on the policy to be pursued by the Red Church Group or on the role of the Trustee in protecting, representing and defending the interests of the Bondholders.

### **10.3.6 Insurance risk**

The Red Church Group enters into various insurance policies in order to cover potential damages or losses for the bottles of Classic Red Wine that are stored by the Red Church Group for the Issuer respectively the Bondholders in her cellars and storages. However, not all risks can be covered by insurance policies against reasonable premiums or at all. For example, damages as a result of war, terrorist attacks and nature disasters are generally not covered. Even if certain damages are covered under an insurance policy, an insurance company might refuse to pay out under the policy or the Red Church Group may have to contribute as part of the risk will be considered as its own risk. In a situation where the Red Church Group has to bear all or part of the damages for which it does not receive payment in light of any of the circumstances described above, less funds will be available from the Red Church Group to the Issuer to meet its obligations towards the Bondholders, regarding the repayment of the Bond or payment of the interest.

### **10.3.7 Costs in relation to compliance**

Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Those laws and regulations and their interpretation and application may also change from time to time and those changes could have a material adverse effect on the Issuer and the Red Church Group's businesses and results of operations.

## **10.4 Risk relating to the value of the wine**

### **10.4.1 Value development**

The value or yield of bottles of wine partly depends on the market mechanism in which supply and demand determine the price that is paid for wine. If the product is sold before the end of the by the winemaker determined maturation period, the Bondholder should take into account a possible decrease in value. If the actual value of wine is less than the appraised value, this can have a negative effect on the sales proceeds and therewith the return on the investment. Past performance is no guarantee for the future.

### **10.4.2 Maintenance**

The Red Church Group will enter into agreements with several third parties, including parties which will be mandated to technically maintain assets and the vineyard on an ongoing basis. In the event that such parties do not provide their services properly or becomes insolvent, the maintenance of the assets and/or the vineyard may temporarily not be performed as required. An alternative service providers will be mandated but this may take time and altogether result in the assets and/or vineyard performing below expectation, which may result in less harvest grapes and less litres wine to produce. Lower litres of wine might in turn result in lower amounts available for distribution and in delays and/or difficulties in meeting payment obligations towards the Issuer and on her turn towards the Bondholders.

### 10.4.3 Liquidity risk

The tradability or liquidity in general remains a risk, because a counterparty (buyer) is always needed, just like with real estate. Each Bondholder is entitled regarding her non redeemed Vouchers to engage the Red Church Group to purchase on her own account the bottled wine, that the Bondholder has received as interest through her Vouchers, and that are stored in the cellars / storage of the Red Church Group, at the then prevailing market price for the sold wines (ex VAT and other charges and/or taxes), which is determined on the basis of the value in the VI-index or other wine index or calculation method to value the market value of the wine, with a discount of 20%. The minimum bottles to be sold must be at least 6 (six) bottles. The Red Church Group will transfer the purchase price directly to the bank account of the Trustee and after the wine register is being up-dated with the transaction the Trustee will transfer the sale price to the bank account of the Bondholder. The Red Church Group is free, without stating reasons, not to comply with this request if it deems this necessary for her own continuity / solvency / liquidity.

### 10.4.4 Wine Quality can Change over Time

The quality of wines, even unopened ones, constantly changes with time. There are many factors that can alter wine quality. Apart from the ingredients and the production techniques used, wines can be affected by transportation and storage methods. Even the type of cork used can affect the future quality of wine.

### 10.4.5 Ripening risk

During the period wine is stored in barrels, the volume will decrease because of the 'drinking loss'; this is the wine that is absorbed by the wooden barrel. In addition, some wine evaporates every year in the warehouses. This partly depends on the location of the barrel and the quality of the wood. The evaporation loss is also poetically referred to as The Angels' Share. The risk of loss during maturation is covered by the Red Church Group by guaranteeing investors a predetermined number of produced litres.

There is also a loss of alcohol strength due to evaporation. In the EU the minimum actual alcoholic strength is 8% (eight percent) so the wine must not fall below this alcohol strength. If this does happen, the barrel can no longer be marketed as wine and it loses its value.

### 10.4.6 Climatic risks

Grapevines are a geographically expressive crop, being grown in distinct climate regimes worldwide that provide the ideal conditions to produce high-quality grapes but, on the other hand, such very close association with the climate makes the crop very sensitive to the fluctuations in weather conditions. So, impacts of climate changes are reflected on the yield and on the quality of grapes and wine, resulting in consequences on prices, costs of production, revenues and profits of growers and winemakers.

Major weather disasters include:

- Drought: Vines, like all other plants, need plenty of water. While parts of Australia, South Africa, and the drier regions of Europe have been using irrigation techniques for decades or centuries, many famous wine regions depend on healthy rainfall interrupted by balmy periods of sunshine. A period of draught, therefore, can be absolutely devastating for vineyards, as there's really only so much you can do with sprinklers and hose pipes before your prized fruit just shrivels and dries to raisins.
- Frost: Lots of wine regions rely on periods of frost to bring specific characteristics to their grapes. The majority of winemakers, however, absolutely dread the coming of ice in the night. The main problem with frost is that it can arrive completely unexpectedly and incredibly quickly. You can light fires in the vineyards... but often, that brings too little warmth, a little too late.
- Hail: Most winemakers in Europe have their horror stories about hail. The sky turns a murky yellow colour... and then balls of ice, sometimes the size of peas, sometimes as big as golf balls, rain from the sky and batter the vines to pieces. It's a devastating experience, both emotionally and literally!

