

# AROUNDTOWN

PROPERTY HOLDINGS PLC

## ATF Netherlands B.V.

*(a private limited liability company (besloten vennootschap met beperkte aansprakelijkheid) incorporated under the laws of the Netherlands, having its registered office at Krijn Taconiskade 430, 1087 HW Amsterdam, the Netherlands and registered with the Dutch Company Register with registration number 66965209)*

€500,000,000 2.125% bonds due 2023

ISIN XS1532877757, Common Code 153287775

with an unconditional and irrevocable guarantee by

## Aroundtown Property Holdings plc

*(a public limited liability company incorporated under the laws of the Republic of Cyprus, having its registered office at 54B Artemidos & Nikou Dimitriou, Scanner Avenue Tower, 4<sup>th</sup> floor 6027, Larnaca, Cyprus and registered with the Department of the Registrar of Companies and Official Receiver in Cyprus with registration number HE 148223)*

**Issue Price 99.003 per cent.**

ATF Netherlands B.V. (the "**Issuer**") will issue on 13 December 2016 (the "**Issue Date**") EUR 500,000,000 2.125% bonds due 2023 (the "**Notes**", which are also referred to as the Series F Bonds in the Terms and Conditions) at an issue price of 99.003% of their principal amount. The Notes will be issued in denominations of EUR 100,000 each. The Notes will be constituted by a trust deed between the Issuer, Aroundtown Property Holdings plc (the "**Guarantor**", and together with its consolidated subsidiaries, the "**Group**") and Prudential Trustee Company Limited (the "**Trustee**") dated the Issue Date (the "**Trust Deed**"). Pursuant to the Trust Deed, the Guarantor will grant an unconditional and irrevocable guarantee of the Notes (the "**Guarantee**").

The Notes and the Guarantee are governed by the laws of England.

The Notes bear interest from and including the Issue Date payable annually in arrear on 13 March (each such date, an "**Interest Payment Date**") of each year, commencing on 13 March 2017. There will be a short first coupon from, and including, the Issue Date to, but excluding, 13 March 2017.

The Notes have a final maturity date of 13 March 2023 (the "**Final Maturity Date**") and unless previously purchased and cancelled or redeemed in accordance with the Terms and Conditions will be redeemed at their principal amount on the Final Maturity Date. The Notes are redeemable in whole but not in part at the option of the Issuer at an amount per Note equal to the Optional Redemption Amount plus interest accrued on the Note to but excluding the relevant Optional Redemption Date (each as defined in the Terms and Conditions). The Issuer may also redeem the Notes in whole but not in part at an amount equal to the principal amount of the Notes plus interest accrued on the Notes to but excluding the Tax Redemption Date (as defined in the Terms and Conditions) if the Issuer or the Guarantor (as the case may be) has or will become obligated to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the Netherlands or the Republic of Cyprus ("**Cyprus**") (as the case may be). In such case, holders of the Notes ("**Holders**") will have the right to elect that their Notes shall not be redeemed.

Following the occurrence of a Merger, Holders will have the right to require the Issuer to redeem their Notes on the relevant Merger Put Date at an amount equal to the principal amount of the Notes, plus interest accrued on the Notes to but excluding the relevant Merger Put Date (each as defined in the Terms and Conditions). Following the occurrence of a Change of Control, Holders will have the right to require the Issuer to redeem the Notes on the relevant Change of Control Put Date at an amount equal to the principal amount of the Notes, plus interest accrued on the Notes to but excluding the relevant Change of Control Put Date (each as defined in the Terms and Conditions).

The Notes will be represented by a global registered certificate (the "**Global Note**") from the Issue Date.

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC, as amended (including by Directive 2010/73/EU, and includes any relevant implementing measure for the purposes of this Prospectus in a relevant member state of the European Economic

Area) (the "**Prospectus Directive**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc (the "**Irish Stock Exchange**") for the Notes to be admitted to the official list of the Irish Stock Exchange (the "**Official List**") and trading on its regulated market (the "**Main Securities Market**"). Such application does not include any Further Single Series F Bonds (as defined in the Terms and Conditions) that may be issued in the future pursuant to Condition 16.1 of the Terms and Conditions and be consolidated and form a single series with the Notes, the listing and admission to trading of which will be subject to a separate application for such listing and admission to trading being made to the Irish Stock Exchange at the relevant time. The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC. Such approval relates only to the Notes which are to be admitted to trading on the Main Securities Market or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any member state of the European Economic Area. References in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and admitted to trading on the Main Securities Market. This Prospectus is available for viewing on the website of the Irish Stock Exchange.

This Prospectus is a prospectus for the purposes of Article 5 of the Prospectus Directive. This Prospectus is drawn up in the English Language. In case there is any discrepancy between the English text and the German text, the English text stands approved for the purposes of approval under the Prospectus (Directive 2003/71/EC) Regulations 2005.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, the Notes or the Guarantee in any jurisdiction where such offer or solicitation is unlawful. The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and subject to certain exceptions, the Notes and the Guarantee may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons.

The Guarantor is assigned a "BBB" credit rating with stable outlook by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"). The Notes are expected to be assigned a "BBB" rating by S&P. The Issuer will announce any rating it receives from S&P for the Notes to the holders of the Notes as soon as practicable following the receipt of such a rating (which will include details of the rating). S&P is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 May 2011 (the "**CRA Regulation**"). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

**Investing in the Notes involves risks. See "Risk Factors" beginning on page 2 of this Prospectus for a discussion of certain risks prospective investors should consider in connection with any investment in the Notes.**

*MANAGER*

**Goldman Sachs  
International**

Prospectus dated 9 December 2016

## IMPORTANT NOTICES

This document comprises a prospectus for the purposes of Article 5 of the Prospectus Directive. This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Information Incorporated by Reference*" below).

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or the Manager (as defined below). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Notes and the Guarantee in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Manager to inform themselves about and to observe any such restriction. The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. Subject to certain exceptions, the Notes and the Guarantee may not be offered, sold or delivered within the United States (as defined in Regulation S under the Securities Act ("**Regulation S**")) or to, or for the account or benefit of, U.S. persons. For a description of certain restrictions on offers and sales of the Notes and on distribution of this Prospectus, see "*Subscription and Sale*".

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Manager to subscribe for, or purchase, any Notes.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Issuer and the Guarantor further confirms that (i) this Prospectus contains all relevant information with respect to the Issuer and the Guarantor as well as to the Group and to the Notes

and the Guarantee which is material in the context of the issue and offering of the Notes, including all relevant information which, according to the particular nature of the Issuer and the Guarantor and the Notes and the Guarantee, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Guarantor and the Group and of the rights attached to the Notes and the Guarantee; (ii) the statements contained in this Prospectus relating to the Issuer, the Guarantor, the Group, the Notes and the Guarantee are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Notes or the Guarantee the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

The Manager has not separately verified the information contained in this Prospectus. The Manager does not make any representation, expressly or implied, or accept any responsibility, with respect to the accuracy or completeness of any information contained in this Prospectus. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor or the Manager that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of the Notes should be based upon such investigation as it deems necessary. The Manager does not undertake to review the financial condition or affairs of the Issuer and the Guarantor during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of Goldman Sachs International (the "**Manager**"). This Prospectus may only be used for the purpose for which it has been published.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus. This Prospectus identifies in general terms certain information that a prospective investor should consider prior to making an investment in the Notes. However, a prospective investor should conduct its own thorough analysis (including its own accounting, legal and tax analysis) prior to deciding whether to invest in any Notes as any evaluation of the suitability for an investor of an investment in the Notes depends upon a prospective investor's particular financial and other circumstances, as well as on the specific terms of the Notes and, if it does not have experience in financial, business and investment matters sufficient to permit it to make such a determination, it should consult its financial adviser prior to deciding to make an investment on the suitability of the Notes.

Investors should rely only on the information contained in this Prospectus. Neither the Issuer nor the Guarantor have authorised anyone to provide investors with different information. The Issuer and the Guarantor are not making any offer of the Notes in any jurisdiction where such offer would not be permitted. You should not assume that the information contained in this Prospectus is accurate as at any date other than the date on the cover of this Prospectus regardless of the time of delivery of this Prospectus or of any sale of the Notes.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area and references to "€", "**EUR**" or "**Euro**" are to the currency introduced at the start of the third stage of European economic and monetary union and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended. References to "**billions**" are to thousands of millions.

This Prospectus is drawn up in the English language. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In compliance with the requirements of the Prospectus Directive, this Prospectus will be available on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)).

### **Stabilisation**

**IN CONNECTION WITH THE ISSUE OF THE NOTES, GOLDMAN SACHS INTERNATIONAL AS STABILISING MANAGER (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT ANY SUCH STABILIZATION ACTION MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

## **Forward-looking Statements**

This Prospectus may contain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. Forward-looking statements are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. Forward-looking statements may be identified by the use of terminology (without limitation) such as "anticipates", "believes", "estimates", "expects", "intends", "may", "might", "plans", "projects", "will", "would", "could" and similar terms and phrases, including references and assumptions. Forward-looking statements in this Prospectus are based on the Issuer's and the Guarantor's current estimates and assumptions about future events, and are subject to substantial uncertainties, risks and other factors which could cause actual results to differ materially from and be worse than the results that have expressly or implicitly been assumed or described in these forward-looking statements. All statements, other than statements of historical facts and events, contained herein regarding the Issuer's or the Guarantor's or the Group's strategy, goals, plans, future financial position, run rate figures, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. Neither the Issuer nor the Guarantor undertake any obligation to publicly update or revise any forward-looking statements.

## **Market Share Information and Statistics**

This Prospectus contains information and statistics regarding the market share of the Issuer and the Group, which are derived from, or are based upon, the Issuer's and the Guarantor's analysis of data obtained from the sources set out in the section "*Description of the Guarantor and the Group—Market Overview*" below. All third party information is cited alongside where it is used. Such data have been reproduced accurately in this Prospectus and, as far as the Issuer is aware and is able to ascertain from information published by such entities, no facts have been omitted which would render such reproduced information inaccurate or misleading. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources. None of the Issuer, the Guarantor or the Manager represent that such information is accurate. Furthermore, this Prospectus contains statements regarding the Issuer's industry and the Guarantor's and Group's relative competitive position in the industry that are not based on published statistical data or information obtained from independent third parties, but are based on the Issuer's or Guarantor's experience and their own investigation of market conditions, including their own elaborations of such published statistical or third-party data. Although the Issuer's and Guarantor's estimates are based on information obtained from their customers, sales force, trade and business organisations, market survey agencies and consultants, government authorities and associations in their industry which they

believe to be reliable, there is no assurance that any of these assumptions are accurate or correctly reflect the Issuer's, the Guarantor's or the Group's positions in the industry.

