Fraternity Funds SICAV p.l.c.
Quad Central, Q3 Level 9; Triq L-Esportaturi, Zone 1, Central Business District;
Birkirkara CBD 1040; Malta

Addition to the Fraternity Funds SICAV p.l.c. Interim Combined Financial Statements issued as at June 30th, 2021.

Based on "Notification of shortcomings identified and a call to eliminate them" received via email communication from Mr. Tomáš Pařízek, Securities and Regulated Markets Division, Czech National Bank on April 20th, 2022 based on the Act no. 256/2004 Coll., on Capital Market Undertakings, as amended (referred to as the „AoCMU"), Fraternity Funds SICAV p.l.c. (the "Company"), represented by its directors Mr. Michal Kosac, Dr. Alexia Ellul, Mr. Joseph M. Formosa, and Mr. David Grech, in order to fulfill such requirements, issue the following information in order to satisfy the information required by
the Czech National Bank (the "Regulator").

Shortcoming 1

The descriptive section of the Half-Yearly Report fails to contain information about the Issuer's business activities and financial results in the first six months covered by the Half-Yearly Report, and fails to state important factors, risks and uncertainties which may accompany the Issuer's business activities and financial results in the following six months of the accounting period. This requirement is based on Article 119(2)(d)(1) of the AoCMU.

Business Activities
The investment objective of the Real Estate Fund is investing in real estate markets indirectly investing in companies holding real estate assets, in order to seek to realize income and long-term capital appreciation. In the first 6 months of 2021, the fund had purchased 100% of an SPV owning a commercial property on Prague's high street, Václavské náměstí 40.

The investment objective of the Opportunity Fund is to invest in secured and unsecured, listed and unlisted debt securities, listed and unlisted stocks and real estate. The Fund may from time to time invest in money market instruments, collective investment schemes and indices. In the first 6 months of 2021, the fund had no investments.

Risk factors and uncertainties that could negatively affect issuer's business include but are not limited to:

- Risk factors relating to legal and regulatory matters relating to both the Fund and the Sub-Fund
    - Risk of no history of investment performance

The fund is a newly established alternative investment fund in the form of a multi-fund limited liability investment company with variable share capital established under the laws of the Republic of Malta, incorporated on January 21st, 2020, with the Sub-Fund subsequently incorporated on March 17th, 2020. For this reason, there is not a sufficiently long history of investment performance to serve investors for the purpose of assessing the future potential returns of the Sub-Fund.

- Risk associated with separate property

The Fund is a multi-fund limited liability company with variable share capital established under the laws of the Republic of Malta, which creates sub-funds as accounting and asset segregated parts of its assets. The debts owed by the Bonds to the Bondholders can only be satisfied out of the assets of the Sub-Fund as a legally separate assets of the Fund, and not from the Fund's own assets or other Sub-Funds (if any) of the Fund.
However, as only the Fund and not the Sub-Fund (or any other sub-funds of the Fund) has legal personality, there can be no assurance that the courts in jurisdictions other than the Republic of Malta will respect the aforementioned segregation of assets. If, as a result, the assets of a Sub-Fund are used to pay the debts of another Sub-Fund of the Fund, this could affect the Issuer's ability to repay the Bonds.

- Risk of foreign legal form

The Fund was established and is governed by Maltese law. The Fund has the legal form of a multi-fund limited liability investment company with variable share capital. This is a legal form which is different from the legal forms of Czech companies and investment funds. The fund creates sub-funds with parts of its assets having separate accounting.
Maltese legislation differs significantly from Czech legislation. In particular, Maltese law does not require the Issuer's depositary to exercise control over the manner in which the Issuer's assets are invested nor the manner in which the Issuer's assets are valued (control and activity is ensured directly through internal mechanisms). The Depositary holds only certain components of the Issuer's assets in custody. These facts present certain risks, that the Issuer will lose some of its assets as a result of a failure of internal processes or that these assets will be lost in contravention of the investment policy, which may affect its ability to meet its obligations under the Bonds.