### 10.4.7 Fungus, rot, and pests risks

There are literally hundreds of different types of mould, fungus, and rot which can affect grapevines, and the vast majority of them bring highly unwelcome changes to the fruit. Some strip the grapes of colour others affect the taste of the grapes. Others still cause the fruit to perforate, meaning they shrivel as they grow, and lose their juices before they have a chance to ripen. While fungicides and other chemicals can deal with most of these issues, they're far from a perfect solution for a whole range of reasons.

Pests, too, can wreak havoc on the vines. The phylloxera crisis, which was caused by a particularly grape-destroying insect, wiped out entire species of grapes and entire wine regions in the mid-19th century, and changed the world of wine as we know it forever. This particular pest still crops up occasionally, and it's far from alone when it comes to insects which are most definitely not welcome in vineyards around the world.

## 10.5 Other risks

### 10.5.1 Legislation

An uncertain factor is the influence of regulations and jurisprudence in the EU/the Netherlands. This IM is based on the laws, regulations and jurisprudence as at the date of its publication and is subject to changes that may be introduced, with or without retroactive effect. Changes in legislation and regulations may affect the value development.

### 10.5.2 Affiliates

In the cooperation and transactions with parties or third parties involved, it cannot be ruled out that these cooperation and/or transactions could lead to possible transactions in which conflicting interests, directly or indirectly, in whatever form or size, could play a role. To the best of the Issuer's knowledge, the collaborations and transactions as described in this IM always take place under usual, market conditions. If this would not be the case, the Bondholders will be informed of this with reasons. Transactions and cooperation between affiliated parties and transactions with a (potential) conflict of interest can have both a positive and negative effect on the performance of the Investment and on the ultimate total value development that is achieved with it.

### 10.5.3 Tax risk

Due to the multi-year nature of the investment, the influence of taxation on the Bond, the Issuer and the Red Church Group are uncertain. The Bondholders, the Issuer or the Red Church Group may be confronted with a change in law, new regulations or political decision-making that could be financially unfavourable for the Bondholders. The tax treatment of a Bond or a Bondholder can be negatively influenced over the years by changes in Dutch/EU legislation or new case law.

The tax position of the Issuer, the interest structure through Vouchers, the purchase right and associated discount on the market price, including that of the Bondholders, have not been ruled with the Tax Authorities.

Failure by the Tax Authorities to follow the principles presented may have a negative impact on the Issuer's operating results, which in turn may result in the Issuer being limited in meeting its payment obligations (including Principal and Interest) towards the Bondholders.

### 10.5.4 General legal risks

The Issuer runs a risks if a lawsuit is filed against it. Irrespective of whether such claims are admissible, the Issuer runs the risk of suffering financial damage now that the outcome of legal proceedings is often uncertain. The defence in such a procedure is expensive and these costs can often only be partially recovered from the other party, even if the Issuer is in favour in legal proceedings. The occurrence of this risk may adversely affect Issuer's financial position, which may result in the Issuer being limited in meeting its payment obligations (including Principal and Interest) towards the Bondholders

In addition the Issuer runs a risks if a lawsuit is filed against the Red Church Group. Irrespective of whether such claims are admissible, Red Church Group runs the risk of suffering financial damage now that the outcome of legal proceedings is often uncertain. The defence in such a procedure is expensive and these costs can often only be partially recovered from the other party, even if the Red Church Group is in favour in legal proceedings. The occurrence of this risk may adversely affect the Red Church Group's financial position, which may result in the Red church Group being limited in meeting its payment obligations (including Principal and Interest) and purchase rights towards the Issuer with as a result the Issuer being limited in meeting its payment obligations (including Principal and Interest) towards the Bondholders.

In order to protect the Bondholders against this risk, the Red Church Group will issue the collaterals / securities to the Issuer that on her turn will deliver these collaterals / securities to the Trustee as included in Trust Deed, which is freely available from the website [www.redchurchvineyard.nl](http://www.redchurchvineyard.nl)

### 10.5.5 Politics

An uncertain factor is the influence of politics. Political risks include risks related to stability and legitimacy of political institutions, orderly succession of political leaders, transparency in economic decision-making, national security and geopolitical risks. The aforementioned risks can have a negative impact on the Issuer or the Red Church Group's financial position. This may result in the Red Church Group being restricted from fulfilling its payment obligations towards the Issuer and the Issuer on her turn being restricted from fulfilling its payment obligations (including Principal and Interest) towards the Bondholders.



## Section 11 Fiscal aspects of the Bond

Since the Bond may be offered in multiple jurisdictions, so long as it does not constitute an offer of any security or an invitation to make an offer to purchase any security to any person in any jurisdiction where this is not permitted under the applicable laws and regulations, the information memorandum does not address the Bond's taxation at the Bondholders level in all possible different jurisdictions.