Unless otherwise indicated, the information presented in this Prospectus regarding the Group's property portfolio is based on the fair value assessment of the relevant properties as of the relevant date and includes, in addition to the commercial property portfolio of the Group, a proportional part of the residential property portfolio of Grand City Properties S.A. ("**GCP**") based on the Guarantor's 34.30% interest in GCP. For more information, see "*Risk Factors—Risk Factors Relating to the Guarantor and the Group—Risks Relating to the Real Estate Market—The Group's performance is dependent on demographic, economic, political and market developments primarily in Germany, as well as in the Netherlands and the other areas where the properties in the Group Portfolio are located.*"

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## RISK FACTORS

*Set forth below is a description of risk factors that are material for the assessment of the market risks associated with the Notes and risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes and, as applicable, the Guarantor's ability to fulfil its obligations under the Guarantee.*

*Potential investors should carefully read and consider the risk factors described below in addition to all other information contained in this Prospectus and should consult with their own professional advisors (including their financial, accounting, legal and tax advisors) in connection with any purchase of the Notes. The realisation of one or more of these risks could individually or together with other circumstances adversely affect the business activities of the Issuer, the Guarantor or the Group or have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits or prospects of the Issuer, the Guarantor or the Group. The market price of the Notes could decline as the result of any of these risks, and investors could lose all or part of their investments. The risks described below may not be the only risks to which the Issuer, the Guarantor or the Group are exposed. Additional risks which are presently not known to the Issuer, the Guarantor or the Group or which are currently considered immaterial could also adversely affect the business operations of the Issuer, the Guarantor or the Group and have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits or prospects of the Issuer, the Guarantor or the Group. The order in which the risk factors are presented below neither indicates the probability of their occurrence nor their significance, nor the scope of their potential financial consequences should they occur. In addition, investors should be aware that the risks described below might occur simultaneously and thus have an unpredictable or more substantial impact on the Issuer, the Guarantor or the Group.*

*Words and terms that are defined in the section "Conditions of the Notes" below or elsewhere in this Prospectus have the same meaning when used in this section "Risk factors".*

*Potential investors should, among other things, consider the following:*

### Risk Factors Relating to the Issuer

#### ***The Issuer is dependent on the Guarantor and other entities of the Group.***

The Issuer acts as a financing subsidiary of the Guarantor. The principal activity of the Issuer is the provision of loans to members of the Group financed with funds acquired from the capital market, bank loans and loans from other companies of the Group. Its assets mainly consist of

financial investments in Group companies, receivables from loans to Group companies, and other receivables owed by Group companies. The Issuer may issue further notes in the future.

The ongoing business activities of the Issuer depend on the ability of the Guarantor and other companies of the Group to fulfil their payment obligations *vis-à-vis* the Issuer or the obligation to assume losses. If individual or all members of the Group were unable to meet their payment obligations to the Issuer in due time, this could considerably impair the ability of the Issuer to fulfil its obligations under the Notes or cause the market price for the Notes to decline.

### Risk Factors Relating to the Guarantor and the Group

#### Risks Relating to the Real Estate Market

***The Group's performance is dependent on demographic, economic, political and market developments primarily in Germany, as well as in the Netherlands and the other areas where the properties in the Group Portfolio are located.***

The Guarantor is a specialist real estate investment company, with a focus on value-add income generating properties primarily in Germany, the Netherlands and other real estate markets. As of October 2016, the Guarantor directly or indirectly held commercial real estate with a fair market value of approximately €4.6 billion, consisting primarily of office, hotel, retail and other types of commercial real estate (the "**Commercial Portfolio**"). The Guarantor's residential property portfolio consists of its indirect interest in the residential property portfolio of Grand City Properties S.A. ("**GCP**") based on the Guarantor's 34.30% interest in GCP (the "**Residential Portfolio**", and together with the Commercial Portfolio, the "**Group Portfolio**"). GCP is a publicly traded specialist real estate company that focuses on investing in the German residential real estate market. As of 30 September 2016, GCP's total assets were approximately €6.1 billion, its loan-to-value ratio was approximately 38% and its total equity was approximately €3.0 billion.

The Residential Portfolio is not consolidated in the Guarantor's consolidated financial statements, and the Guarantor's interest in GCP is presented as investment in an equity-accounted investee. For the nine months ended 30 September 2016, the Guarantor recorded approximately €153 million as share in profit from investments in equity-accounted investees and had an operating profit of approximately €871 million. For more information, see "*—Financial Risks—The Guarantor's cash flow requirements and possible future interest payments are dependent on the profitability of the Group or must be met with borrowed funds or by selling property.*"

The Guarantor's performance depends on the performance of the Group Portfolio, which in turn depends on the performance of the real estate markets in Germany, the Netherlands and the

other areas where the properties that are included in the Group Portfolio are located (collectively, the "**Portfolio Regions**"). Because the performance of real estate markets is driven by changes in the overall economy, the Group's performance is affected not only by factors that impact the commercial and residential real estate markets, but also by factors that impact the economy more generally, such as interest rates, levels of public debt and inflation rates. Real estate markets tend to fluctuate, with asset values and rents reflecting both positive and negative developments. Demographic, economic, political and market factors may have an impact on the performance of the Group Portfolio, and economic developments in and related to the real estate markets in the Portfolio Regions and their individual submarkets may significantly impact the Group's business and future prospects. These developments play an important role in determining property values, rent levels, re-letting periods, overall demand, vacancy rates and turnover rates, and may vary significantly across the Portfolio Regions. Although the Group Portfolio is located primarily in Germany and the Netherlands, the Group Portfolio is more concentrated in certain regions of those countries, such as Berlin, Munich, North Rhine Westphalia, Dresden, Leipzig, Halle, Hamburg, Frankfurt and Hannover in Germany, and Amsterdam and Rotterdam in the Netherlands. Thus, the performance of the Guarantor and the Group depends not only on general economic and demographic developments in Germany and the Netherlands, but also on the particular circumstances in the Portfolio Regions.

The market for commercial real estate, and the performance of the Commercial Portfolio, depends on economic and demographic developments in Germany, the Netherlands and the other Portfolio Regions. Factors such as changes in disposable income or industrial activity, the availability of credit financing, interest rates, taxation policies, economic growth, population growth, unemployment rates, consumer confidence and other factors may all impact the level of demand for commercial real estate. A decline in population levels, particularly among younger segments of the working population, or a decline in purchasing power or higher unemployment rates could reduce the demand for office, hotel, retail and other commercial properties. Declines in economic and population growth rates in the Portfolio Regions could lead to lower demand for residential real estate as well as to lower demand for commercial property, and, as a result, may adversely affect the Group's ability to achieve or maintain its desired occupancy rates, rent levels and weighted average lease terms ("**WALTs**"). Local economic developments, such as employment conditions or significant income or liquidity problems for tenants in these areas, may also lead to reduced rental income and increased vacancy or turnover rates. In such circumstances, the Group may not be able to let or re-let properties on attractive terms or at all, or may only be able to do so after making significant additional investments.

In particular, the retail market in the Netherlands has been greatly affected by the global economic crisis of 2008 and 2009, as well as its aftermath, which has resulted in several bankruptcies of large retail chains such as Scheer & Foppen, Dolcis, Scapino and in substantial

financial restructurings such as that of the Dutch retail chain V&D. The ongoing growth in sales of goods and services over the Internet has also placed increasing pressure on Dutch retailers and consequently on demand for, and the performance of, Dutch retail real estate.

The performance of the Group's Commercial Portfolio also depends on the demand for hotel rooms in the Portfolio Regions where its hotel properties are located. The Group's hotel properties are located in diverse regions in Germany, such as Berlin, Munich, Hamburg, Frankfurt, Dresden, Düsseldorf, Mannheim and Leipzig. The Group's hotel properties are operated primarily by third party commercial tenants, the majority of which have entered into long-term fixed rent lease agreements with the Group. The Group's ability to attract and retain solvent and reliable tenants for its hotel properties depends on the broader development of the hotel market. The profitability of hotels generally, and hence the attractiveness of the Group's hotel properties for tenants, may be adversely affected by a number of factors, including the availability of and demand for hotel rooms in the regional markets, the desirability of particular locations and changes in travel patterns for commercial or leisure travel, or the impact of war, actual or threatened terrorist activity and heightened travel security measures instituted in response. Profit margins in the hotel industry may decline due to increases in the cost of raw materials, limiting the attractiveness of hotels for tenants. Additional competition in the Portfolio Regions where the Group's hotel properties are located may also reduce profitability for the Group's existing hotel tenants, which may create financial difficulties for such tenants and limit their ability to pay their rents or fulfil other obligations under their leases.

The market for residential real estate, and consequently the performance of the Residential Portfolio, also depends on demographic and other economic developments in Germany. Certain studies have forecast that demographic change in Germany, including a declining and aging population, may cause the nationwide demand for accommodation to fall in the long term. In structurally weak and rural areas, high population losses have already led to an oversupply of housing, and increasing population losses in these areas may result in decreased demand for residential real estate. Changes in other macroeconomic factors, such as gross domestic product ("**GDP**"), unemployment rates, purchasing power and average household sizes across Germany may also impact the demand for residential real estate. Changes in any of these factors may impact the performance of the Residential Portfolio.

The value of the Guarantor's stake in the GCP and the performance of the Residential Portfolio may also be affected by the development of GCP's business. Although the Guarantor holds, as of the date of this Prospectus, a 34.30% stake in GCP, the Guarantor is not a majority shareholder in GCP. For more information, see "*Risks Related to the Business of the Group—The Guarantor is not a majority shareholder in GCP, and the shareholders of GCP may take resolutions or implement measures that are not supported by the Guarantor or that are contrary to the Group's*

*strategy, policies or objectives. GCP's business is subject to a number of risks, and GCP may not manage or develop its business properly."* There is no guarantee that positive developments in the residential real estate market in Germany will be reflected in the value of the Guarantor's stake in GCP and/or in the performance of the Residential Portfolio, and negative developments in the residential real estate market in Germany may have a disproportionate effect on the value of the Guarantor's stake in GCP, which may result in the Guarantor recording a significant loss to reflect the lower fair value of its investment in GCP, and/or on the performance of the Residential Portfolio.

