

# PLEDGE AGREEMENT

entered into on this day, month and year by the Contracting Parties stated below, according to § 1309 and ff. of Civil Code No. 89/2012 Coll., as amended,

as follows:

## Art. I.

### Contracting Parties

**BOOLER DIAMONDS LLC**, Exelsior Dr. Suite 200 Madison, WI 53717, United States of America, represented by and acting through the Manager, Mr. Petr Bulíř

*/hereinafter referred to only as the "Pledgor and Pledger"/* on one hand

*/hereinafter referred to only as the "Pledgee"/* on the other hand

in participation of

**BOOLER INVEST Limited** - Czech Republic branch, Bořivojova 878/35, Žižkov, 130 00 Prague 3, ID: 05183642, spin-off plant of the foreign corporate body: BOOLER INVEST Limited, W1B3HH London, 3rd Floor 207 Regent Street, United Kingdom of Great Britain and Northern Ireland, Reg. No. 10179565, represented by its Manager, Mr. Jaroslav Charvát

*/hereinafter referred to only as the "Debtor")*

## Art. II. Contracting Parties

1. The **Debtor** is the Issuer of corporate bonds with the name of issue: "Bond of BOOLER INVEST Limited", date of issue 15. 9. 2016, nominal value of bond 50.000,- CZK in physical form as security to order, with maturity date 15. 9. 2021, all that in compliance with the Issue Conditions from 1. 9. 2016, made public at [www.boolerinvest.com](http://www.boolerinvest.com).
2. The **Pledgor and Pledger** has committed itself, based on the Agreement of provision of hedging, entered into with the Debtor as the Issuer of the debts specified above, to provide hedging to the subscribers of the bonds from the emission called Bonds of BOOLER INVEST Limited by pledging diamonds with internationally recognized certificates.

3. The **Pledgee** is, based on the Agreement of bond subscription, entered into on \_\_\_\_\_ with the Debtor as the Issuer, the subscriber of ..... bonds of BOOLER INVEST Limited, No....., issued by the Debtor on..... The Pledgee has repaid the issue price of the bonds subscribed on.....

### **Art. III.**

#### **Hedged commitment**

1. This Agreement serves to hedge the commitment of the Debtor, Issuer of the Bond of BOOLER INVEST Limited, No....., towards the Pledgee, owner of the Bond of BOOLER INVEST Limited, No....., consisting in repayment of the nominal value of the subscribed bonds in a total value of ..... CZK (in words \_\_\_\_\_) and in payment of the interest yields, mature, according to the issue conditions, on

### **Art. IV.**

#### **Subject of Agreement**

1. The Pledger is the exclusive owner of the Pledge - the diamond specified in Annex No. 1 to this Agreement (hereinafter referred to only as the "Pledge"). Annex No. 1 constitutes an integral part of this Agreement.
2. The Pledge is situated in a plastic case fitted with a bar code identical to the bar code on the certificate.
4. To hedge the Pledgee's claim amounting to \_\_\_\_\_ (in words: ..... Czech crowns) according to Art. III of this Agreement, the Pledger establishes, in compliance with this Agreement, the right of lien for the Pledgee, and the Pledgee accepts the right of lien.
5. The right of lien shall originate by handing over the Pledge specified in paragraph 1 of this Article and in Annex No. 1 to this Agreement to the Pledgee. The Contracting Parties, i.e. the Pledger and the Pledgee, shall write down a record of handover and takeover of the Pledge that shall become an annex to this Agreement. According to the explicit agreement of the Parties, the handover and takeover of the Pledge and thus the origination of the right of lien shall take place within ten days from the signature of this Agreement at the latest.
6. By signing this Agreement, the Parties confirm that they have agreed and accepted the evaluation of the Pledge according to the RAPPAPORT DIAMOND REPORT as the price of the Pledge according to this Agreement and that the price corresponds to the value of the hedged commitment by the day of entering into this Pledge Agreement.

