

**AGREEMENT ON TRANSFER OF RIGHT AS  
SECURITY  
AND  
AGREEMENT ON INSTALMENT PAYMENTS**

Dated as of July \_\_, 2020

between

**České aerolinie a.s.**  
as Debtor

and

**Czech Airlines Technics, a.s.**  
as Creditor I

and

**Letiště Praha, a. s.**  
as Creditor II

and

**B. aircraft, a.s.**  
as Creditor III

**České aerolinie a.s.**, a joint stock company incorporated under the laws of Czech Republic, having its registered office at Prague 6, Evropská 846/176a, Vokovice, Postal code 160 00 Czech Republic, Corporate ID No. 45795908, VAT Reg. No: CZ45795908, registered in the Commercial Register maintained with the Municipal Court in Prague, Section B, Insert No. 1662, represented by Petr Kudela, Chairman of the Board of Directors and Martin Štolba Vice-chairman of the Board of Directors

(hereinafter referred to as “**CSA**” or “**Debtor**”)

and

**Czech Airlines Technics, a.s.**, a joint stock company incorporated under the laws of the Czech Republic, having its registered office at Praha 6 - Ruzyně, Jana Kašpara 1069/1, Postal Code 160 08, Czech Republic, Corporate ID No.: 271 45 573, VAT Reg. No.: CZ699003361, registered in the Commercial Register maintained with the Municipal Court in Prague, Section B, Insert No. 9307, represented by Pavel Hales, Chairman of the Board of Directors and Petr Doberský, Member of the Board of Directors

(hereinafter referred to as “**CSAT**” or “**Creditor I**”)

and

**Letiště Praha, a. s.**, a joint stock company incorporated under the laws of the Czech Republic, having its registered office at K letišti 1019/6, Ruzyně, 161 00 Praha 6, Corporate ID No.: 28244532, VAT Reg. No.: CZ699003361, registered in the Commercial Register maintained with the Municipal Court in Prague, Section B, Insert No. 1400, represented by Václav Řehoř, Chairman of the Board of Directors and Jiří Černík, Member of the Board of Directors

(hereinafter referred to as “**LP**” or “**Creditor II**”)

and

**B. aircraft, a.s.**, a joint stock company incorporated under the laws of the Czech Republic, having its registered offices at Praha 6 - Ruzyně, Jana Kašpara 1069/1, Postal Code 16100, Czech Republic, Corporate ID No.: 24253006, VAT Reg. No.: CZ699003361, registered in the Commercial Register administered by the Municipal Court in Prague, Section B 18408, represented by Jaroslav Petržela, Chairman of the Board of Directors and Bronislav Šoltys, Vice-Chairman of the Board of Directors

(hereinafter referred to as “**BAC**” or “**Creditor III**”).

(CSAT, LP and BAC hereinafter collectively referred to as the “**Creditors**”)

(CSA and **the Creditors** hereinafter collectively referred to as the “**Parties**” and individually also as the “**Party**”) hereby conclude this Agreement on transfer of rights as security and agreement on instalment payments (hereinafter referred to as the “**Settlement**”), as follows:

**PREAMBLE**

A) WHEREAS CSAT and CSA have entered into following contracts:

[REDACTED]

B) WHEREAS [REDACTED]

C) WHEREAS BAC and CSA have entered into following contracts:

[REDACTED]

(iv) [REDACTED]

all above mentioned contracts and relations hereinafter jointly referred to as “**Contracts**”,

D) Whereas CSA is currently in delay with payments for Services, Works, Leases and other performance provided by the Creditors to CSA pursuant to the Contracts,

and

E) WHEREAS Creditors need to keep sustainable cash flow as a vital essential condition for continuing provision of Services pursuant to the Contracts,

and

F) WHEREAS CSA wishes the Services pursuant to the Contracts to continue in order to keep airworthiness of their fleet and sustain its business activity,

and

G) WHEREAS Creditors wish to perform such Services for CSA, upon below stated conditions,