It is not possible for the Issuer to provide an exhaustive and complete statement of all the different tax regimes that may apply to a Bondholder in a particular jurisdiction. The Issuer therefore advises any potential Bondholder considering to invest in the Bond to seek advice from his or her own tax advisor regarding any tax matters applicable to the Bondholder, regardless of whether it is an investment in the bond at the time of issuance or subsequently by acquisition by transfer.

Because the Issuer is established in the Netherlands and the Bond will fall within the jurisdiction of the laws of the Netherlands the chapter below contains general information on certain Dutch tax consequences of participation in the Red Church Vineyard Bond (hereinafter: "the Bond") by natural persons residing in the Netherlands and legal persons residing in The Netherlands and subject to Dutch corporate tax who participate in the Bond (hereinafter: "Participants").

This chapter will not conclude any information regarding the tax treatment of any shares to be acquired as a result of conversion of the Bond by the Bondholder in share capital of the holding entity of the Red Church Group since the Issuer will then be no longer an affected party once the Bond is converted.

This chapter has been prepared in accordance with Dutch tax legislation, case law and implementation policies in force in the Netherlands on the date of issue of the IM. In general, the tax regime may change during the life of the Bond, either retrospectively or not. The tax information contained in this section is of a general nature. This information must not be regarded as tax advice. The tax treatment of the Bonds will also depend on specific facts and circumstances of the individual Bondholder. (Legal) persons considering investing in the Bond are therefore advised to consult their own tax advisor. Each year the Bondholders receive a manual for completing their income tax or corporate tax return. No rights can be derived from this chapter regarding the different type of taxes in relation to the Bond, the Bondholders and the Issuer.

### 11.1 Statement of the Investor

Each Bondholder acknowledges that all tax charges related to its participation in the Bond are and/or will be for its own account and risk. This includes taxes in the form of VAT, excise duties, capital gain tax, withholding tax (in whatever form), income tax, corporation tax and wealth tax that may arise at the time of the sale, transfer, acquisition and/or holding of the Classic Red Wine bottles respectively the Vouchers.

The Issuer, the Red Church Group and the Trustee bear no responsibility for these taxes as described above and the participating Bondholder, upon signing the application form for obtaining a Bond will sign for the statement in which the Bondholder will indemnify the Issuer, the Red Church Group and the Trustee from any claim arising out of the Bond's tax matters which may arise at any time now or in the future.

The Trustee, the Issuer and/or the Red Church Group will not be liable for any tax that is due regarding such transfer. This also applies in the case that the payment of the interest in Vouchers by the Issuer to the Bondholder, through the Trustee, will result in a due amount of VAT, excise duty, capital gain tax and/or any form of withholding tax that is not refundable for the Issuer or covered by the interest rate on the Loan to the Red church Group.

Any amount / claim for taxes made in respect of the Bond with the Issuer, the Red Church Group or the Trustee will be charged by the Issuer to the Bondholder or deducted from his or her interest (to offset any amount owed if it has already been recovered or claimed with the Issuer, the Red Church Group or the Trustee).

### 11.2 Income tax Box 3

Loans provided by natural persons and Bonds purchased and held by natural persons are taxed for income tax purposes in Box 3 (income from savings and investments), subject to exceptions. The taxable income in Box 3 in the years 2023 up to and including 2026 are linked to the actual composition of the assets for tax purposes. A separate fixed return percentage applies to each asset class (bank balances, other assets and liabilities). A fixed return of 0.01% will apply to bank balances in 2023; for other assets, this fixed return will amount to 5.69%. The flat rate return on debt will be negative 2.46%.

The Bonds will be taxed on the fair value of the claim on the pro-rata balance of the Bonds still held on the 1<sup>st</sup> of January of any year and will fall under the asset class "other assets". The income tax due on the return is 32% for 2023 and will be increased to 34% in 2024.

The actual income and capital gains are not taxed as such. The Vouchers received and capital gains realized from the (re)sale of the wine bottles are not taxed separately.

In Box 3, capital gains tax is due on the assets minus the debts of the Investor. The Investor only owes the capital gains tax if the total assets exceed the tax-free assets. The tax-free capital in 2023 amounts to €57.000,- per taxpayer. The tax exempt capital of the tax partner can be transferred to the taxpayer at joint request, so that the tax exempt capital is then € 114.000,-.



Debts are only deducted from the value of the assets to the extent that they exceed € 3.400,- (2023). In case of fiscal partners, an increased threshold of € 6.800,- (2023) for the taxpayer and his fiscal partner jointly applies under certain conditions.

The capital gains tax means that the Investors are involved in the income tax for a flat rate return.