### **Art. V.**

#### **Rights and obligations of the Parties during the existence of the right of lien**

1. By signing this Agreement, the Pledger commits itself towards the Pledgee not to transfer the Pledge to any other person during the existence of the commitment specified in Article III of this Agreement.
2. The Pledgee may hold the Pledge all along the existence of the right of lien. The Pledgee's right to hold the Pledge is an absolute right, in effect not only against the Pledgor but against all third parties.
3. In connection with the Pledgee's right to carry the Pledge all along the existence of the right of lien, the Pledgee shall duly care for the Pledge as a careful manager, particularly looking after it and protecting it against damage, loss and destruction.

4. The Pledgee shall abstain from any harmful action on the Pledge, caring actively for the Pledge like a careful manager would care for it. The due care assumes not only caring for the Pledge to protect it against damage or deterioration, but also acting in a manner not preventing potential appreciation of the Pledge.
5. If any damage is caused by any breach of the Pledgee's obligation to care for the Pledge as a careful manager, the Pledgee shall indemnify the Pledgor for such damage according to the provisions of liability for damages. If the Pledge is destructed due to culpable breach of obligation by the Pledgee (loss, extinction), the Pledgee shall become obliged to compensate for the damage and at the same time, the right of lien shall cease to exist; nevertheless, such fact by itself shall have no impact on the existence and on the amount of the hedged debt. Furthermore, the Parties have explicitly agreed that in case of any destruction, loss or extinction of the Pledge, the damage shall amount to the sum corresponding to the evaluation of the Pledge according to the RAPPAPORT DIAMOND REPORT by the day of damage, and if that day is not known, then by the day of maturity of the commitment to be hedged according to this Agreement.
6. If the situation described in the second sentence of the preceding paragraph occurs, the Parties have explicitly agreed that the Pledgee's claim to compensation of damage shall be ceded to the Debtor and the Debtor may offset the claim ceded in this manner against the claim hedged by this Agreement.
7. The Parties have agreed that the Pledgee shall not have the right to use the Pledge. A possible consent granted later during the existence of the right of lien is not excluded, but it must be granted by the Pledgor in written form only. Any use of the Pledge by the Pledgee shall not relieve the Pledgee of the responsibility described above, as in case of a consent granted by the Pledgor, the Pledgee shall use the Pledge in a way not detrimental to the Pledgor.

#### **Art. IV.**

##### **Exercise of the right of lien**

1. By signing this Agreement, the Parties make an Arrangement of the way of satisfaction from the Pledge according to § 1359 of Act 89/2012 Coll., under the conditions specified below. The parties to the Arrangement include the Pledgor and the Pledgee; the Bond Debtor is a secondary party to the Arrangement.
  2. The Arrangement of the way of satisfaction from the Pledge is entered into before the maturity of the hedged debt.
3. The Arrangement of the way of satisfaction from the Pledge shall oblige also any possible later pledgor.
4. The Parties have agreed herewith explicitly the way of exercise of the right of lien in form of transfer of the Pledge to the Pledgee to cover the hedged debt, for the price amounting to the evaluation of the Pledge according to RAPPAPORT by the day of the hedged debt. The choice of this way of realization of the right of lien is upon the Pledgee's discretion, to be expressed against the Pledgor or against the Debtor.
5. According to the explicit arrangement of the Parties, the Pledgee shall, not later than by the day of maturity of the hedged debt, hand over the Pledge to the hands of the Pledgor, in the Debtor's registered office, **BOOLER INVEST Limited** - Czech Republic branch, Bořivojova 878/35, Žižkov, 130 00 Prague 3, ID: 05183642, or make an arrangement of another way of handover and takeover of the Pledge with the Pledgor, or, not later than by the day of maturity of the hedged debt, inform the Pledgor of the intention to realize the right of lien by transferring the Pledge to the Pledgee. By signing this Agreement, the Pledgor and the Debtor commit themselves to provide the Pledgee with all and any necessary cooperation directed at an effective handover and takeover of the Pledge or at realization of the right of lien in the way agreed above, including publishing at [www.boolerinvest.com](http://www.boolerinvest.com).