Changes in demographic, economic, political and market factors are often impossible to predict. Although the Group takes steps to limit the effect of expected economic, demographic, political and market developments on the Group Portfolio, there is no guarantee that the Group will be able to successfully predict or adapt to developments in the Portfolio Regions.

The occurrence of any of these risks or any misjudgement, miscalculation, failure or inability of the Group to react to such risks may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The results of the "Brexit" referendum held on 23 June 2016 in the United Kingdom, and the resulting potential withdrawal of the United Kingdom from the European Union, may cause significant political and economic uncertainty in the European Union, potentially limiting access to debt and equity financing for the Group and resulting in defaults by the Group's counterparties.***

On 23 June 2016, voters in the United Kingdom voted in a referendum in favour of the United Kingdom leaving the European Union, a decision known as "Brexit". Although the results of the referendum are not binding on the British Parliament and do not directly affect the membership of the United Kingdom in the European Union, it is expected that the government of the United Kingdom will implement the referendum decision. Because no major member of the European Union has previously chosen to leave the European Union, the legal and political process for doing so is untried and uncertain. Pursuant to Article 50 of the Treaty on European Union (the "**EU Treaty**"), the procedure for leaving the European Union could require up to two years of negotiations once a formal departure notification has been submitted to the European Council by the departing Member State. The Brexit vote, however, has resulted in a high degree of political and legal uncertainty within the United Kingdom, both with respect to the implications of the referendum and the process of implementing the referendum decision. Accordingly, there are no reliable schedules or estimates as to the timeline and necessary steps to be taken by the United Kingdom in order to withdraw from the European Union.

The results of the referendum have already had a negative impact on the economy of the United Kingdom, and to a lesser extent on the European Union, and the ongoing economic and political implications are impossible to predict. If a notification pursuant to Article 50 of the EU Treaty is submitted by the United Kingdom, the outcome of the negotiations regarding the withdrawal of the United Kingdom from the European Union is unforeseeable. Among other consequences, departure from the European Union may result in the United Kingdom no longer having access to the European Single Market. Although the United Kingdom is currently the second largest economy in the European Union, a withdrawal from the European Single Market is expected to have significant negative impact on the economy of the United Kingdom. If the United Kingdom does not have access to the European Single Market, the Member States of the European Union will face greater barriers to trade and commerce with the United Kingdom, which may in turn diminish overall economic activity between the European Union and the United Kingdom, resulting in a general economic downturn throughout the United Kingdom, the European Union or both. The Brexit referendum may also give rise to or strengthen tensions in other Member States regarding their membership in the European Union, potentially resulting in additional referendums or other actions in Member States regarding withdrawal from the European Union. The withdrawal of other Member States from the European Union would have unpredictable consequences and may threaten the existence of the European Union or the Eurozone as a whole.

Because London is currently one of the world's leading financial centers, the European financial sector is likely to undergo significant changes in the course of any implementation of the United Kingdom's withdrawal from the European Union. Any negative economic or political developments in the European financial sector or the European Union generally may result in a new outbreak of the credit and banking crises that have plagued the European Union in recent years, and may make it more difficult for companies to access the financial markets and raise debt or equity financing. Because the Group relies on access to the financial markets in order to refinance its debt liabilities and gain access to new financing, ongoing political uncertainty and any worsening of the economic environment may reduce its ability to refinance its existing and future liabilities or gain access to new financing, in each case on favourable terms or at all. Furthermore, the Group's counterparties, in particular its hedging counterparties, may not be able to fulfil their obligations under their respective agreements due to a lack of liquidity, operational failure, bankruptcy or other reasons.

The occurrence of any of these risks may have a material adverse effect of the Group's business, net assets, financial condition, cash flow, results of operations, net profits and prospects.

***Continuing uncertainty regarding the development of the global economy may result in economic instability, limited access to debt and equity financing and possible defaults by the Group's counterparties.***

The global financial crisis of 2008 and 2009 resulted in a severe global economic downturn characterised by economic and political uncertainty, tensions in financial and capital markets and greatly weakened consumer confidence and levels of consumption. This downturn adversely impacted economic development worldwide, and its effects continue to generate uncertainty regarding the development of the global economy. The global economic crisis resulted in ongoing sovereign debt and financial deficit crises in many parts of the world, particularly in the Eurozone, resulting in recessions and slowed economic development from which some Eurozone countries are only now beginning to recover. Public debt and unemployment levels remain high in many countries in the Eurozone, such as Ireland, Spain, Greece and Portugal, and future economic growth in the Eurozone is threatened by the fragile state of economic recovery in many Eurozone countries.

The troubled macroeconomic environment also gave rise to ongoing economic and political instability, including the possibility of a breakup of the Eurozone. The European and global economies may also be impacted by the outcome of the referendum in the United Kingdom in favour of a withdrawal from the European Union (see "*The results of the "Brexit" referendum held on 23 June 2016 in the United Kingdom, and the resulting potential withdrawal of the United Kingdom from the European Union, may result in significant political and economic uncertainty in the European Union resulting in limited access to debt and equity financing for the Group and possible defaults by the Group's counterparties.*"), the current severe geopolitical crises in the Middle East as well as in the Ukraine, the uncertain economic prospects in China and other parts of the world and other factors, such as the fluctuation of raw material prices and currency fluctuations. Such instability and the resulting market volatility may also create contagion risks for economically strong countries such as Germany and may spread to the German or other Eurozone financial sectors and the German, Dutch and other Eurozone commercial and residential real estate markets.

The Group relies on access to the financial markets in order to refinance its debt liabilities and gain access to new financing. Any worsening of the economic environment or the financial markets may reduce the Group's ability to refinance its existing or future liabilities or gain access to new financing, in each case on favourable terms or at all. Furthermore, the Group's counterparties, in particular its hedging counterparties, may not be able to fulfil their obligations under the respective agreements due to a lack of liquidity, operational failure, bankruptcy or for other reasons.

The occurrence of any of these risks may have a material adverse effect of the Group's business, net assets, financial condition, cash flow and results of operations.

***The business of the Group and the real estate markets in Germany, the Netherlands and the other Portfolio Regions are affected by changes in general economic and business conditions. The current economic situation is characterised by low interest rates, high valuations and an increased demand for investments in real estate. A rise in interest rates could have a material adverse effect on real estate markets and on the business of the Group.***

The global financial and economic crisis of 2008 and 2009 and the resulting slow global economic recovery have resulted in increased uncertainty regarding future economic developments. This uncertainty regarding the general economic outlook has made investment opportunities that provide stable and largely predictable cash flows more popular, such as investments in German real estate. This trend has been reinforced by the low interest rate environment in Europe. As a result, property valuations, demand for investments in real estate and the value of real estate companies have generally increased. These developments could reverse if, for example, interest rates were to rise, as observed in some parts of the world. An increase in interest rates could be driven by economic conditions, resulting in increased investor interest in investments with a higher risk profile and a decrease in interest in real estate investments.

An increase in interest rates could adversely impact the Group's business in a number of ways. Although the Group's current debt structure primarily involves debt at fixed interest rates or, where variable interest rates apply, is predominantly subject to interest rate hedging agreements, a future increase in interest rates may have a negative impact on the Group. In general, rising interest rates (or market expectations regarding future increases in interest rates) would make financing needed by the Group for its acquisition, capital expenditure ("**capex**") and/or other real estate activities more expensive. Similarly, the willingness of purchasers to acquire real estate in such situations may be negatively affected, thereby restricting the Group's ability to dispose of its properties on favourable terms when desired. Rising interest rates could also impair the future performance of the Group's business, including its acquisitions and sales.

In addition, the discount rate used to calculate the fair value of the Group Portfolio tends to increase in an environment of rising interest rates, which in turn could result in the Group Portfolio having a lower fair value, resulting in significant losses for the Group. Rising interest rates and economic recovery could also prompt investors to prefer investments which potentially have a higher yield than investments in real estate, which could lead to a general decrease in the value of real estate, thereby having a negative impact on the valuation of the Group Portfolio. For more information, see "*Valuation Risks*".



The occurrence of any of these risks may have a material adverse effect on the business, net assets, cash-flows, financial condition, results of operations, net profits and prospects of the Group.

***The future growth of the Group depends on the availability of real estate properties with value-add potential. The real estate markets in the Portfolio Regions are competitive, and competition may increase in the future.***

The Group seeks to acquire properties which the Group believes have value-add potential, and the future growth of the Group depends on the availability of such properties for purchase at attractive prices. Given the current high demand for real estate in Germany and the other Portfolio Regions, such properties or portfolios of such properties may be unavailable or available only on unfavourable terms or at unattractive prices. While the Group is focused on acquisitions of commercial properties, in particular office, hotel and retail properties, many of the commercial properties available on the market do not fit the Group's investment criteria. Similar difficulties are also present in the residential real estate markets, including opportunities in the German residential real estate market for GCP. In addition, a number of factors beyond the Group's control, such as the overall development of real estate markets, construction activity, zoning and planning laws and competition in its target markets, influence the availability of office, hotel, retail and residential properties generally. There is no guarantee that the Group will be able to continue to identify or acquire a sufficient number of suitable properties that will allow it to successfully implement its business strategy or grow its business effectively.

The supply of real estate portfolios available for sale may also be reduced due to fewer sales by private or public sellers. If public and/or private entities reduce or cease privatising or selling their real estate holdings, supply, in particular for residential real estate, could be reduced, which may result in increased competition for acquisitions of suitable properties and may motivate potential sellers to sell properties through an auction process. The use of auction processes for the sale of properties has grown increasingly common in the Portfolio Regions and may increase in the future. Any of these factors may result in increased prices for the types of properties which are the strategic focus of the Group and/or of GCP. As a result, it could be more difficult for the Group and/or of GCP to successfully acquire properties, which could limit their ability to grow their businesses effectively.