- Risk factors related to the investment strategy of the Sub-Fund
  - Risk associated with renting real estate

The Sub-Fund's assets consist of a 100 % interest in company TD Beta s.r.o., which owns the Property TD Beta (a commercial building in the city centre of Prague conservation area - Wenceslas Square and the corner of Štěpánská Street). The Issuer also provided a loan to Fraternity Capital from the proceeds of the Issue for the purpose of repaying Fraternity Capital's indebtedness (i.e. Fraternity Capital s.r.o debt to Banka Creditas, a.s.). New AR s.r.o. (with Fraternity Capital being its sole shareholder) has provided the New AR Property, a residential building situated in a highly desirable location of Malá Strana - the corner of Hellichova and Nosticova Streets near Kampa, as collateral (the Security Asset) to secure the Issuer's debts under the Bonds and as second in order. The New AR property is not currently leased.
The sub-fund is therefore indirectly dependent on the income of these two properties. If these properties fail to rent (New AR property) or if rental income decreases (TD Beta

property), it may adversely affect its future economic results and its ability to meet its obligations.
For example, the amount of rent and the value of commercial real estate is generally affected by the development of gross domestic product (GDP), inflation and changes in interest rates in the Czech Republic. Changes in GDP may affect employment conditions, which may make it difficult for tenants to meet their financial obligations to the Sub-Fund and impact the demand for rental space in general. Oversupply of rental space in these locations may also adversely affect rental rates. There can be no guarantee that the current occupancy levels, average rent levels and other terms of the leases of these properties will be sustained. Average rents in the capital city decreased by 2.6 % on a semi-annual basis in 2020. Rents are now at around CZK 300 per sqm (CZK 365 per sqm in the Lesser Town and CZK 334 per sqm in the New Town). The Issuer has not seen a decrease in rent levels.
In connection with the occurrence of COVID-19, there is a risk of closure of establishments of some tenants due to this virus and the negative consequences associated with it. Thus, this may lead to a decrease in interest in renting of office and retail space. COVID-19 is also associated with the risk of increased tenant demand for rent reductions or waivers of rent for the duration of the state of emergency and restrictions on their operations. Another negative consequence may be the non-renewal of existing leases or pressure on reduction of rents in the contracting process when negotiating the terms of new leases.
However, the Issuer has not observed that any of TD Beta's tenants have run into problems in paying their obligations to TD Beta, nor has there been any negotiation of rent reductions. TD Beta's property is 100 % leased.

- Dependence of the Sub-Fund on the solvency of tenants

The sub-fund is dependent on the solvency of the tenants of the properties. If tenants fail to meet their obligations to the property companies in the Sub-Fund, there could be a shortfall in the Sub-Fund's income, which the Issuer intends to use to pay its debts under the Bonds. The risk of the solvency of the tenants to which the Sub-Fund may be exposed may have a negative impact on its future economic results and its ability to fulfill its debts from bonds. The Issuer is not aware of any uncertainties that are reasonably likely to have a material effect on the ability of the Lessees to pay.

- Risk related to real estate investments

The primary investment strategy of the Sub-Fund is to invest in real estate in the Czech Republic (or Slovakia) through (real estate) subsidiaries (primarily Property TD Beta and New AR Property as described in section Risk associated with renting real estate).
The Sub-Fund is thus indirectly dependent on the value of the New AR real estate. The Sub-Fund is thus exposed to the risks associated with indirect ownership of real estate, which may affect its performance and the value of its assets and therefore the Issuer's ability to repay the Sub-Fund's debts from Bonds.

The risk may relate to the decrease of property prices, which may be influenced by general economic conditions, such as changes in gross domestic product (changes in gross domestic product can affect employment levels and incomes, which may impact on demand for property and therefore a decrease in property prices and rents), employment trends, inflation and changes in interest rates (changes in interest rates may impact demand for property and therefore cause property prices to fall), excessive overdevelopment and over-vacancy of properties (sufficient supply of properties in a given location and insufficient demand can impact on the demand for property and therefore cause property prices to fall), unfinished construction or delays in construction, increased competition from other property owners, tax increases and operating costs, tenant insolvency and other financial problems, maintenance and insurance costs, uninsured damages, including damages resulting from floods, earthquakes or other natural disasters; or as a result of war or terrorism. Investments in real estate are by their nature illiquid and can be made more difficult to realize than stocks or bonds.