Table calculation example of return on equity for 2023:

Assets	Value	Fixed return rate	Fixed return
Bank balances and savings	250.000	0,01%	25
Other assets	750.000	5,53%	41.475
Liabilities	150.000	2,46%	3.690
Total	1.150.000	3,93%	45.190

Total assets for Box 3	1.150.000
Tax free capital	-57.000
Debt correction	3.400
Total assets for Box 3	1.096.400
Fixed return rate	3,930%
Income from Box 3	43.084
Taks rate	31%
Due taks amount	13.356

### 11.3 Income tax Box 1

If the Bonds or more specific the receiving and (re)sale bottles of wine are part of a company's assets or constitute another activity, or if the Bond's activities must be regarded (retrospectively) as running a company or as performing other activities, the income from the Bonds will belong to the "income from work and home" (Box 1).

This will be the case, for example, if a Bondholder is very active regarding the wine collection that the Bondholder has accrued as a result of redeeming the Vouchers. With active in this context is meant with the (re)sale of this wine collection. In any case, more active than what an investor 'normally' does. Selling a box to friends every now and then is different from being known to the outside world as someone who can be approached for a few exclusive bottles or when a Bondholder starts advertising to sell his collection.

If the activities take place in the course of business and if the Bondholder can expect to make a profit, there is a source of income resulting that the Bondholder may be classified as an entrepreneur for income tax purposes.

If the income from the Bonds falls within the range of Box 1, tax will be levied on the net income (value of the Voucher) and the realized capital gains realized by the Bondholder in the (re)sale of the bottles. The income in Box 1 is taxed at the progressive rate up to 49.50% (2023).

Any losses from the Bonds may be charged to the Box 1 income of that calendar year and, if necessary, set off against the Box 1 income of the three preceding calendar years and then the nine following calendar years.

If the income from the Bonds is taxed in Box 1, the interest on debts incurred to finance the purchase of the Bonds will in principle be deductible.

According to the Bond Conditions, the Bondholder cannot be forced to contribute more to the net amount of the Bond in which he participates. A Bondholder cannot deduct in total a greater loss than the net capital amount invested in the Bonds minus tax reserves and the loans taken out by the Bondholder to finance the Bonds.

### 11.4 Gift and inheritance tax

In the event of the death of a Bondholder or in the event of a gift, inheritance tax or gift tax will be due on the fair value of the Bonds. The level of the rate (10% - 40%), as well as the possible application of an exemption, also depends on the degree of kinship between the persons involved. Since the Trustee must provide her consent on a transfer of a bond, any transfer of Bonds by way of inheritance or gift must take place via the Trustee on the basis of the Bonds Conditions.

### 11.5 Corporate income tax

For legal persons established in the Netherlands and subject to corporate tax, such as the Issuer, the income from the Bonds is in principle subject to corporate tax. The corporate income tax is levied on the net income (income after deduction of, among other things, operating costs, interest, and depreciation) and the capital gains regarding the (re)sale result of the bottles.

In the Netherlands there are two taxable income brackets. A lower rate of 19% (2023 and 2024) applies to the first income bracket and will apply if the taxable amount is € 200,000 or less. If the taxable amount is more than € 200.000,-, the corporate income tax rate is € 38.000,- plus 25,8% for the taxable amount exceeding € 200.000,-.

Year	2023
Basic rate	19.0% (taxable amount up to EUR 200,000)
Top rate	25.8% (taxable amount > EUR 200,000)

## 11.6 Value added tax

Regarding the VAT, when the Issuer purchases the wines from the Red Church Group, the Red Church Group will charge the Issuer with an invoice of 0% VAT. The Issuer must calculate the Dutch VAT on the purchase, which is 21% of the purchase price. On her VAT return, the Issuer must state the tax as VAT due (21%) for an intra-Community acquisition. On the same time the Issuer can deduct this VAT in the same return as input tax. Resulting in a due amount of € 0,-. In the Netherlands the due excise tax is added to the purchase price regarding the calculation of the due VAT.

However these taxes are only due when the Issuer orders the Red Church Group to transport the bottles of wine from the Republic of Bulgaria to the Netherlands.

The Vouchers that are and will be issued by the Issuer to the Bondholders are only redeemable at the Issuer. For the VAT on the Vouchers this means that the Issuer owes VAT at the time that the Vouchers are issued to the Bondholders. The VAT amount is calculated from the amount of the Vouchers, which shall be equal to the Issuer's purchase price + paid excise tax for obtaining the wine bottles. In the Netherlands the due excise tax is added to the purchase price regarding the calculation of the due VAT.

At the time that a Bondholder redeemed his Voucher(s) the Issuer will no longer owe any VAT on the sale or delivery of the bottles.

A bondholder who is considered by the tax authorities to be an entrepreneur for VAT purposes can reclaim the VAT charged on the Voucher from the Dutch tax authorities.

Because the Issuer is an entrepreneur for the VAT she is able to reclaim all the VAT that is charged to her regarding her exploitation costs.

## 11.7 Excise duty tax

Regarding the Bulgarian law, excise duties are indirect taxes that are levied on certain products at one stage of their production, importation from a third territory or introduction into Bulgaria from another Member State of the European Union (EU). They have been harmonised at the EU level by Council Directive 2008/118/EC (OJ L-9 14/01/2009), which comprises the general regulation, and by various directives covering excises on specific products. These directives have been transposed into the Bulgarian legislation by *Zakon za akcizite i danuchnite skladove (DV N° 91 of 15/11/2005)*.