6. The Pledgee's obligation to hand over the Pledge to the Pledgor by the day of maturity of the hedged debt can be met by the Pledgee even by depositing it in judicial, notarial and similar custody; the subject of custody shall be the Pledge according to the specification stated in the Pledge Agreement and in the Record of handover and takeover of the Pledge by the Pledgee; and the condition for handover of the subject of custody to the hands of the Pledgor shall be the submission of the certificate of payment of the hedged debt. The costs related to such fulfilment of the obligation shall be born by the Pledgee.
7. Furthermore, by signing this Agreement, the Parties agree that, if the Pledgee does not take any actions described above by the maturity date of the hedged debt, i.e. the Pledgee does not hand over the Pledge to the hands of the Pledgor, does not make any arrangement with the Pledgor about the way and conditions of handover and takeover of the Pledge by the Pledgor, and does not ask for realization of the right of lien according to this Arrangement (Art. VI., par. 3), then it shall be assumed that the Pledgee has proceeded to exercise the right of lien according to the Arrangement described in Art. VI. par. 3 of this Agreement, by the day following after the day of maturity of the hedged debt.
8. By the exercise of the right of lien according to Art. VI., par. 3 or Art. 7, the right of lien according to this Agreement shall cease to exist and, in compliance with the explicit arrangement of the Parties, the hedged debt including accessories shall cease to exist as well.
9. Upon realization of the right of lien according to this Agreement, the Parties shall issue to each other a certificate about the expiry of the right of lien, about the acquisition of the title to the Pledge by the Pledgee and of the expiry of the hedged debt.

#### **Art. VII.**

#### **Final provisions**

1. The Pledgor declares that the Pledge is not related to any instructions preventing the right of lien from origination according to this Agreement or casting doubt upon the right of lien. Furthermore, the Pledgor declares to be the owner of the Pledge specified in Art. III., par. 1 of this Agreement and to be entitled to dispose of the Pledge in compliance with this Agreement.
2. This Agreement was written down in compliance with the Czech legal system, particularly with Act No. 89/2012 Coll. The Parties agree that the Czech law, or the Czech legal system constitute the governing law for legal relations established by this Agreement, i.e. for their origination, change and expiry.
3. This Agreement has been written in two copies; each of the Parties shall receive one of them.
4. The Parties confirm by their signatures to have read the Agreement before signing it and to agree with its content; they confirm that the Agreement has been written down according to their genuine, free and serious will and that it has not been written down in distress or under unilaterally unfavourable conditions. In witness thereof, they add their signatures.

In.....date.....

Pledgor and Pledgor:

Pledgee:

Debtor:

# Annex No. 1

To the Pledge Agreement entered on ..... by BOOLER DIAMONDS LLC, Exelsior Dr. Suite 200 Madison, WI 53717, United States of America as the Pledger and ..... as the Pledgor.

## Specification of the Pledge according to Art. IV, par. 1 of the Pledge Agreement:

The Pledge according to Art. IV, par. 1 of the Pledge Agreement is a diamond with the weight, colour and purity specified in the following table, fitted with a certificate. The Pledge is situated in a plastic case with a bar code identical to the bar code on the certificate.

	WEIGHT	COLOUR	PURITY	CERTIFICATE	NUMBER
1.					
2.					
3.					
4.					
5.					

## Declaration of handover and takeover of the Pledge

**BOOLER DIAMONDS LLC**, Exelsior Dr. Suite 200 Madison, WI 53717, United States of America, represented by the Manager, Petr Bulíř, as the Pledger and the person performing the handover and

.....  
as the Pledgee and the person performing the takeover

confirm by signing this Declaration to have handed over and taken over the Pledge according to the above stated specification on this date.

**BOOLER DIAMONDS LLC**,  
*Person performing handover*

.....  
*Person performing takeover*