These risks can lead to a decrease of property prices (which can also affect rents) and thus affect the value of the assets in the Sub-Fund and therefore the Issuer's ability to repay the Bonds from the Sub-Fund.

As to this date, the Issuer is not aware of any uncertainties that are reasonably likely to have a significant impact on the prospects of the Sub-Fund and its investment strategy.

- Property acquisition and valuation risk

In addition, the Sub-Fund may face the risk that the purchase price paid for the acquisition of real estate (or interests in real estate companies) was (in the case of the TD Beta Properties) taking in the account expected rental income of the Properties too high, meaning the risk that actual or legal defects in the Properties will be found which were not present or identified at the time of acquisition and not taken into account in determining the purchase price.

However, as to this date, the Issuer is not aware of any facts or defects that would have a significant effect on the expected rental income from the TD Beta Property or the value of the TD Beta Property.

- Financing risk

The TD Beta property is pledged to UniCredit Bank Czech Republic and Slovakia, a.s. ("UCB"), and for the purpose of securing TD Beta's debts under the senior financing provided by this bank. If the debts under this financing are not duly and timely repaid, there is a risk that TD Beta, which is held by the Sub-Fund, will be forced to sell the property in order to repay its debts to the bank, or, alternatively, that if the bank realizes it, TD Beta, which is owned by the Sub-Fund, will cease to be the involuntary owner of the properties. In the event that the proceeds from the sale of the properties or the realization of Security Assets are insufficient to both to repay both the claims of UCB and the claims against the owners of the Bonds, the repayment of the debts will be jeopardized on the Bonds.

- Acquisition loan refinancing risk

In the case of financing acquisitions through loans from third parties (mainly banks), it can be assumed that the real estate companies held in the Sub-Fund will not be able to repay their acquisition loan debts in full to the extent of the rental income by the stated maturity date and will need to refinance the loan over time or extend its maturity. In doing so, the Sub-Fund may face the risk that the Issuer will not be able to refinance further financing (whether in the form of a loan, a new bond issue or otherwise) or to refinance on the same terms or better than the existing terms or refinance by (partial) sale of assets.

  - Concentration risk

There is a concentration risk arising from the fact that the majority of the Sub-Fund's assets have been invested in real estate companies in the Czech Republic (currently the Issuer is focusing on real estate companies in Prague). Such concentration may cause greater losses in the value of the Issuer's assets than if the Issuer's assets were invested in different types of assets or different locations in the Czech Republic (not exclusively in Prague), within different sectors, regions or industries, which may affect the Issuer's ability to repay the Bonds of the Sub-Fund.

- Risk factors relating to the Issuer's financial position
  - Liquidity risk

The Sub-Fund may be exposed to liquidity risk if it fails to occupy the premises in a timely and/or sufficient manner, to be leased by suitable tenants, or such tenants fail to pay rent properly and on time, which should provide the Sub-Fund with regular income available for the repayment of bank loans, loans to the Sub-Fund (including related interest), other financing debts, if any, and related interest; and profit-sharing payments.
The Sub-Fund may be exposed to contingent liquidity risk arising from loan agreements under which in the event of a breach of specified contractual provisions, the lender may require the loans to be repaid, which may result in additional need for funds earlier than the original contractual maturity. Similarly, the Sub-Fund may be exposed to liquidity risk in the event that the Issuer is required to prepay Bonds.
The Sub-Fund may also be exposed to liquidity risk in connection with investor requests to redeem investment shares. In such a case, there may be a need to sell assets in the Sub-Fund at short notice, generally for less advantageous price. Redemption of the Investment Shares is subject to the expiry of 2 years from the date of subscription of the Investment Shares.
A redemption request may be made no later than 12 months before the expected redemption date, which is always the last working day of the relevant calendar year (unless the Board of Directors of the Fund decides otherwise).
The Board of Directors of the Fund may decide to suspend the determination of the Net Asset Value and thereby suspend the redemption of investment shares, inter alia, in the event that more than 15 % of the investment shares are called for redemption. The Board of Directors of the Fund must decide to suspend redemptions if requested by the Maltese regulator.