NOW THEREFORE Creditors and CSA have agreed upon the following:

**1. INTERPRETATION**

- 1.1 The terms shall have the meaning as used and defined in the Contracts. Other terms, as they may be defined in the text of the Settlement below, shall be in bold and introduced by words "hereinafter referred to" and if further reference is made to them in the text of the Settlement, they shall be capitalized.
- 1.2 The singular form herein shall also refer to the plural and vice versa; the masculine form shall also refer to the feminine and neuter forms and vice versa; and the expressions referring to persons shall refer both to natural and legal persons.
- 1.3 The section names and headings are for ease of reference only and shall not be taken into account in construing this Settlement.

**2. DEBT CONFIRMATION**

2.1 CSA hereby acknowledges, in accordance with the provisions of § 2053 of Act No. 89/2012 Coll., Civil Code, as amended (hereinafter referred to as "**Civil Code**"), a debt in following amounts and as to legal ground, which it has to each of the Creditors due to the invoices listed in Annexes 1 - 3 to this Settlement for Services, works and other performance provided to CSA by each of the Creditors pursuant to the Contracts and other work orders:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(hereinafter collectively referred to as "**Debt**").

2.2 The Parties agree that the Debt includes all interest arisen until and to the date when this Settlement becomes effective. The Parties hereby declare that the Debt and/or any of its parts has not expired to the date of this Settlement.

**3. DEBT PAYMENT SCHEDULE**

3.1 The Parties have agreed on individual Payment Schedules for every of the Creditors attached to this Settlement as Annex No. 4 - 6 (hereinafter referred to as "**Payment Schedule**").

3.2 The Debt must be repaid in successive instalments, with each instalment being credited to the bank account of the respective Creditor.

3.3 To avoid any doubts the Parties hereby declare, that nothing in this Settlement shall limit right of CSA to pay higher instalment, pay any instalment sooner or repay the whole Debt or its remainder sooner than set in the Payment Schedule.

3.4 The interest on late payment as stipulated within Contracts shall be suspended until the end of the Payment Schedule and replaced by the rules and late payment interest as specified in the Payment Schedule.

3.5 In case of breach of any of the Payment Schedules by CSA, CSA shall lose the benefit of all the Payment Schedules. In case any instalment is not credited to the bank account of the respective Creditor at least fifth day after the date agreed within the Payment Schedule any of the Creditors shall be entitled to immediately make all receivables due by notifying CSA of this fact and CSA shall be therefore obliged to pay the remainder of the Debt, all other debts and all invoices rightfully issued by CSAT, LP and/or BAC within 3 business days after such notification. From the moment of notification of making receivables due, all such due receivables shall be subject to late payment interest of 0,05% of the due amount for every commenced day of delay with payment of such receivables.

3.6 The Parties agree that the amounts that CSA sends to the bank account of the Creditor must be clearly identifiable. Every Creditor is entitled to use payments that cannot be clearly identified for the repayment of any CSA receivable in its sole discretion.

3.7 In case of breach of any of the Payment Schedules by CSA, Creditors agree to send a notice in writing (email is sufficient) to CSA and provide CSA with a courtesy period of 5 calendar days to remedy such breach. Any further action against CSA foreseen by this Settlement shall be taken by the Creditors only if CSA fails to remedy the breach within the 5 days courtesy period.