Regarding the distribution and importation of wines the tax is levied on grape wines, sparkling wines and other beverages fermented from fruit, whereby the tax is levied per hectolitre. The Bulgarian rate that is levied is however equal to 0,00 €/hl, so in Bulgaria there are no excise duties due on the purchase of the wines by the Issuer.

In the Netherlands excise duties are indirect taxes that are levied on certain products at one stage of their production, importation from a third territory or introduction into the Netherlands from another Member State of the European Union (EU). They have been harmonised at the EU level by Directive 2008/118/EC (OJ L-9 14/01/2009), which comprises the general regulation, and by various directives covering excises on specific products. These directives have been transposed into the Dutch legislation by the Wet op de accijns (Stb. 1991, 561).

Regarding the importation of wines the tax is levied on grape wines, sparkling wines and other beverages fermented from fruit, whereby the tax is levied per hectolitre. The Dutch rate that is levied is equal to 88,36 euro/hl, meaning 0,8836 euro per litre and in the case of the Red Church bottles of 0.75 litre an amount of 0.6627 euro per bottle. In the case the total bond is placed with a value of € 4.900.000 (four million nine-hundred thousand €) this results in a total right to purchase 17.934 (seventeen thousand nine-hundred thirty-four) bottles in which case a total amount of € 11.884,86 (eleven thousand eight-hundred eighty-four euro and eighty-six eurocents) is due on excise tax in the Netherlands.

However these taxes are only due when the Issuer orders the Red Church Group to transport the bottles of wine from the Republic of Bulgaria to the Netherlands. Then after the goods have arrived in the Netherlands at the place of destination, the Issuer must submit the excise declaration no later than one working day after receipt of the goods, this is the so-called day declaration.

The due amount of excise tax is covered in the interest amount that the Issuer receives from the Red Church Group regarding the provide Loan. So the Bondholder will not be charged with these costs, as long as the delivery address of the bottles of wine is in the Netherlands. In the case the delivery address is in another EU country the excise duty and VAT regarding that transport are for the costs of the Bondholder and will be charged by the Issuer to the Bondholder, prior to transport.



## **Section 12 Participation in the bond**

### **12.1 Introduction**

This Information Memorandum is prepared in connection with the offering of the Bond. The issuance and offering of the Bonds have been authorised by the sole director of Red Church Finance B.V. on the 27<sup>th</sup> of June 2023 and was temporarily closed by the Issuer per the 30<sup>th</sup> of September 2023, as the result of material changes / adjustments in the Bond structure. As per the 22<sup>nd</sup> of November 2023 the issuance and offering is re-opened by the Issuer under this Information Memorandum.

Investors that have subscribed on the Bond on the basis of the Information Memorandum of the 27<sup>th</sup> of June 2023 will be given the possibility to revise or reconfirm their registration based on this new updated Information Memorandum. These Investors will be informed of this possibility in writing by the Trustee on the date of the re-opening of the issuance.

### **12.2 Offering and issuance**

The Issuer will in principle market the Red Church Vineyard Bonds directly, through its website ([www.redchurchvineyard.nl](http://www.redchurchvineyard.nl)) and specific advertisements. Financial intermediaries may be appointed by the Issuer at its discretion at any time to assist the Issuer with the placement of the Red Church Vineyard Bonds. The costs regarding the placement of the bond through financial intermediaries will be borne by the Red Church Group. The Issuer will collect subscriptions during the subscription period being the period from the date of publication of this Information Memorandum until the 25<sup>th</sup> of December 2023, save that the Issuer may at its discretion decide to end the subscription period at an earlier or later date.

A subscriber will, following a complete subscription approved by the Trustee and payment of the nominal value, immediately and until the moment that the Red Church Vineyard Bonds are issued or the nominal value is paid back to him, receive an interest as described for in section 8.5.

### **12.3 Procedure for subscription**

Persons resident in the European Union may subscribe for Red Church Vineyard Bonds as from the date of publication of this Information Memorandum by following the subscription process on the website of the Issuer or as described for in this Information Memorandum. As long as this subscription does not constitute an offer of any security or an invitation to make an offer to purchase any security to any person in any jurisdiction where this is not permitted under the applicable laws and regulations.

### **12.4 Time period**

Interested persons may subscribe for Red Church Vineyard Bonds from the date of publication of this Information Memorandum until the Closing Date. The Issuer envisages a total issuance amount of € 4.900.000,- (four million nine-hundred thousand euro) but may at its own discretion increase or decrease this amount, with a minimum of € 3.300.000,- (three million three-hundred thousand euro).

If the total issuance amount does not reach the minimum of € 3.300.000,- (three million three-hundred thousand euro) on the Closing Date, the Trustee will as soon as practicable wire back to subscribers' bank accounts the nominal value of the Red Church Vineyard Bonds (i.e. € 25.000,- per subscribed Red Church Vineyard Bond). The subscriber is in this case not entitled to any compensation whatsoever.