  - Risk of repayment of debt to Fraternity Capital

The Sub-Fund is exposed to the risk of non-payment of the claim granted from the proceeds of the Issue against Fraternity Capital in the amount of CZK 70,500,000 as this claim is not secured. The only material asset of Fraternity Capital is 100 % of the shares in New AR. There is no guarantee that by the time of the Bond's maturity date Fraternity Capital will receive funds from the sale of the share or from the sale of the New AR Property by New AR, or that New AR will arrange for a tenant of the New AR Property to receive rental income from the

Property.

- Risk factors related to the internal affairs of the Fund
    - Risk associated with the method of remuneration of owners of founder shares and management

The method of remuneration of the owners of the founder shares and the management of the Fund, which grants to these persons for the right to special remuneration for the performance of the Sub-Fund under specified conditions, may motivate these persons to make more speculative investment decisions than they would have made without such remuneration. Given that the special performance fee is calculated on the basis of economic indicators (namely the development of the value of the Portfolio), which takes into account both the Sub-Fund's actual and expected returns, it may be awarded to the persons concerned even if the Sub-Fund does not ultimately realize returns of that amount. That risk may affect the value of the assets in the Sub-Fund, which may be less than the amount owed on the Bonds, which may adversely affect the Issuer's ability to repay the Bonds from the Sub-Fund.

- The Fund does not have an Audit Committee

The Fund does not have an independent audit body as it has not established a special audit committee. The audit activity is entrusted to the Fund's Investment Committee, whose members, with the exception of Simon Grim, are the same as those of the Fund's Board of Directors.

- Risk factors relating to the Bonds
    - Risk of default

Bonds, like any other monetary debt, are subject to the risk of default. Under certain circumstances, the following may occur, the Issuer may be unable to pay interest on the Bonds or their nominal value. In the event of redemption of the Bonds by the Issuer in the market, the price paid to the Bondholders for the redeemed Bonds may be less than the amount of their original investment and, in certain circumstances, such value may be zero. The ability of the Issuer to redeem the nominal value of the Bonds depends on the value of the properties owned by Issuer through its subsidiaries and their ability to generate free cash flow for the Issuer, as well as on the ability of external debtors (in particular tenants) to meet their debts to the Issuer.

It is not assumed that the Issuer will repay the full nominal value of the Bonds without further refinancing before the final maturity date of the Bonds. It is therefore clear that the Issuer will not be able to repay its debts to the owners of the Bonds in full from the rental income from the Properties and will need to refinance such debts over time. In doing so, the Issuer may face the risk that it will be unable to refinance by further financing (whether in the form of a loan, a new bond issue or otherwise) or refinance on terms equal to or better than existing, or refinance by (partial) sale of assets. If the refinancing is by selling the real estate, it cannot be excluded that the proceeds of such sale will not be sufficient to cover all of the Issuer's debts.

- Interest rate risk

The owner of a Bond whose yield is determined by a fixed interest rate is exposed to the risk of a fall in the price of such Bond due to changes in market interest rates. While the nominal yield for a period of the life of the Bonds is fixed, the current market interest rate in the financial market generally changes daily. With change in the market interest rate, the price of the Bond also changes, but in the opposite direction. Therefore, if the market interest rate rate increases, the price of the Bond will generally fall to a level where its yield is approximately equal to the market interest rate. If, on the other hand, the market interest rate decreases, the price of the Bond will normally increase to a level where its yield is approximately equal to the market interest rate. This may adversely affect the value and development of an investment in Bonds.

- Prepayment risk

If the Bonds are redeemed early in accordance with the terms of issue of the Bonds prior to the maturity of the Bonds, the Bondholder is exposed to the risk of a lower-than-expected return due to such early redemption.