The Group is also exposed to competition from local and international investors in all of the Portfolio Regions as well as other markets in which it seeks to operate. The Group competes to acquire attractive properties with other investors, such as international real estate funds, German open-ended and closed-ended funds, German real estate investment trust stock corporations (*REIT-Aktiengesellschaft*), Dutch real estate companies, pensions funds and other European and international companies, any of which may have greater resources, better information or better

access to properties or financing than the Group. The Group also competes with other property companies, investment funds, institutional investors, building contractors, individual owners and other entities to attract and retain suitable tenants on favourable conditions. Competition in the real estate markets in the Portfolio Regions is generally intense and could further intensify in the future. There is no guarantee that the Group will be able to successfully compete in any of the Portfolio Regions or will be able to enter new regions successfully. Changes in law or regulation may also create environments in which the Group can no longer effectively compete.

The occurrence of any of these risks may have a material adverse effect on the future business, cash flows, financial condition and results of operations of the Group.

#### Risks Relating to the Business of the Group

***The Group may not succeed in improving or adding value to its properties, such as increasing occupancy rates, rent levels and/or weighted average lease terms.***

The Group focuses on acquiring properties which it believes have upside potential, primarily through operational improvements such as increased occupancy rates, rent levels and/or WALTs. The success of the Group depends significantly on the Group's ability to improve and add value to the properties that it acquires, primarily by reducing vacancy rates and operating costs while increasing rent levels and WALTs.

The Group's ability to increase its rental income and WALTs from new and existing tenants and to reduce vacancy rates depends on many factors, including, in particular, the demand for its properties, local market rents, the condition and location of its properties, required capex, refurbishment and modernisation measures and tenant turnover rates. Even if increased capex, refurbishment or maintenance measures would merit increases in rents as a commercial matter, the Group's ability to increase rents is subject to certain limitations, including competition within the Portfolio Regions. Rent levels for properties in the Group Portfolio are also subject to the restrictions of relevant tenancy and other laws, as well as in certain cases contractual restrictions under purchase or financing arrangements in connection with the property, specific terms agreed with tenants under their leases, or conditions imposed as a consequence of having received government funding or public subsidies.

As a consequence, the Group might not be able to reduce vacancy rates and increase rental income and WALTs in a manner or to the extent that it expects, and vacancy rates in its properties may increase. The occurrence of any of these risks may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits or prospects of the Group.

***The geographic composition of the Group Portfolio might change in the future due to further acquisitions or divestitures.***

The Group follows an opportunistic approach to acquisitions and focuses on real estate property which it believes has upside potential. As a result, the Group continuously seeks investment opportunities throughout the Portfolio Regions and in other markets that it believes might meet its investment strategy. Consequently, the geographical composition of the Group Portfolio may change, either as a result of new acquisitions or as a result of divestitures of properties by the Guarantor or other members of the Group. A change in the geographical composition of the Group Portfolio may lead to increased concentration in certain geographical areas, or introduce dependencies on regional market conditions in new or different geographical areas, which may have different fundamentals, trends or legal, regulatory and tax regimes than the current Portfolio Regions. A broader geographical distribution of the Group Portfolio may also result in additional costs in connection with the management of its properties and reduce the benefits of economies of scale. A different geographical distribution of the Group Portfolio may also result in reduced availability of market data, which could limit the Group's ability to predict the performance of its investments.

The occurrence of any of the foregoing factors may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The performance of the Group Portfolio is exposed to concentration risks and other negative developments which could affect demand for the properties in the Group Portfolio or have significant impacts on key tenants or properties, any of which could have a material adverse effect on the Group's business.***

The Group Portfolio is exposed to concentration risks due to its focus on certain types of real estate asset types, its concentration on certain geographies, and its reliance in the case of certain properties on a limited number of key tenants. The performance of the Group Portfolio may be disproportionately impacted by events or market developments occurring in specific Portfolio Regions or by developments that affect certain types of commercial or residential real estate. In the event of developments that impact certain key tenants, the Group may be unable to find suitable replacement tenants at attractive rent levels or at all. Any of these developments may result in increased vacancy rates and decreased rent levels for the Group Portfolio, or have a significant negative effect on the Group Portfolio.

In addition, demand for office, hotel and retail properties is not only affected by the overall development of the commercial real estate market, but also by commercial developments affecting existing and potential tenants for these types of properties. Such developments include

an increase in food purchases over the internet and the trend towards smaller, high-quality food retailers for the Group's retail properties, the trend towards working from home offices or from tax friendly headquarters located away from city centers for the Group's office properties and the development of new or increased taxes, such as city tourism and hotel taxes, for the Group's hotel properties. The ongoing increase in sales and retail activity over the Internet has and will likely continue to negatively affect demand for retail real estate. Although the Group takes steps to adapt its properties in response to market developments, there is no guarantee that the Group will be able to successfully predict or adapt to changes that may impact its tenant base or the Group Portfolio.

The occurrence of any of the foregoing risks may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Group may be unable to find or retain suitable tenants on acceptable terms, and existing tenants may be unable to meet their payment obligations.***

The letting of properties is one of the most important aspects of the Group's business. The Group's rental income depends on its ability to let the properties in the Group Portfolio at profitable rent levels. Such efforts are influenced by a number of factors, including the remaining term of existing lease agreements, the commercial conditions of current tenants and the attractiveness of properties for new or existing tenants. The Group may be unable to renew expiring lease agreements on acceptable terms or to find suitable tenants willing to enter into new lease agreements. There is also no guarantee that the Group will be able to successfully compete for suitable tenants with other landlords, who may be able to offer more attractive properties, lease terms and/or rent levels. If the Group misjudges the attractiveness or future attractiveness of the properties in the Group Portfolio or the Portfolio Regions, it may be difficult to find suitable tenants that are willing to rent its properties at the rent levels or for the time periods anticipated by the Group.

Failure to find and retain suitable tenants may prevent the Group from maintaining its current vacancy rate or renting vacant space, or may force the Group to reduce the rent levels it demands from current and future tenants. In particular, with respect to the Group's hotel properties, the number of potential tenants is limited, and suitable tenants must have sufficient experience with, and capacity for, operating hotels, as well be eligible to receive the relevant permits in order to operate hotel properties. The Group's ability to find new tenants for its hotel properties depends on many factors, including factors that are beyond its control, such as demand for hotel rooms in the relevant Portfolio Regions, profitability margins on hotels in the relevant Portfolio Regions and the hotel industry generally, and the level of competition in the hotel sector.

In addition, the financial capacity or creditworthiness of the tenants of the properties in the Group Portfolio may deteriorate over time, reducing their ability to make payments under their leases on time or at all. Reductions in tenants' abilities to make payments under their leases may force the Group to reduce rent levels for the relevant properties, resulting in rental income that is significantly lower than originally estimated, while the Group's operating costs might remain largely fixed or even increase. The Group may also be forced to engage in expensive and time-consuming administrative or legal proceedings in order to evict certain tenants, or as the result of insolvency or other restructuring activities undertaken by its tenants, which may result in modifications to the terms of the Group's leases with or without its consent. Although the Group takes steps to verify the financial capacity of its tenants prior to entering into leases with them, the Group cannot predict the financial stability and commercial viability of its tenants going forward.

The occurrence of any of the foregoing risks may have a material adverse effect on the Group's business, net assets, financial conditions, cash flows, results of operations, net profits or prospects.

***Rent indexation clauses in the Group's lease agreements could adversely affect the Group's rental income.***

Some of the Group's lease agreements include clauses providing for full or partial indexation of the applicable rent in line with a reference index, such as the German or Dutch consumer price indexes. Rent levels under these leases will fluctuate based on changes in the reference index, and rental income may decrease. If a lease agreement does not contain an indexation or equivalent adjustment clause, or if such clauses are found to be invalid, the applicable rent may remain constant for the term of the lease agreement, while the Group's costs of maintaining the respective property may increase over time due to inflation. This risk is compounded by the fact that many of the Group's lease agreements provide for long-term leases.

The occurrence of any of these risks may have a material adverse effect on the Group's business, net assets, financial condition, cash flows, results of operations, net profits or prospects.

***The loss of rent, reductions in rent, higher vacancy rates and shorter lease terms may have a negative effect on the Group's business, net assets, cash flows, financial condition, results of operations, net profits and prospects.***

The business of the Group strongly depends on the rental income generated by the properties in the Group Portfolio, which is influenced by the rent levels, vacancy rates and WALTs of such properties. Any decrease in demand for commercial or residential real estate (whether due to general economic, demographic, political or market developments or due to conditions in

particular regions or at particular properties) may result in a loss of rent, reductions in rent, higher vacancy rates or shorter lease terms, any of which could result in a substantial decline in the overall rental income of the Group. If tenants fail to meet their rent payment obligations in whole or in part (e.g., due to a deterioration of their financial situation or a deterioration of their business activity or the regions in which they operate), or if large numbers of tenants or certain key tenants terminate their leases, the Group could suffer a substantial decrease in overall rental income. Even if the Group is able to re-let the affected properties, there is no guarantee that it will be able to do so in a timely fashion, on attractive terms or at all.

The Group is also required to maintain its properties in the conditions required by their respective lease agreements, by law and in certain cases according to the provisions of financing or loan agreements. If the required maintenance measures are not performed on time or at all, the rent that the Group is able to charge for the affected properties may be reduced, in some cases substantially.

The occurrence of any these factors may have a material adverse effect on the business, net assets, cash flows, financial condition and results of operations of the Group.

***The Group is exposed to risks related to capex, maintenance, repositioning and repair of properties in the Group Portfolio. The capex, modernisation and repositioning of properties, as well as their ongoing maintenance, may take more time, be more expensive or ultimately be less effective than originally anticipated.***

The Group is required to maintain the properties in the Group Portfolio in good condition, based not only on the requirements of law and its obligations under the relevant lease agreements, but also based on the quality of similar properties in the relevant Portfolio Regions. The Group performs maintenance and repairs, as well as invests capex, in its properties for many reasons, including among others to increase value, to order to avoid loss of value and to maintain demand for its properties. Modernisation, refurbishment and capex for the Group's properties may also be necessary in order to increase their appeal or to meet changing legal requirements, such as provisions relating to modernisation and energy savings. In some cases, the amount invested in a property by the Group may be significant. In addition, under a small number of loan agreements, the Group has an obligation to invest a certain amount into specified properties.

The properties in the Group Portfolio may from time to time require investment for targeted modernisation and repositioning. Some of these properties were acquired following periods of mismanagement and may not have received adequate investment from previous owners, resulting in significant modernisation, repositioning, capex and fit-out costs, which could well exceed the costs of general maintenance.