### **12.5 Subscription and Assignment**

Subscription for the Bonds takes place by a potential investor through completing, legally signing and returning a registration form issued by the Issuer. The Subscription Period ends when the subscription for the Bond is completed, but no later than the Closing Date, see Chapter 3.4. The Issuer expressly reserves the right, in its sole discretion, to shorten or extend the Subscription Period.

By signing the registration form belonging to the Bond, the subscriber declares to have read the Information Memorandum, the Bond Conditions and the Trust Deed and to irrevocably and unconditionally submit to the conditions contained therein.

The Issuer reserves the right at all times to refuse registration in whole or in part without giving any reason. Registrations are handled in order of receipt. If more Bonds are subscribed for than are available for allotment, subscriptions may not be taken into consideration in whole or in part.

In order to be eligible for allotment of Bonds, the subscriber must submit the following documents to the Issuer before the Closing Date:

- a) the registration form, completed and signed by the tenderer;
- b) a copy of a valid ID of the person who signed the registration form;
- c) In the case of a legal person, a copy of the extract (not older than one (1) month) of that legal person from the trade register of the Chamber of Commerce must also be sent plus an UBO (Ultimate Beneficial Owner) statement.

## **12.6 Minimum and/or maximum amount of subscriptions**

The minimum amount for subscription is 4 (four) Red Church Vineyard Bonds, each with a nominal value of € 25.000,- (twenty-five thousand euro). This makes the minimum participation in the Red Church Vineyard Bond of at least € 100.000 (one hundred thousand euro) per investor.

The Bond has no maximum subscription amount.

A request for sale/acquisition shall be notified in writing to the Trustee, stating the identity of the person whose requested acquisition and/or to whom the requested sale is intended to take place and the number of Bonds to be sold/acquired. The Trustee alone is authorized to decide on such a request in consultation with the Issuer. The Trustee will reject the request if there are legal grounds to do so or if there are reasonable grounds in view of the interests of the (other) Bondholders, the Bond, the Trustee or the Issuer.

In any event, the request will be denied if, in the sole discretion of the Trustee, it would (a) affect the tax status of the Fund/Bond (b) disrupt or prevent an orderly Offering, (c) the orderly liquidation of the Fund (after the dissolution of the Fund) would (could) be disrupted or prevented, (d) adversely affects the interests of the (other) Bondholders, (e) the issuing, sale or purchase of a Bond would result in the acquiring investor to acquire less than the minimum participation of 4 (four) Bonds per investor with a nominal value of €100.000,- (one-hundred thousand euro) or the selling investor will hold, after disposing of the to be sold Bonds, a remaining participation in the Bond of less than the minimum participation of 4 (four) Bonds per investor with a nominal value of €100.000,- (one-hundred thousand euro) (unless the disposing investor sells and transfers all the Bonds held by him) or (f) (otherwise) conflicts with the Bond Conditions and Trust Deed.

Dividing and selling portions of 1 (one) Bond is not allowed and such a transfer will not receive the approval of the Trustee. If such transaction never the less occurs in- or outside of the sight of the Trustee she will keep the original party / Selling Party in its register of Bondholders as entitled to the repayment of the Bond and interest payments. The purchasing party of a portion of the sold Bond will not be able to derive any rights from this purchase against the Foundation or Red Church Finance B.V. as both parties do not consider this type of transaction to be legally valid, in line with the Trust Deed.

## **12.7 Conditional assignment of the bonds**

Conditional assignment of the Bonds by the Issuer will take place by means of written notification (by e-mail or letter) thereof to the subscriber by the Trustee of the number of Red Church Bonds assigned to the subscriber.

The notification is accompanied by a request from the Trustee to deposit the funds in accordance with the Deposit Request. After conditional assignment of the Bonds, the Bondholder must, within the term specified in writing by the Trustee in the Deposit Request, deposit the principal amount of all Bonds conditionally assigned to the subscriber by transferring the amount conform the payment details as stated in the Deposit Request.

Assignment will take place on a first come first served basis.

Upon receipt of the Deposit the Trustee will inform the relevant person by means of written notification (by e-mail or letter) as soon as possible.

In line with the Trust Deed the Issuer appoints the Trustee as a paying agent in connection with the issuance of the Red Church Vineyard Bonds. All payments to be made under the Red Church Vineyard Bonds, whether principal or interest, will be made by the Issuer to the Trustee, who on her turn will transfer the payments directly to the Bondholders.

## **12.8 Unconditional assignment of the bonds**

After checking the correctness and completeness of the completed registration forms and checking the Deposit received, unconditional allocation and issue of the Bonds will take place as of the Closing Date. After the unconditional assignment and issue, the Bondholder will receive from the Trustee a copy of its entry in the Bondholders Register.

## **12.9 Declining subscriptions**

The Issuer and/or the Trustee explicitly reserves the right to refuse or not to effectuate a registration, in whole or in part, at any time without stating reasons, including in case a subscriber fails to provide the relevant KYC documents. Any deposits in connection with subscriptions for Bonds that are declined or unsecured will be reversed to the IBAN (International Bank Account Number) from which the original deposit was made, as soon as possible. In the event of a reversal, no interest will be paid on the reversed amount. The subscriber is in this case not entitled to any compensation whatsoever.