- Liquidity risk on the Regulated Market BCPP

The Issuer shall apply for admission of the Bonds to trading on the Regulated Market BCPP. Regardless of the acceptance Bonds to trading on a Regulated Market, there can be no assurance that a sufficiently liquid secondary market for the Bonds will develop or, if developed, that such secondary market will be sustained. The fact that Bonds may be admitted to trading on a regulated market will not necessarily result in greater liquidity in such Bonds as compared to Bonds not admitted to trading on a regulated market. In any illiquid market an investor may not be able to sell the Bonds at any time at an adequate market price. This fact may have an adverse effect on the value of investment in the Bonds.

- Risk of enforcement in other jurisdictions

In the event of a claim under the Bonds, the Bondholder is entitled to bring an action or commence any proceedings against the Issuer under the applicable laws of the Republic of Malta. As a result, there is a risk that it may be difficult for the Bondholder to bring any action or proceedings abroad and seek judgments against the Issuer in foreign courts or to enforce judgments against the Issuer issued by such courts which are based on the provisions of the laws of the Republic of Malta.

- Inflation risk

Prospective investors in the Bonds should be aware that the fair value of an investment in the Bonds may decline at the same time as inflation reduces the value of the currency. As the Bonds do not contain an anti-inflationary clause, inflation causes the real yield on the Bonds to fall. If such situation arises and inflation exceeds the level of nominal yields on the Bonds, the value of the real yields on the Bonds will be negative.

- Currency risk

If a Bondholder pursues an investment return on a Bond in a currency other than the Czech crown, the Bondholder is exposed to the risk of changes in exchange rates which may affect the final yield of the investment in the Bond. A change in the exchange rate of such other currency against the Czech crown will result in a corresponding change in the principal amount of the Bond denominated in that reference currency. For example, if the initial exchange rate of the foreign currency decreases, the foreign currency will depreciate and the value of the Czech crown increases, then the price of the Bond denominated in the foreign currency and the principal value of the Bond expressed in Czech crown will decrease.

- Fee risk

The overall return on investment in the Bonds may be affected by the amount of fees charged by the intermediary purchase or sale of the Bonds, the person keeping the records of the Bonds, the person settling the trade with the Bonds or any other person. Such person may charge fees for establishing and maintaining an investment account, for arranging the transfer of the Bonds, services related to the custody or registration of the Bonds, etc. The Issuer recommends that prospective investors familiarize themselves with the documents on the basis of which fees will be charged in connection with the Bonds. The fees charged have a negative effect on the value of an investment in the Bonds.

- Risk of legality of purchase of the Bonds

Prospective investors in the Bonds should be aware that the purchase of the Bonds may be subject to legal restrictions affecting the validity of their acquisition. Neither the Issuer nor the Manager has or accepts responsibility for the legality of the acquisition of the Bonds by a potential investor, whether under the law of its incorporation or the law of the jurisdiction in which it operates (if different). A potential investor cannot rely on the Issuer or the Manager in connection with its determination as to the legality of its acquisition of the Bonds. In the event that a prospective purchaser of the Bonds purchases the Bonds in violation of the statutory restrictions applicable to it, then such acquisition of the Bonds could be in breach of the law and the Issuer would be obliged to pay the amount that the purchaser has paid to the Issuer for the Bonds as unjust enrichment. The laws of other states applicable to the prospective purchasers of the Bonds may treat such acquisition of the Bonds in violation of the legal restrictions and may also have other legal consequences.

- Risk of reduction of the order for subscription of the Bonds

The Manager shall be entitled to the amount of Bonds specified in the orders/instructions of investors at its discretion to reduce the amount, and any overpayment, if any, will be refunded without undue delay to the Investor's account. In the event of shortening of the order, the prospective investor will not be able to make an investment in Bonds in the amount originally intended. A shortening of the order may therefore have a negative effect on the value of the investment in the Bonds.