Although the Group takes steps to predict the expenses associated with its properties, there is no guarantee that the Group has predicted, or will correctly predict in the future, the amount of time and money that it must spend on maintenance, repairs, modernization, repositioning, fit-out or capex and development of its properties. These costs may increase substantially as a result of many factors, such as increased costs of materials, increased labour costs, increased energy costs, bad weather conditions, unexpected safety requirements or unforeseen complexities and developments at the building site. The Group may be unable to undertake work on its properties in a timely fashion or at all for many reasons, including lack of a skilled labour force, bad weather conditions or the failure of contractors or subcontractors to adhere to agreed-upon time schedules or continue as going concerns during the course of necessary work. Further, necessary building or other permits may be delayed or denied, or only issued subject to further restrictions or with fewer rights than anticipated by the Group. In addition, the impact of these factors may be more significant for the Group, which invests from time to time in properties that may have experienced periods of mismanagement, than for investors in properties that have been better maintained. In the case of acquired property portfolios, the Group may not be contractually protected against these costs and may not have been able to adequately predict or foresee them prior to the acquisition of the relevant properties.

The Group may selectively choose to engage in development activities if it can identify suitable opportunities. Such developments, which may be long-term in nature, are associated with numerous risks, including cost overruns, which may result in projects become unprofitable, and changes in the economic environment, which may make it difficult to complete projects on time or realize the returns the Group anticipates upon beginning such projects.

The occurrence of any of these factors may have a material adverse effect on the net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The growth of the Group depends on its continuing ability to acquire properties with value-add potential. A key factor for the growth of the Group has been its ability to acquire properties via its sourcing network and through transactions in a variety of forms. The Group may fail in its ability to source or acquire suitable properties.***

The Group's business model includes the acquisition of properties with value-add potential. The Group's growth relies on its ability to acquire such properties through its sourcing network, including the contacts of its key personnel. There is no guarantee that the Group's sourcing network will provide it with sufficient opportunities or that the Group will be able to maintain its sourcing network in the future. In addition, the Group's competitors may succeed in gaining access to the same sources of information and/or properties that the Group has relied on in the past, thereby undermining the value of the Group's sourcing network.

The Group acquires properties through transactions in a variety of forms, including without limitation asset-based transactions, share deals and acquisitions of non-performing loans ("NPL") in a variety of forms. In the case of acquisitions of properties via NPLs, the Group may be unable to gain access to the underlying property in the time period anticipated by the Group, and may fail to gain access to the property at all, or may only do so at a significantly greater cost than anticipated. As a result, there is no guarantee that the Group will be able to gain access in a timely fashion or at all to the properties it has attempted to obtain by means of NPLs.

The occurrence of any of these risks may have a material adverse effect on the future business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Group may be unable to make acquisitions if it is unable to obtain the necessary funds.***

The Group's ability to make future acquisitions may be limited if the Group is unable to obtain necessary funds through additional debt or equity financing, each on acceptable terms. Further, additional debt incurred in connection with future acquisitions could have a significant negative impact on the Group's performance indicators, and could result in higher interest expenses for the Group. If the Group is no longer able to obtain the debt or equity financing it needs to acquire additional property portfolios, or if it is able to do so only on onerous terms, its future business development and competitiveness could be severely constrained. A shortage of financing may prevent the Group from growing.

Since 2014, the Guarantor has successfully raised debt and equity financing through the issuance of new shares and the issuance of debt securities, in addition to raising financing through bank loans. There is no guarantee that the Guarantor will be able to obtain debt or equity financing as needed or on favourable terms or at levels that would allow it to acquire additional properties in the desired volumes.

The occurrence of any of these factors may have a material adverse effect on the Group's business, net assets, financial condition, cash flows, results of operations, net profits and prospects.

***The Group's acquisitions and investments involve risks that may not have been uncovered by prior due diligence or that may have been incorrectly evaluated by the Group.***

Before acquiring a property or portfolio of properties, the Group generally performs a due diligence exercise in order to evaluate the properties and to identify risks connected with the properties. There can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise or that such information will remain accurate following the



conclusion of the due diligence exercise until acquisition of the relevant properties. In certain situations the Group may enter into transactions with only limited time to conduct due diligence and/or on the basis of limited, missing, inconsistent or incomplete information. Particularly in the case of properties or property portfolios that were mismanaged, have deteriorated or were sold under financial, legal or time pressure, information regarding the properties may be limited, missing, inconsistent or incomplete.

The Group purchases property through transactions in a variety of forms, such as asset purchases, stock purchases and the purchase of NPLs. These types of transactions differ in the amount of information that can be provided to the Group and the time that the Group is given to review it. It is possible that the Group may have overlooked or not received information regarding certain risks, especially where transactions were closed under financial, legal or time pressure. These risks, among others, relate to title and security searches, planning permissions and conditions, building permits, revisions to zoning plans, licences, fire and health and safety certificates and the compliance with related regulations as well as restrictions in connection with historic preservation laws, subsidised housing or contractual limitations imposed by the seller of the respective property that may relate to investment obligations, limitations as to rent increases or other provisions for extra-statutory tenant protection.

In the case of environmental risks, the Group or the original acquirers, as the case may be, may not have been able to undertake (or obtain results for) inspections and surveys (including labor and time intensive environmental and asbestos investigations and technical surveys) that the Group would otherwise have carried out in the course of comparable acquisitions. In respect of certain properties in the Group's portfolio, only limited investigation or review was undertaken prior to purchase as to the existence of harmful environmental contamination.

Even if supplied with sufficient information, there is no guarantee that the Group will be able to correctly evaluate and predict the impact of the risks and information that it receives. It is possible that damage or quality defects could remain entirely undiscovered or misunderstood, or that the scope of such problems may not be fully apparent in the course of the Group's due diligence exercise, and/or that defects may only become apparent at a later time. In general, sellers exclude liability for hidden defects in properties which they sell, which would prevent a claim for any loss incurred by the Group in connection with the acquisition of such property. Even if liability for hidden defects has not been fully excluded, it is possible that the representations and warranties made by the seller in the course of the sale of the property failed to cover all risks and potential problems.

Accordingly, in the course of acquiring a property portfolio, specific risks might not be or might not have been, recognised or correctly evaluated, which could lead to additional costs and could

have a material adverse effect on the proceeds from rental income and sales of the relevant properties.

The occurrence of any of these factors may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***There is a risk that the Group may incorrectly appraise the value of acquired properties or property portfolios, real estate companies or non-performing loans before, during and after an acquisition.***

Prior to an acquisition, the Group carries out an examination and evaluation of the properties to be acquired, which typically includes developing an initial business plan for the properties after taking into account required maintenance, refurbishment, modernisation, repositioning or capex measures.

The assumptions, estimates and judgments made by the Group in connection with its acquisition of properties, property portfolios, real estate companies or NPLs may be mistaken, inaccurate or incorrect, particularly with respect to anticipated rent and vacancy levels, commercial attractiveness, relevant costs and timeframes, and any other liabilities associated with the acquisition. During periods of reduced activity in the real estate markets, or periods of economic, political or market volatility, market prices for properties may be difficult to assess. In addition, the valuation methods used could subsequently be found to have been unsuitable for the environment during the periods in question.

Accordingly, the actual performance of acquired properties may differ substantially from the performance predicted by the Group at the time of acquisition. It may be more difficult to lease or sell such properties than anticipated, market rents could decline or level to achieve the levels anticipated by the Group, and vacancy rates may exceed the Group's projections or even increase following the acquisition.

Due to the numerous factors that affect the performance of property and real estate markets, there is no guarantee that the properties acquired by the Group will perform in the way the Group anticipated by the time of acquisition. Incorrect and erroneous valuations in connection with the acquisition of property portfolios and other unforeseeable events could result in the Group being unable to achieve its projected yields, leading to the risk that valuations of the properties at their acquisition or later on have to be adjusted downwards (see "*Valuation Risks—Real estate valuation is based on assumptions that may change and are inherently subjective and uncertain. The value accounted for in the Guarantor's financial statements may not accurately reflect the value of the Group's real estate assets*").

The occurrence of any of these factors may negatively affect the value of the property portfolio of the Group as reported in its financial statements and may lead to negative impacts on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Group's investments are predominantly investments in real estate or real estate companies. Due to the potentially illiquid nature of the real estate market, the Group may not be able to sell any portion of its portfolio or investments on favourable terms or at all.***

The Group primarily invests in real estate or in real estate companies. While the general strategy of the Group is to hold properties that it acquires, the Group will from time to time sell properties or portfolios of properties if attractive opportunities or market conditions arise. The ability of the Group to sell its properties generally depends on the liquidity of the real estate markets at the time of the potential sale. The demand for real estate assets is influenced by, among other factors, the quality of the property, vacancy rates, the overall economic and market situation at the time of the sale, the level of interest rates and the availability of debt financing to market participants.

As a result, if the Group were required to sell parts of the Group Portfolio, particularly on short notice or under legal, financial or time pressure, there is no guarantee that the Group would be able to do so in a timely fashion or on favourable terms or at all. In the case of a forced sale, for example, if creditors realise on collateral, there would likely be a significant shortfall between the fair value of a property or a property portfolio or shares in a real estate company and the price achievable upon the sale of such property or property portfolio or shares in such circumstances, and there can be no guarantee that the price obtained would represent a fair or market value for the property or property portfolio or shares.

The occurrence of any of the foregoing factors may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits or prospects of the Group.

***The Group may be exposed to losses and liabilities (including tax liabilities) in respect of its assets as a result of the acts or omissions of vendors or previous owners or occupiers or relating to the prior period of ownership.***

The Group may be exposed to losses and liabilities including, but not limited to, tax, environmental or regulatory liabilities, in respect of properties the Group has acquired or will acquire in the future, as a result of the acts and omissions of the relevant vendors or previous owners or occupiers of such assets or relating to the prior period of ownership in question. When the Group acquires property by means of the acquisition of other companies, the liabilities,

provisions and other values booked by the Group may not accurately reflect the actual values of the property or the company or the result that the Group anticipated as part of the acquisition. The actual values may be materially lower than the face values recorded by the Group, which may result in significant losses for the Group. There is no guarantee that the Group will be aware or able to determine the scope of such losses and liabilities prior to acquiring the assets.