**4. CONTINUING OF SERVICES**

4.1 

4.2

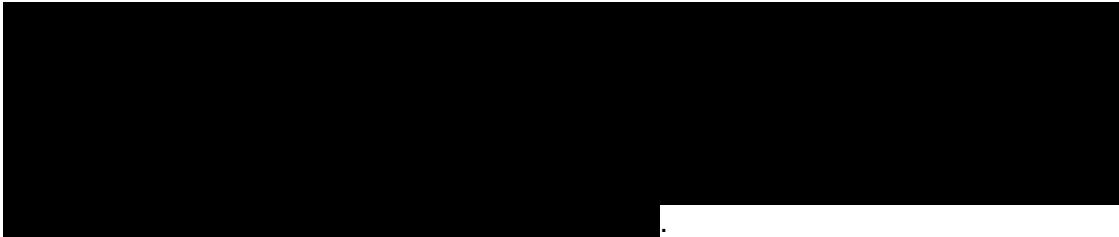


4.3



4.4 The Parties have agreed that notwithstanding any of the provisions of the Contracts, Creditors shall be entitled to suspend provision of any Services to CSA immediately after breach of the Payment Schedule. To avoid any misunderstanding, breach of any part of the Payment Schedule related to at least one of the Creditors shall be considered as breach of the Payment Schedule as a whole. Such suspension of the Services shall be deemed appropriate measure due to CSA's delay in payments and shall be deemed excusable delay and no contractual penalties, or compensations whatsoever for any direct or indirect damages which may arise to CSA in connection with such suspension of Services shall be applicable in such a case, shall be excluded and shall have no effect on lump sums which shall be paid regularly pursuant the Contracts.

4.5



## 5. TRANSFER OF THE RIGHT OF OWNERSHIP AS SECURITY

5.1 The Parties agreed that pursuant to § 2040 of the Civil Code, CSA shall secure the Debt and the particular instalments pursuant to the Payment Schedule and all future debts that may arise from the Contracts as specified in Annex No. 3.1, by transfer of the right of ownership to the parts and equipment listed in Annex No. 7 hereto (hereinafter referred to as "**Transferred Parts**") as security to all Creditors, i.e. CSAT, LP and BAC jointly. The Transferred Parts are currently in the possession of CSAT that has detained them and is currently detaining them under the right of retention.

5.2 The Parties hereby agree, that the transfer of right as security according to the art. 5.1 above is agreed as transfer with a resolutive condition that the Debt will be fully paid.

5.3 CSA declares and is liable to the Creditors that CSA is the sole and full owner of Transferred Parts and CSA has not entered into any other arrangement under which it may arise another burden on the Transferred Parts and that the Transferred Parts are not encumbered by any rights of third parties.

5.4 In order to secure the Debt according to the Article 5.1 hereof, CSA hereby transfers in accordance with the provisions of Section 2040 et seg. of the Civil Code under the

conditions set forth herein the right of ownership to the Transferred Parts as a security for the purpose of securing the respective debts to all Creditors and Creditors accept such right of ownership. Creditors shall be entitled to keep the Transferred Parts for the duration of the transfer of the right of ownership of the Transferred Parts as security under this Settlement. To avoid any misunderstanding, CSA is not entitled to sell, lease or transfer any right to the Transferred Parts to any third party.

- 5.5 The right of ownership to the Transferred Parts shall pass from CSA to Creditors. Creditors shall become the undivided co-owners of the Transferred Parts having all property rights associated with § 1011 et seq. of the Civil Code and CSA shall lose such rights to the full extent.
- 5.6 On request of any of the Creditors, CSA shall also deliver to the Creditors a copy of the relevant purchase agreement or another acquisition title, whichever is applicable to the Transferred Parts. CSA shall further upon any of the Creditor's demand deliver to the Creditors other documents proving the acquisition of right of ownership to the Transferred Parts.
- 5.7 The transfer of the right of ownership to the Transferred Parts under this Settlement is a transfer with a resolutive condition (rozvazovací podmínka) that the CSA shall meet the Payment Schedule and pay all other debts covered by this Settlement.
- 5.8 If CSA fails to fulfill its Debt or any part thereof duly and timely in accordance with any of the agreed Payment Schedules or if CSA fails to fulfill any other debt or part thereof as specified in this Settlement duly and timely, the transfer of the right of ownership related to the Transferred Parts under this Settlement shall become unconditional in accordance with the Section 2044 of the Civil Code to the moment when CSA is notified by any of the Creditors about it. CSA shall deliver everything that is necessary to fully exercise the transferred right of ownership to the Creditors immediately in such a case.
- 5.9 If, after the transfer of the right of ownership to the Transferred Parts as security under this Settlement, the transfer becomes unconditional, the Creditors shall be entitled to sell the Transferred Parts for the usual price of the Transferred Parts on market. Prior to the right of the Creditors to sell the Transferred Parts for usual price is executed, CSA shall be entitled and given courtesy period of 30 calendar days to broker the sale of the Transferred parts as set below on behalf of the Creditors for the minimal price as set below:

- (i) [REDACTED]

If the sale of Transferred Parts is not executed in the courtesy period of 30 days as specified in this section 5.9 of the Agreement the Creditors shall be entitled to sell the Transferred parts for the price usual and achievable in the current state of the market.

- 5.10 If the price gained by the sale of the Transferred Parts exceeds the sum of secured Debt of all Creditors, the Creditors shall return the amount corresponding to the difference according to the Section 2044 of the Civil Code.

- 5.11 CSA shall not be entitled to the payment of the difference that exceeds the sum of secured Debt of all Creditors until the Transferred Parts are sold and the purchase price is fully paid to Creditors or any of them.
- 5.12 In the event that the CSA fulfill all of its debts secured pursuant to this Settlement by the transfer of right of ownership, the ownership shall pass in full extent right back to CSA.
- 5.13 Unless CSA fails to fulfil its Debt or any part thereof duly and timely in accordance with any of the agreed Payment Schedules, CSA shall remain in possession of [REDACTED]. The rest of the Transferred Parts as specified in Annex 7 shall be deposited at Hangar F, Václav Havel Airport Prague in the possession of CSAT over the course of existence of any Debt specified herein.

## **6. TERM AND TERMINATION**

- 6.1 This Settlement shall become valid and effective upon signature of all Parties or in case that law of Czech Republic stipulates later date to such later date.
- 6.2 This Settlement may be terminated by written agreement of all of the Parties only.

## **7. CONFIDENTIALITY**

- 7.1 The Parties consider all amounts included in the Settlement hereof or received in connection with thereof to be confidential (hereinafter the “**Confidential Information**”).
- 7.2 Without prior approval in writing given by the other Party, neither Party may disclose such Confidential Information to a third party, except for cases where (a) such disclosure is required by law or (b) by respective bodies acting under legal regulations and in accordance with them, or (c) such information in question is already available to public in accordance with respective legal regulations or the Settlement hereof, or (d) such information is made available to legal or any other consultants of a respective Party provided these consultants are obliged to maintain confidentiality within the same or even extended scope based on the Settlement hereof or by the law.
- 7.3 The Creditors are subjects listed in Section 2 par. 1 point n) of Act No. 340/2015 Coll., on Special Conditions for the Effectiveness of Certain Contracts, the Disclosure of These Contracts and the Register of Contracts (Act on the Register of Contracts). This Settlement shall be published in the Register of Contracts. Parties have agreed that the total amount of the Debt stated in article 2.1 of this Settlement and all annexes to this Settlement shall be considered as trade secret according to the art. 504 of the Civil Code.

## **8. LANGUAGE**

- 8.1 All correspondence, documents and other written matters between the Parties in connection with the Settlement shall be in Czech or English.



## **9. ENTIRE AGREEMENT, MODIFICATION**

- 9.1 The Parties agree that the Settlement embodies the entire Settlement of the Parties with regard to the matters dealt with herein and supersedes any other prior oral or written Settlement regarding the subject matter hereof. No warranties, representations, understandings or Settlements regarding the subject matter hereof written or otherwise exist between the Parties, except as expressly set out in the Settlement.
- 9.2 The Annexes to this Settlement form an inseparable part of this Settlement.
- 9.3 No amendment, change or modification of the Settlement shall be valid unless in writing and signed on behalf of each Party by their authorized representatives. For the purposes of this provision, the Parties agreed that juridical acts made by electronic or other technical means which enable its contents to be captured and the acting person to be identified shall not be considered written form.