- Risk factors related to Security
  - Limitations to satisfy the Bondholder's claims from Security proceedings

The value of Security for the debts on the Bonds established under the Terms and Conditions of Issue is not sufficient to satisfy all Debts under the Bonds. This value is furthermore dependent at any given time on market and economic conditions, including the availability of suitable buyers. Given the nature of the subject of the Security, the subject matter of the Security may be illiquid and may not have a readily ascertainable market value and value to third parties may be less than the value to the pledgor. The value of the Security may decline over time or may be impaired in the future due to changing economic conditions, failures to business strategy, competition and other future trends. As a result, secured creditors may not be satisfied in the event of a sale of relevant Security Assets. If New AR sells the New AR Property or Fraternity Capital sells the New AR Interest (which is subject to certain conditions set in Sections 10.1 and 10.4 Issue Terms), the relevant lien will expire and the Fraternity Loan will be repaid (which will also terminate such security over the Bonds). The Issuer expects that in such case the value of the Security comprising the Lien on the Pledged Account against the amount on the Bonds is minimal (to negligible). In this case, there is no obligation to use the funds received from the Fraternity Capital and/or New AR to prepay the Bonds.

- Risk factors relating to the Security Agent
    - The Security is provided for the benefit of the Bondholders, but their rights in the Security will be applied and exercised by the Security Agent on its own behalf

The Security is granted in favor of the Bondholders in the name of the Security Agent, provided that the Security Agent will exercise the rights of the Bond Owners under the Security on its own behalf. The Security Agent is thus the only party to the security documentation, alongside the relevant security provider, with the result that only Security Agent may exercise and enforce any rights under the Security. No Bondholder shall be entitled to exercise such rights independently. In the event that the Security Agent is in default in exercising or exercise of any rights under the Security, the Bondholders may incur damages in connection with such delay without Bondholders have had the opportunity to exercise or enforce such rights independently. The Security Agent shall use any proceeds of the Security first to satisfy payments due to the Security Agent (including its remuneration up to 3 % of the proceeds and payment of the pro rata amount of indemnification paid to the Security Agent). The foregoing may result in Bondholders receiving less benefit from the proceeds of the exercise of the Security.
The statutory regulation of the Security Agent was added to the Bond Act by Amendment No. 307/2018 Coll. As this is the first legal regulation of this institute in the Czech legal system, there is as yet no court decision-making practice or generally accepted legal interpretation. Absence of relevant case law and the inconstancy of the new institute of the Security agent – and the resulting legal uncertainty – may have a negative impact on the performance of the debts arising from the Bonds, especially if the competent court decides that a provision of the Bond Act should be interpreted differently than it is currently reflected and elaborated in more detail in the relevant article or articles of the Terms and Conditions of Issue.

    - Risks associated with a new Security Agent

The Issuer cannot ensure that a Security Agent will be available upon appointment or replacement of the Security Agent, there will be an Agent for Reinsurance who will have sufficient experience in performing the duties of a Reinsurance Agent or similar role, although the Issuer will itself exercise good faith and due care in the selection of the Security Agent. This problem is due to the fact that this institution is enshrined in the Czech Republic by the above-mentioned amendment to the Act on Bonds effective as of January 4th, 2019, where there is no judicial review of the institution of the Security Agent, generally accepted legal interpretation or market practice. This, in the Issuer's experience in dealing with financial institutions in the financial markets may lead to institutions that normally perform this role in the international capital markets may not be willing to accept the role of Security Agent. As to this date the Security Agent is J&T BANKA, a.s.

- The Security Agent may require, in connection with instructions from the Bondholders‘ meeting, that Security or promise to indemnify will be provided

The Security Agent shall, subject to the reservations set out in the Issue Terms and Conditions, exercise any right or refrain from exercising any right due to it as Security Agent in accordance with any instruction approved by the Meeting by a simple majority. The Security Agent may require, in connection with an instruction approved by a meeting of Bondholders to be provided with sufficient security or indemnification by the Bondholders or the Issuer in the event of any property or non-property damage. If Security or indemnity is provided or promised to the Security Agent by the Bondholders and such value is subsequently paid, there is a risk that the Bond Owners may lose a portion of their investment.