The occurrence of any of these risks may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***Following an acquisition, the Group is exposed to integration risks.***

After the acquisition of properties or a property portfolio, the properties must be integrated into the Group's existing management platform. The Group has developed an IT-based platform that is intended to provide efficient in-house management of its real estate portfolio, as well as the efficient integration of newly acquired properties. The integration of acquired portfolios may be more difficult or take longer than anticipated and cost savings and synergies may not develop as expected, resulting in higher administrative and management costs than anticipated by the Group.

Also, the integration of IT systems of newly acquired property portfolios or real estate companies into the existing IT platform of the Group or transmission of the respective data into the IT system of the Group could require significant time, effort and related costs. As the Group continues to grow, further acquisitions could cause a significant increase in such costs, or in other costs related to the development and maintenance of the Group's IT systems.

The occurrence of any of these factors may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Guarantor is not a majority shareholder in GCP, and the other shareholders of GCP may take resolutions or implement measures that are not supported by the Guarantor or that are contrary to the Group's strategy, policies or objectives. GCP's business is subject to a number of risks, and GCP may not manage or develop its business properly.***

Although the Guarantor is currently the largest single shareholder of GCP, holding a 34.30% interest in GCP, the Guarantor is not a majority shareholder in GCP. Accordingly, there is no guarantee that the other shareholders of GCP will not take resolutions or implement measures that are not supported by the Guarantor or that are contrary to the Group's strategy, policies or objectives. In addition, if the Guarantor's shareholding in GCP decreases in the future, for

example through conversions of GCP's outstanding convertible bonds or through capital increases, the Guarantor's ability to influence important decisions at GCP might further decline.

GCP is a publicly traded specialist real estate company that focuses on investing in the German residential real estate market. As such, GCP is exposed to a number of risks which are similar to those described in this Prospectus with respect to the Guarantor and the Group, including without limitation demographic, economic, political and market developments in Germany, political and economic uncertainty in the Eurozone and the potential impact of the "Brexit" referendum, uncertainty regarding global economic development, the potential impact of changes in interest rates, the availability of real estate for purchase and the impact of competition on the ability of GCP to pursue its business strategy, the ability of GCP to successfully manage its properties, potential changes in geographic composition and concentration risks in GCP's property portfolio, the ability of GCP to find and retain suitable tenants for its properties, the impact of capex, maintenance, repositioning and repair of its properties, the strength of GCP's sourcing network and its ability to retain senior management and key personnel, the availability of funding and the ability of GCP to access the capital markets on favourable terms or at all, fluctuations in the fair valuations of its properties, integration risks for newly acquired properties, potential environmental, building code or other legal, regulatory, tax or administrative liabilities in connection with its properties or business, interruptions to information technology or other operational systems, insufficient insurance coverage, defective or insufficient risk management systems, loss of reputation in the market place, the impact of financial covenants and other limitations on GCP's business under its existing financing arrangements and debt securities, the impact of ongoing legal disputes or administrative proceedings, and the impact of, and potential changes to, the legal, regulatory, administrative and tax regimes in Germany, Luxembourg and the other areas where GCP operates.

There is no guarantee that GCP will be able to successfully meet these risks or manage or develop its business going forward. Any negative developments with respect to the risks facing GCP or any misjudgement, miscalculation, failure or inability of GCP to react to such developments or to manage or develop its business successfully may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of GCP, and in turn, may have a material adverse effect on the share price of GCP, the value of the Guarantor's stake in GCP and/or the performance of the Residential Portfolio.

The occurrence of any of the foregoing factors may have a material adverse effect on the business, net assets, cash flows, financial condition and results of operations of the Group.

***Minority interests of third parties in subsidiaries of the Group or co-investments may make it difficult to implement significant structural changes or other material decisions with***

***regard to these entities, in particular, where those resolutions require a qualified majority or the unanimous consent of all shareholders of these entities.***

In some entities of the Group, the Guarantor and/or its subsidiaries do not own all shares and/or do not hold all voting rights in such entities and are thus exposed to the influence of other shareholders or joint venture partners in the respective entity, including the holdings of minority shareholders. In some cases, significant structural changes or other material decisions with respect to such entities may only be implemented with qualified majority consent and/or the consent of the remaining shareholders or the joint venture partner. Such exposure to other shareholders' influence and interests may limit the Group's flexibility to implement the Group's strategy, policies or objectives. This could affect the distribution of dividends from such subsidiary or the sale of shares in such subsidiary or related properties. Furthermore, a joint venture partner or minority shareholder may have economic or business interests or goals that are inconsistent with those of the Group, take actions contrary to the Group's strategy, policies or objectives, experience financial or other difficulties or be unable or unwilling to fulfil their obligations under their co-investment agreements.

The occurrence of any of the foregoing factors may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Guarantor is subject to certain obligations and restrictions due to the stock listings of the Guarantor, PCI and GCP.***

The Guarantor's shares are listed on the Alternext market segment of the Paris Euronext stock exchange and are dual listed on the Quotation Board Segment of the Frankfurt Stock Exchange. Consequently, the Guarantor is exposed to the restrictions and obligations arising from the applicable laws and regulations in France, and is expected to comply with the requirements applicable to companies whose shares are listed on Euronext Paris as well as the requirements of the Frankfurt Stock Exchange.

The stock listings of Primecity Investment Plc ("**PCI**") (see also "*Description of the Guarantor and the Group—Group Structure*" below) and GCP impose obligations and restrictions not only on PCI and GCP themselves but also on the Guarantor as a result of its being a shareholder of PCI and GCP. With respect to its shareholding in GCP, the Guarantor has for example to comply with certain provisions of the European Market Abuse Regulation such as prohibition of insider trading and related issues. Furthermore, obligations and restrictions arise from the General Terms and Conditions of Deutsche Börse AG for the unregulated open-market (*Freiverkehr*) on Frankfurter Wertpapierbörse such as the obligation of GCP to comply with quasi ad-hoc rules which could also refer to or affect plans or intentions of the Guarantor with respect to its interest in GCP. The

Guarantor is exposed to similar restrictions and obligations with respect to its shareholding in PCI arising from applicable laws and regulations in France.

These laws and regulations are constantly evolving, and the diversity and complexity of these laws and regulations create a risk that, in some instances, the Guarantor may be deemed liable for violations of such laws and regulations, in particular, in connection with a failure to comply with those laws and regulations.

Any violation or breach of these laws and regulations could affect the overall reputation of the Guarantor and, depending on the case, expose the Guarantor to administrative or judicial proceedings, which could result in adverse judgments. Furthermore there is a risk that the obligations arising from such laws and regulations may restrict or adversely influence the possibilities and overall conditions for taking material decisions with respect to the Guarantor's interest in GCP and/or PCI.

The occurrence of any of these factors may have a material adverse effect on the Group's business, financial condition, cash flows, results of operations, net profits and prospects.

***The Group's business is exposed to risks from possible violations of building code and other such regulations in Germany, the Netherlands and the other Portfolio Regions.***

The Group's business is exposed to the risk of non-compliance with building codes and other such regulations as regards the construction of buildings. Such codes and regulations tend to become stricter over time. As a result, in addition to the risk that properties did not comply with such regulations at the time of acquisition, the building owner's responsibilities could also be further expanded with respect to fire, health and safety protection and environmental protection, which could require additional refurbishment, maintenance and modernisation measures. Furthermore, the projected cost of such measures is based on the assumption that the required permits are issued promptly and consistently with the Group's schedules. It is possible, however, that the required building permits are not issued promptly or are issued only subject to conditions, which may lead to substantial delays in the completion of such modernisation measures and result in higher than projected costs and lower rental income for the relevant properties.

For more information, see "*Regulatory Environment*".

The occurrence of any of these risks may have a material adverse effect on the net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Group may incur environmental liabilities, such as from residual pollution including wartime ordnance, soil conditions and contaminants in building materials.***

Properties owned or in the process of acquisition by the Group may contain ground contamination, hazardous substances, wartime relics (including potentially unexploded ordnance) and/or other residual pollution and environmental risks. The Group's properties and their fixtures might contain asbestos or other hazardous substances such as polychlorinated biphenyl ("**PCB**"), Dichlorodiphenyltrichloroethane ("**DDT**"), Pentachlorophenol ("**PCP**") or Lindane above the recommended levels or above the allowable or recommended thresholds, or the buildings could bear other environmental risks.

The Group bears the risk of cost-intensive assessment, remediation or removal of such ground contamination, hazardous substances, wartime relics or other residual pollution. The discovery of any such residual pollution on the sites and/or in the buildings, particularly in connection with the letting or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of letting contracts for cause, for damages and other breach of warranty claims against the Group.

Moreover, environmental laws in Germany, the Netherlands and the other Portfolio Regions, such as the German Federal Soil Protection Act (*Bundesbodenschutzgesetz*), typically impose actual and contingent liabilities to undertake remedial action on contaminated sites and in contaminated buildings or to compensate for damages. These obligations may relate to sites the Group currently owns or sites the Group formerly owned because environmental laws typically impose liability not only on the polluter but also on its legal successor, the owner of the contaminated site and in some cases certain previous owners. The costs of any removal, investigation or remediation of any residual pollution on such sites or in such buildings as well as costs related to legal proceedings, including potential damages, regarding such matters may be substantial, and it may be impossible, for a number of reasons, for the Group to have recourse against a former seller of a contaminated site or building or the party that may otherwise be responsible for the contamination, for example, because the former seller or polluter cannot be identified, no longer exists or has become insolvent. Moreover, even the mere suspicion of the existence of ground contamination, hazardous materials, wartime relics or other residual pollution can negatively affect the value of a property and the ability to let or sell such a property.

Laws and regulations, as may be amended over time, may also impose liability for the release of certain materials into the air or water from a property, including asbestos, and such release could form the basis for liability to third parties for personal injury or other damages. In addition, if the Group's officers or employees infringe or have infringed environmental protection laws, the Group could be exposed to civil or criminal damages. The Group may be required to provide for



additional reserves with respect to its potential obligations to remove and dispose of any hazardous and toxic substances.

For more information, see "*Regulatory Environment*".