## **10. COUNTERPARTS**

- 10.1 Four (4) originals of this Settlement shall be signed and executed by the Parties. Every of the Parties shall get one counterpart.

## **11. WAIVER AND SEVERABILITY**

- 11.1 Any failure at any time of either Party to insist upon any of its rights under the provisions of this Settlement shall neither constitute a waiver of such provisions nor prejudice the rights of any Party to insist upon such provisions at any subsequent time. The said waiver shall only come into effect if made in writing and signed by the duly authorized representatives of the Parties.
- 11.2 Nothing contained in this Settlement shall require either Party to take any action contrary to the law or to any order or regulation of any government or contrary to any permit or authorization granted to either Party by any government.
- 11.3 If any of the provisions of this Settlement is declared to be invalid or unenforceable, those provisions shall be severed and the other provisions shall remain in full force and effect. The unlawful or otherwise ineffective or unenforceable provision shall be substituted by a new provision mutually agreed upon in writing by the Parties reflecting the intent of the Parties in the provision so substituted.

## **12. MISCELLANEOUS**

- 12.1 In case of discrepancies between this Settlement and any of the Contracts, this Settlement shall prevail.
- 12.2 In accordance with section 1765 par. 2 of Civil Code CSA hereby takes on itself the risk of a substantial change in circumstances that may establish a gross disparity in the rights and obligations of the Parties. Thus, CSA shall not be entitled to demand any resumption of the contractual negotiations concerning the Settlement in case of such substantial change in circumstances pursuant to section 1765 par. 1 of the Civil Code.
- 12.3 CSA shall not be entitled to claim the change of the rights and obligations arising from the Settlement by court pursuant to section 1766 of Civil Code.

- 12.4 In compliance with section 1797 of the Civil Code the provisions of sections 1793 – 1795 and section 1796 of the Civil Code shall not apply with respect to this Settlement.
- 12.5 The Parties hereby in compliance with section 1801 of the Civil Code agree that sections 1799 and 1800 of the Civil Code shall not apply with respect to this Settlement.
- 12.6 Either Party hereby waives its right to claim cancellation of the obligations arising from the Settlement pursuant to section 2000 par. 2 of the Civil Code.
- 12.7 CSA declares and is responsible to the CSAT that it is authorized to enter into this Contract and that no contractual or legal provision will be breached by entering into this Settlement.
- 12.8 The following Annexes form an inseparable part of the Settlement:

Annex 1: List of Invoices of CSAT

Annex 2: List of Invoices of LP

Annex 3: List of Invoices of BAC

Annex 3.1: Future debts towards BAC

Annex 4: Payment Schedule of CSAT

Annex 5: Payment Schedule of LP

Annex 6: Payment Schedule of BAC

Annex 7: Transferred Parts

IN WITNESS THEREOF the Parties have caused this Settlement to be executed as of the day and year written below.

Signature page follows:

Signature page:

For and on behalf of:

**České aerolinie a.s.**

.....  
Petr Kudela  
Chairman of the Board of Directors

.....  
Martin Štolba  
Vice-Chairman of the Board of Directors

For and on behalf of:

**Letiště Praha, a. s.**

.....  
Václav Řehoř  
Chairman of the Board of Directors

.....  
Jiří Černík  
Member of the Board of Directors

For and on behalf of:

**Czech Airlines Technics, a. s.**

.....  
Pavel Haleš  
Chairman of the Board of Directors

.....  
Petr Doberský  
Member of the Board of Directors

For and on behalf of:

**B. aircraft, a. s.**

.....  
Jaroslav Petržela  
Chairman of the Board of Directors

.....  
Bronislav Šoltys  
Vice-Chairman of the Board of Directors

















[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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