## **12.10 Issuance of the Bonds**

The issue and placement of the Bonds may take place on the first (1st) business day after the Issuer has closed the issuing period. The Closing Date, is expected to be on the 25<sup>th</sup> of December 2023 or as sooner or later as the Issuer at its own discretion determines. The results of the issuance of the Bond will be published by the Issuer during the Subscription Period on the Website, accessible via [www.redchurchvineyard.nl](http://www.redchurchvineyard.nl).

## Section 13 Available information

### 13.1 Documents incorporated by reference

The following fund documents are deemed to be part of this Information Memorandum:

- the statement of the Issuer, with regard to the implementation of the changes in the Bond information and documentation;
- the deed of incorporation of Red Church Finance B.V.;
- the deed of incorporation of Stichting Red Church (100% shareholder of Red Church Bond B.V.);
- the deed of incorporation of Stichting Red Church Bondholders (Trustee);
- the deed of incorporation of Stichting Red Church Custodian (custodian);
- the Bond conditions;
- the Trust deed that will be used between Red Church Finance B.V. and Stichting Red Church Bondholders;
- the Pledge agreement between Stichting Red Church Custodian and Red Church Finance B.V.;
- the Loan agreement between Red Church Bond B.V. and the Red Church Group;
- the Forecast model for the Bondholders.

The Information Memorandum, fund documents and forecast model can be downloaded from the website of the Issuer, which can be reached via: [www.redchurchvineyard.nl](http://www.redchurchvineyard.nl).

A digital copy of this Information Memorandum (with the annexes) will be provided to anyone free of charge upon request.

### 13.2 Issuer's financial statements

The Issuer's fiscal year runs from January 1 to December 31. The annual accounts will be in euros and will be published within 6 months after the end of the financial year, or sooner if required by applicable law. The annual accounts are available for inspection at the office of the Issuer and can be obtained there free of charge by each Bondholder that is registered in the Register of Bondholders.

### 13.3 Annual statement for the Bondholders

Each Bondholder will receive a value statement from the Trustee within 2 (two) months after each calendar year. This overview have as reference date 1-1 and 31-12 of the previous fiscal year.

The statement includes the following information:

- a) The Bond note: this note states the number of bonds that are owned by the Bondholder in accordance with the Register of Bondholders;
- b) The Voucher note: this indicates the number of Vouchers the Bondholder has received, are redeemed and not yet redeemed by the Bondholder, specified per year;
- c) The storage note: an overview of the quantity of wine and the type of storage of the wine, specified per year, that the Red Church Group holds in her storage regarding the not yet redeemed Vouchers.
- d) The market price of the quantity of the wine that is held by the Red Church Group in her storage regarding the not yet redeemed Vouchers. The Classic Red Wine bottles in storage will be calculated based on the VI-index or other wine index or calculation method to value the market value of the wine. For each different production year a calculation will be made regarding the value of the not yet redeemed Classic Red Wine bottles.
- e) The transfer note: an overview per year of the quantity of wine that is shipped / transferred in order of the Bondholder.
- f) Costs: an overview of the storage costs and shipment/transport costs for the last year and the costs for the storage and if applicable the transport costs for the current year that will be invoiced to the Bondholder by the Red Church Group/the Issuer. This invoice will be sent with the report.
- g) The mortgage notice: an overview of all mortgage and pledge registrations that are established at that time for the benefit of the Trustee (for the Bondholders) and the valuation of these.

### 13.4 Notices to the Bondholders

The following information will be sent by e-mail to all Bondholders:

- Calls and invites for meetings of Bondholders;
- Intended amendments and resolutions to amend the Bond Conditions and Trust Deed.
- Annual and semi-annual statement for the Bondholders.

### 13.5 Information available

#### for inspection at the issuer

The following information is available for inspection at the office of the Issuer (a copy of which can be obtained free of charge by e-mail):

- All information mentioned above;
- The information about the Bond, the Issuer and the Trustee that is required to be entered in the Trade Register pursuant to any statutory regulation.



## **Section 14 Fees and costs regarding the Bond**

### **14.1 Issuing costs**

Subscribers to the Red Church Bond will not be charged any issuance costs.

### **14.2 Management costs Trustee**

Each of the board members of the Trustee receives a remuneration of € 12.000 (twelve thousand euro) per year, to be indexed annually conform the HICP. All costs to be incurred by the Trustee, including the management fee, will be charged at the Issuer.

The Bondholder's return will not be charged with these costs, so these costs have no effect on the return for the Bondholders.

### **14.3 Costs of the Issuer**

Each of the board members of the Issuer receives a remuneration of € 12.000 (twelve thousand euro) per year, to be indexed annually conform the HICP. All costs to be incurred by the Issuer, including the management fee of her own management board and operating costs as well as the costs charged to her by the Trustee will be covered by the interest that the Issuer receives from the Red Church Group.

The bondholders return will not be charged with these costs, so these costs have no effect on the return for the Bondholders.

### **14.4 Administrator costs of the Trustee an Issuer**

All costs to be incurred by the Trustee will be charged at the Issuer.