The occurrence of any of these risks may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Group could sustain substantial losses not covered by, or exceeding the coverage limits of, its insurance policies.***

The properties held by the Group are generally insured against losses due to fire, flooding, earthquakes and other natural hazards, operational interruptions and third-party liability, as well as terrorism to the extent usual for its business. The Group's insurance policies are, however, subject to exclusions and limitations of liability. The Group may, therefore, have limited or no coverage relating to third-party liability, other natural disasters and other environmental risks or war. The Group may also have limited or no coverage relating to inflation, changes in planning laws or regulations, building codes and ordinances, title defects and defective construction. In addition, the Group's insurance providers could become insolvent.

The Group does not maintain separate funds or otherwise set aside reserves to cover losses or third-party claims from uninsured events. Should an uninsured loss or a loss in excess of the Group's insurance limits occur, the Group could lose capital invested in the affected property, as well as anticipated income and capital appreciation from that property. In such circumstances the Group may incur further costs to repair damage caused by uninsured risks. The Group could also remain liable for any debt or other financial obligation related to such property, and may experience material losses in excess of insurance proceeds.

The occurrence of any of these risks may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Group may face difficulties in replacing key personnel if it loses them.***

The success of the Group depends on the performance of its management executives and qualified employees in key positions, particularly employees active in the management activities of the Group with substantial expertise as to the sourcing of new property portfolios and the value-add and repositioning process for real estate. The loss of one or more members of the board of directors, advisory board, senior management or other key employees of the Group could impair the Group's ability to manage its operations effectively, in particular if the Group fails

to attract new highly qualified management executives or qualified employees in key positions. The Group also faces competition for highly qualified employees from real estate and other companies, and may not be able to recruit, retain or replace key employees in a timely fashion or at all.

The failure to provide the necessary management resources or to recruit, retain or replace key employees may have a material adverse effect on the business, net assets, cash flows, financial condition and results of operations of the Group.

***Damage or interruptions to the Group's information technology systems could lead to diminished data security and limit the Group's business operations.***

The Group's proprietary information technology systems are an important part of the Group's business model. Any interruptions in, failures of or damage to the Group's information technology systems could lead to business process delays or interruptions. If the Group's information technology systems were to fail and back-ups were not available, the Group would have to recreate existing databases, which would be time-consuming and expensive. The Group may also have to expend additional funds and resources to protect against or to remedy potential or existing security breaches and related consequences. Any malfunction or impairment of the Group's information technology systems could interrupt its operations, including its monitoring, controlling and reporting operations, which may result in increased costs and potentially lost revenue. The Group cannot guarantee that anticipated and/or recognised malfunctions can be avoided or remedied by appropriate preventative, maintenance or security measures in every case. Damage, malfunction or interruptions in the Group's information technology systems may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***A loss of reputation or harm to the brand name of the Guarantor, the Group or members of the Group, or of the members of the board, advisory board or senior management of the Guarantor or members of the Group, or insufficient levels of client satisfaction may reduce the demand for the Group's properties, shares or debt and make it more difficult for the Group to raise capital or debt on attractive terms.***

If the Guarantor, the Group or members of the Group, or the members of the board, advisory board or senior management of the Guarantor or members of the Group, are unable to maintain their good reputations, brand names and high levels of client service, client satisfaction and the demand for the Group's services and property may decline. In particular any damage to the reputation or brand names of the Guarantor or the Group or the members of the Group may make it more difficult for the Group to rent its properties on favourable terms or at all or to attract or retain tenants. The misuse, misrepresentation or abuse of the Guarantor's or Group's reputation

or brand names may occur due to the result of actions by third parties without the consent or awareness of the Guarantor or Group, and may occur even if the alleged events or actions are false, misleading or did not occur.

Any loss of reputation or harm to brand names may restrict the Guarantor or the Group's ability to attract or retain clients and business partners, and may limit its ability to source new business opportunities or acquire new property on favourable terms or at all. Moreover, it may make it more difficult or expensive or impossible for the Guarantor or the Group to raise capital, issue debt or gain access to financing from banks or the capital markets.

The occurrence of any of these risks may result in a material decline in the share price of the Guarantor or the trading prices of its debt, and may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

#### Valuation Risks

***In the event of a downturn or other developments in the real estate markets in Germany, the Netherlands or the other Portfolio Regions, the fair values of the properties in the Group Portfolio may decline, which may have adverse effects on the valuation of the Group Portfolio.***

The Group accounts for its investment properties at fair value. The valuation is completed by third party appraisers. The valuation model is predominantly based on the present value of net cash flows to be generated from the property, taking into account expected rental growth rates, void periods, occupancy rates, lease incentive costs such as rent-free periods and other costs not paid by tenants, as well as capex and maintenance expenses related to the property. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality, and lease duration and terms.

The fair value thus reflects not only the circumstances directly connected with the property but also the general conditions of the real estate markets, such as regional market developments and general economic conditions or interest rate levels. Accordingly, there is a risk that in the event of a downturn in the real estate market or the general economic situation, the Group will need to revise downward the value of the Group Portfolio. In addition, rising interest rates generally may have a negative influence on the fair value of property portfolios, and may impact the value of the Group Portfolio.

Any change in fair value must be recognised as a profit or loss under the fair value adjustment. Any significant negative fair value adjustments that the Group is required to make could have significant adverse effects on the Group's financial condition and results of operations, as well as the market price of the Guarantor's shares. Additionally, there would be negative effects on performance indicators, particularly with respect to net asset value ("**NAV**") and loan-to-value ratio ("**LTV**"), which may have a negative influence on the credit rating of the Guarantor and may constitute a covenant breach under certain financing agreements or debt securities.

The occurrence of any of these risks may have a material adverse effect on the business, net assets, financial condition, results of operations, net profits and prospects of the Group.

***Real estate valuation is based on assumptions that may change and are inherently subjective and uncertain. The values recorded in the Guarantor's consolidated financial statements may not reflect the value of the Group Portfolio.***

In valuing a property, an appraiser may consider factors such as real estate tax rates, operating expenses, potential environmental liabilities and the risks associated with certain construction materials, in addition to expected rental income, the property's condition and its historic vacancy level. In addition, property valuations may be based on assumptions or models that may not be correct or may contain mistakes. An adverse change in one of the assumptions used or factors considered in valuing a property can decrease the assessed value of the property.

When assessing the value of its properties, the Group also mandates external property appraisers. Important assumptions used by independent property appraisers are based on information that the Group produces, for example, vacancy rates, WALTs and current rental income. A change in the factors considered and assumptions used may cause lower valuation results. The valuation of the Group Portfolio may not reflect the actual sale or market prices that the Group could generate on a sale of its property, even where any such sales occur shortly after the relevant valuation date, or the estimated yield and annual rental income of any such property. In particular, during times of reduced real estate transaction levels, market prices for properties may be difficult to assess.

Any re-valuation of the Group Portfolio could also cause the fair values determined for the respective valuation date to fall short of the book values of the relevant properties, resulting in a fair value loss. Under such circumstances, the Group would be required to immediately write down the value of the relevant properties for the relevant accounting period.

The occurrence of any of the foregoing risks may have a material adverse effect on the business, net assets, financial condition, results of operations, net profits and prospects of the Group.

***A decrease in the fair value of GCP may result in a loss for the Guarantor***

Following the deconsolidation of GCP from the Guarantor's consolidated financial statements at the end of 2014, the Guarantor's interest in GCP is presented as investment in an equity-accounted investee. As part of the deconsolidation, the Guarantor determined the cost value of its investment in GCP based on an external valuation undertaken for that purpose. From January 1, 2015 forward, the Guarantor has recorded its proportional share of GCP's result in the Guarantor's profit and loss statement. The Guarantor is required to assess the fair value of its interest in GCP on an ongoing basis. In the event of a significant or prolonged decline in the fair value of the Guarantor's interest in GCP, the Guarantor would be required to recognize a loss based on the decline, which may be significant.

The occurrence of any of the foregoing risks may have a material adverse effect on the business, net assets, financial condition, results of operations, net profits and prospects of the Group.

Financial Risks

***The Group may not be able to extend its existing credit arrangements, refinance its debt on substantially similar terms when it matures or obtain acquisition financing on financially attractive terms as and when needed.***

The Group may require additional funds to finance or refinance its debt, capital expenditures, future acquisitions and working capital requirements. The Group may likewise need to borrow additional funds or to raise additional equity or debt capital. The extent of the Group's future capital requirements will depend on many factors which may be beyond the Group's control, and its ability to meet its capital requirements will depend on its future operating performance and ability to generate cash flows. Additional sources of financing may include equity, hybrid debt/equity, debt financing or other arrangements. The Guarantor believes that its debt structure, with an overall LTV of 41% as of 30 September 2016, is conservative and provides the Group with adequate flexibility as to future financings. There can be no assurance, however, that the Group will be able to obtain additional financing on acceptable terms when required. If the Group does not generate sufficient cash flows or if the Group is unable to obtain sufficient funds from future equity or debt financings or at acceptable interest rates, the Group may not be able to pay its debts as they come due or to fund its other liquidity needs. The occurrence of any of these factors would limit the Group's operating flexibility, and may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***A rise in general interest rate levels could increase the Group's financing costs. When it attempts to mitigate interest rate risk by entering into hedging agreements, the Group also***

***becomes exposed to the risks associated with the valuation of hedge instruments and these hedges' counterparties.***

As at 30 September 2016, the total carrying amount of the Group's total debt was approximately €2.88 billion and the Group's outstanding net debt (outstanding debt deducted by cash and liquid assets) was approximately €2.60 billion.

When concluding financing agreements or extending such agreements, the Group depends on its ability to agree on terms for interest payments that will not impair its desired profit and amortisation schedules. In general, rising market interest rates would lead to higher financing costs in the future and so may have a material adverse effect on the business, financial condition and results of operations of the Group. The Group regularly enters into financing agreements with variable interest rates while hedging such variable interest rate with customary market hedging instruments, such as interest swaps or caps. The hedging instruments that the Group uses, however, may not be completely effective, and the Group may be unable to enter into necessary extensions or renegotiations of its financing agreements or hedging instruments at their current interest rate terms, including associated costs, or to the extent planned.

In addition, the hedging agreements the Group enters into generally do not completely counterbalance a potential change in interest rates, and as a result even with hedging agreements in place, interest rate fluctuations may have a negative impact on the Group's equity. In addition, the Group is exposed to the risk that its hedging counterparties will not perform their obligations as established by the hedging agreements into which the Group has entered. Hedging counterparties may default on their obligations towards the Group due to lack of liquidity, operational failure, bankruptcy or other reasons.