- Restrictions on the ability of the Security Agent to make decisions regarding the enforcement of the Security in the event of the Issuer's bankruptcy

In the event that insolvency proceedings are commenced against the Issuer and the Issuer is declared bankrupt, the enforcement of the Security will be subject to the rules and restrictions set out in Act No. 182/2006 Coll., Insolvency Act, as amended, in particular, the realization of any Security will be predominantly through appointed insolvency administrator.

- Limited liability of the Security Agent

The Security Agent shall not be liable to the Bondholders for (i) the invalidity, ineffectiveness or unenforceability of Security, (ii) the contents of any Security Agency Agreement and any other documents relating to the Security, including the agreed methods of enforcement of the Security, (iii) the chosen method of enforcement of the Liens, to the extent that such method is consistent with the resolution of the Meeting or the Pledge Agreements, (iv) the acts or omissions of in connection with the Security, nor for (v) any prejudice caused to the Issuer or the Bondholders in performance of its duties as Security Agent, except for any injury caused intentionally or through gross negligence by the Security Agent. However, the obligation of the Security Agent to indemnify the Bondholders for such damage shall be to the extent permitted by law and shall be limited so that (i) the damages shall not include lost profits and (ii) the amount of damages to be indemnified by the Security Agent shall not exceed the amount of its compensation received under the Security Agency Agreement or the side arrangement thereto.

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Shortcoming 2

The descriptive section of the Half-Yearly Report fails to include a comparison with the corresponding period of the preceding year. This requirement is based on Article 119(2)(d)(3) od AoCMU.

The Issuer was incorporated on January 21st, 2020, with no investments made until April 9th, 2021 and Sub-Funds had no investments in the first half of 2020.
Fraternity Funds' Real Estate Fund purchased 50% of an SPV holding commercial property on April 9th, 2021. The rest of the SPV (the remaining 50%) was purchased on June 15th, 2021 by Real Estate Fund.
Thus, comparing the first half of 2020 to the first half of 2021, Fraternity Funds' Real Estate Fund purchased 100% of SPV holding commercial property on Prague's high street.
Fraternity Funds' Opportunity Fund had no investments in the first half 2020 and that remained the same for first half of 2021.

Shortcoming 3

The Half-Yearly Report fails to contain a statement by the Issuer's responsible person that, to the best of their knowledge, the Half-Yearly Report gives a true and fair view of the Issuer's financial situation, business activities and financial results over the past six months and of the prospects for future developments of the Issuer's financial situation, business activities and financial results. This requirement is based on Article 119(2)(e) of the AoCMU.

We, the directors of Fraternity Funds SICAV p.l.c. registration no. SV 534, namely Michal Kosac, Dr. Alexia Ellul, Joseph M. Formosa and David Grech confirm that to the best of our knowledge the Half-Yearly Report, issued as at June 30th, 2021 gives a true and fair view of the Issuer's financial position, business activities and financial results over the past six months and of the prospects for future developments of the Issuer's financial situation, business activities and financial results.

Shortcoming 4

The Half-Yearly Report was submitted to the CNB on 29 October 2021, which is after the deadline set by Article 119(1) of the AoCMU (3 months after the end of the first 6 months of the accounting period). This deadline ended on 30 September 2021.

The Issuer would like to note that on 20 September 2021, on the basis of the pandemic situation of COVID-19 at the time and unforeseen difficulties encountered in the co-ordination of accounting processes, fieldwork and approvals in different jurisdictions, it has requested an extension of the deadline of 30 September 2021 by one month until 31 October 2021. The Half-Yearly Report was submitted by the extended deadline, i.e. on 29 October 2021.

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The Issuer will do its utmost to complete its financial statements in a timely manner prior to the official deadline.

All important information regarding the company, bonds issued, coupons paid and any other relevant notifications can be found on http://fraternitybond.com/.

Yours sincerely,

Michal Kosac	Dr. Alexia Ellul	Joseph M. Formosa	David Grech