Black-Box B.V. will receive for the function of administrator and secretariat of the Trustee and the Issuer of each a remuneration of € 6.000,- (six thousand euro) per year, to be indexed annually conform the HICP. All costs to be incurred by the administrator regarding the Bonds and her administration, including the administrator fee, for the Trustee will be charged at the Issuer. These two administrator fees will be covered by the Interest that the Issuer receives on the provided Loan to the Red Church Group.

The Bondholder's return will not be charged with these costs, so these costs have no effect on the return for the Bondholders

### **14.5 Advise costs**

Black-Box B.V. will receive from the Red Church Group for the function of Senior Finance, Risk and Control Advisor a remuneration of € 18.000,- (eighteen thousand euro) per year (VAT reserved), to be indexed annually conform the HICP.

For advising the Red Church Group regarding the issuing of the Bond and the associated establishing of the legal, fiscal, administrative and corporate structure and needed documents Black-Box B.V. receives from the Red Church Group a one-off advisory fee of € 100.000,- (one-hundred thousand euro) (VAT reserved). This fee is due on the date of the opening of the issuing period.

The Bondholder's return will not be charged with these costs, so these costs have no effect on the return for the Bondholders.

### **14.6 Cost of storage**

For each bottle of wine that falls under the purchase right of the Issuer and that is not effectuated will be stored by the Red Church Group in her cellars and storages. For the storage of these bottles she will invoice the Issuer with a storage fee of € 0,125 (twelve and a half eurocent) per year per bottle, to be indexed annually conform the HICP.

The Issuer on her turn will invoice these cost one-on-one to the Bondholders. The Issuer will invoice the Bondholder directly and without the intervention of the Trustee. However, the issuer is also entitled to instruct the Red Church Group to invoice these costs directly to the Bondholders. The Bondholder is obliged to pay these costs to be authorized to redeem its Vouchers, if these charges are still outstanding they must first be paid to the Issuer or Red Church Group, depending on the billing party, before the bottles connected to the redeemed Voucher are released.

The storage fee will be calculated as follows: on the 16<sup>th</sup> of December of each year, after the Bondholders has received their Vouchers and after the redeem date of the Vouchers and the effectuation date of the purchase right(s) an inventory will be made regarding the bottles of wine that the Red Church Group has in storage for the Issuer / Bondholder(s). This quantity will be set off at the rate of € 0,125 (twelve and a half eurocent) per bottle.

The structure of administering these costs with each transaction will result in excessive administrative costs that must then be passed on in the storage rate. That is why the management of the Red Church Group has decided to determine the quantity of bottles on the certain reference date of the 16<sup>st</sup> of December of each year.

These costs are separated from the fund, but in order to provide a clear representation of the total return that can be achieved by a Bondholder, these costs are included in the forecast calculation and the forecast model, that is freely available on the website [www.redchurchvineyard.nl](http://www.redchurchvineyard.nl). So that the most transparent possible insight can be given about the total forecasted returns and any costs charged to and for account of a Bondholder.

#### **14.7 Cost of transport**

The costs for transport from the wine estate to the storage of the Issuer will be invoiced by the Red Church Group to the Issuer. The Issuer will pass these costs one-on-one plus the costs of transport from the storage from the Issuer to the Bondholder by invoice to the Bondholder. The Bondholder is obliged to pay these costs to the Issuer prior to obtaining the bottles. To provide a clear representation of the total return that can be achieved by a Bondholder these costs are included in the forecast calculation and the forecast model with a fee per bottle of € 0,75 (seventy-five eurocent), to be indexed annually conform the HICP. So that the most transparent possible insight can be given about the total forecasted returns and any costs charged to and for account of a Bondholder.

This fee per bottle may be subject to price changes based on the actual transport costs.

The forecast model is freely available on the website [www.redchurchvineyard.nl](http://www.redchurchvineyard.nl).

### **Section 15 Attachments**

The appendices below form an integral part of this Information Memorandum:

- the statement of the Issuer, with regard to the implementation of the changes in the Bond information and documentation;
- the deed of incorporation of Red Church Finance B.V.;
- the deed of incorporation of Stichting Red Church (100% shareholder of Red Church Bond B.V.);
- the deed of incorporation of Stichting Red Church Bondholders (Trustee);
- the deed of incorporation of Stichting Red Church Custodian;
- the Bond conditions;
- the Trust deed;
- the Pledge agreement between Stichting Red Church Custodian and Red Church Finance B.V.;
- the Loan agreement between Red Church Finance B.V. and the Red Church Group;
- the Forecast model for the Bondholders;
- the Collateral Calculation Report of the Red Church Group;
- the plan, perspective and valuation of the singdrinks.com project.

All above appendices are freely available and can be downloaded from the website, which can be reached via: [www.redchurchvineyard.nl](http://www.redchurchvineyard.nl).



Red Church Finance B.V.

Mail: [info@redchurchvineyard.nl](mailto:info@redchurchvineyard.nl)

Website: [www.redchurchvineyard.nl](http://www.redchurchvineyard.nl)

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