The occurrence of any of these factors may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***A downgrade or withdrawal of the Guarantor's current credit rating or of GCP's current credit rating may impact the ability of the Group to obtain financing or issue further debt and may have a negative impact on the Group's debt costs and on the share price of the Guarantor and/or GCP.***

As of the date of this Prospectus, the Guarantor is assigned a "BBB" credit rating with stable outlook by S&P, and GCP is assigned an investment grade credit rating of "Baa2" with a positive outlook from Moody's Investors Service Limited ("**Moody's**") and an investment grade credit rating of "BBB+" with a stable outlook from S&P.

The credit ratings of the Guarantor and/or GCP may be downgraded or withdrawn in the future as a result of factors that are beyond the Guarantor's control, such as a deterioration in the real estate or financial markets, or due to weakened financial performance by the Guarantor, GCP or the Group. Any negative change in the credit rating of the Guarantor or GCP may make future financing and debt issuances by the Guarantor and other members of the Group more difficult and expensive, and may require the Guarantor and other members of the Group to, among other things, pay higher interest rates and/or provide increased collateral or other security if they are able to access additional financing at all. A downgrade or withdrawal of the credit ratings of the Guarantor and/or GCP may also result in a breach of certain financial covenants in their respective credit lines, financing arrangements and/or debt issuances, and may have a material adverse effect on their respective businesses. A downgrade or withdrawal of the credit ratings of the Guarantor and/or GCP may also result in a significant decline in the share price of the Guarantor and/or GCP, and in the case of a decline of the share price GCP, may result in a significant loss to the Guarantor due to the decrease in value of its investment in GCP.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. See also "*Ratings may not reflect all risks and are subject to change.*"

The occurrence of any of these factors may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The redemption or early redemption of the Issuer's or the Guarantor's outstanding bonds may result in a substantial payment obligation for the Issuer or the Guarantor.***

The Notes and other bond issuances by the Issuer or the Guarantor contain provisions that provide for the redemption or early redemption of the bonds in certain situations.

The Issuer's and the Guarantor's other bond issuances may also be redeemed prior to their final maturity date in certain situations. In general, the bonds may be redeemed in whole but not in part by the Issuer or the Guarantor, as applicable, at its discretion subject to the payment of the principal amount of the bonds and in certain cases the present value of the remaining interest payments on the bonds, discounted by a certain benchmark yield. The Issuer or the Guarantor, as applicable, may also generally redeem the outstanding bonds in an issuance if purchases (and corresponding cancellations) and/or redemptions and/or conversions (if applicable) have been effected in respect of more than 80% of the aggregate principal amount originally issued of the series. The Issuer or the Guarantor, as applicable, may also redeem the bonds in the event that the Issuer or the Guarantor would be obliged to pay additional taxes as a result of changes in Dutch tax law or Cypriot tax law. The holders of the bonds are also entitled to demand

redemption of the bonds in certain situations, including as a result of a change of control of the Issuer or the Guarantor, as applicable.

The redemption or early redemption of any bonds may result in a substantial payment obligation for the Issuer or the Guarantor, as applicable, and may require the Issuer and/or the Guarantor to take steps to meet their redemption obligations, including borrowing additional funds. Redemptions or early redemptions of the Issuer's or the Guarantor's bonds may have a material adverse effect on the net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Guarantor's cash flow requirements and possible future interest payments are dependent on the profitability of the Group or must be met with borrowed funds or by selling property.***

The Guarantor is the parent of the Group and conducts its business primarily through other members of the Group. In order to service the Guarantor's and Group's debt (principal and interest), the Group needs to continue to achieve positive cash flows from operating activities. The Group generally generates such cash flow from rental and operating income (as described in the Guarantor's consolidated financial statements) and from proceeds from disposals. If the Group is unable to generate positive cash flows from its operating activities in the future, the Group could be forced to sell properties irrespective of the market situation and possibly on terms unfavourable to the Group or be forced to borrow money on financially unattractive terms in order to meet its obligations.

The Guarantor accounts for its interest in GCP as investment in equity-accounted investees, and does not consolidate the results of GCP. While the value of the Guarantor's interest in GCP may increase based on GCP's financial performance, resulting in additional income being recorded for the Guarantor, the Guarantor will not realize cash from its interest in GCP unless it sells its interest or GCP pays dividends to its shareholders. The values of the shares of GCP are subject to market fluctuations, which the Guarantor cannot control, and its ability to sell the shares of GCP that it holds may be limited. In addition, any sales of shares of GCP by the Guarantor or other members of the Group may have a negative impact on the value of the shares of GCP. Because the Guarantor is not a majority shareholder in GCP, the Guarantor cannot guarantee that dividends will be declared by GCP. Accordingly, there is no guarantee that the growth or performance of GCP will result in additional cash income for the Guarantor. For more information, see "*Risks Related to the Business of the Group—The Guarantor is not a majority shareholder in GCP, and the shareholders of GCP may take resolutions or implement measures that are not supported by the Guarantor or that are contrary to the Group's strategy, policies or objectives. GCP's business is subject to a number of risks, and GCP may not manage or develop its business properly.*"



The occurrence of any of these risks may have a material adverse effect on the net assets, cash flows, financial condition, results of operations, net profits or prospects of the Group.

***There are risks of foreclosure if the borrowing entities in the Group do not fulfil their obligations under loans granted by banks. A breach of covenants or undertakings under loan agreements, such as a change of control within the Group or a material decline in the collateral securing the loan, could result in substantial payment obligations for the Group and could lead to the enforcement of the related collateral including sales at prices substantially below fair value.***

The Group has raised capital in the past through loans and bond issuances and will likely continue to do so in the future. The receivables resulting from loans granted by banks for the purpose of acquiring and/or redeveloping properties are usually secured by first-ranking land charges in favour of the lending bank. If the relevant entity of the Group does not fulfil its obligations under the loan, e.g. repayment of receivables when they become due, or a potential breach of covenants or undertakings is not cured within the cure period, such entity could be forced to sell the respective security under time pressure or on unfavourable conditions, or the lending bank may be entitled to enforce its interest in the security, any of which may lead to a sale of the security at prices substantially below fair value.

Loan agreements between banks and entities of the Group usually provide for financial covenants or undertakings. If the relevant entity is in breach of such covenants or undertakings, the lender may terminate the affected loan agreements. In addition, certain of the Group's loan agreements require that the Group receive the lender's approval in connection with any change in tenant or new rental agreement for the relevant properties. While the Group generally maintains good relationships with its lending partners, there is no guarantee that the Group's lenders in such circumstances will grant their approval for tenant changes that the Group would like to make, which may limit the Group's ability to manage certain of its properties.

Most of the loan agreements of entities of the Group with banks contain standard change of control clauses enabling the respective lender to terminate the loan agreement in case of a change of control without the lender's consent. Under a considerable portion of the loan agreements the respective lender may terminate the loan agreement if (a) the Guarantor is no longer (directly or indirectly) the majority shareholder of the respective borrower or (b) the property management of the respective property is no longer performed by a member of the Group. If a loan agreement is terminated due to the aforementioned reasons, the outstanding amounts (principal and interest) under the affected loan agreements are immediately due and payable.

The occurrence of any of the foregoing factors may have a material adverse effect on the business, financial condition, results of operations, net profits, cash flows and prospects of the affected entity and the Group.

***The Group has grown rapidly since 2012, and there is no guarantee that the Guarantor and the Group will be able to manage future growth successfully. The Guarantor's and the Group's historical earnings and other historical financial results are not necessarily predictive of future earnings or other financial results of the Guarantor or the Group.***

The financial information included in this Prospectus and the financial statements of the Guarantor incorporated by reference in this Prospectus relate to the past performance of the Guarantor and the Group. The Group has grown rapidly since 2012, and the future development of the Group could deviate significantly from past results due to a large number of internal and external factors. There is no guarantee that the Guarantor and the Group have the capacity to adequately manage and handle their future growth. The Group's risk management, IT, property management and other operational systems may be unable to handle growth of the Guarantor and the Group, and the Guarantor and the Group may be unable to acquire the employees, operating capacity and other resources that it needs to handle its growth in the future.

In addition, because of the rapid growth of the Guarantor and the Group, the historical earnings, historical dividends and other historical financial data of the Guarantor and the Group are not necessarily predictive of future earnings or other financial results for the Guarantor or the Group. The information presented in this Prospectus often involves forward-looking statements based on estimates and assumptions of the Group. There can be no assurance that these estimates and assumptions will be accurate, reasonable or correct in every market condition, and the Group may fail to accurately predict future developments.

The Group will from time to time invest in short term traded securities, primarily to generate returns from excess cash. There can be no guarantee that the Group will not suffer losses related to these investments, which may cause its financial results to fluctuate.

Risks Relating to the Shareholding Structure of the Guarantor

***Avisco Group Plc is able to exercise significant influence over matters resolved by the Guarantor's general meeting of shareholders, and its interests may not always be aligned with the interests of other shareholders.***

Avisco Group Plc, through its wholly- and majority-owned subsidiaries, currently holds 56% of the shares of the Guarantor. For more information, see "Description of the Guarantor and the Group—Shareholding Structure". As a result, Avisco Group Plc could adopt and implement

resolutions to be adopted by the general meeting of the Guarantor's shareholders which require a simple majority or which have even higher majority requirements solely through the exercise of its own voting rights. Furthermore, Avisco Group Plc could prevent a general meeting of the Guarantor's shareholders from adopting resolutions, including resolutions which require a qualified majority of the votes cast. There can be no guarantee that the interests or actions of Avisco Group Plc will be aligned with the interests or actions of other shareholders in the Guarantor.

Moreover, if any large shareholders of the Guarantor were to sell substantial amounts of their shareholdings on the public exchange or if market participants were to become convinced that such sales might occur, this may have a material adverse effect on the market price of the shares of the Guarantor.

#### Legal and Regulatory Risks

***The Group's business is subject to the general legal environment in Germany, the Netherlands and the other Portfolio Regions, any of which may change to the Group's detriment.***

The Group's business is subject to the general legal framework applicable to real estate in Germany, the Netherlands and the other Portfolio Regions. This framework includes a variety of laws and regulations, including civil, corporate, tax, planning, zoning, environmental, health and safety and other laws, regulations and/or requirements, as well as specific laws in the Portfolio Regions, such as German and Dutch tenancy law, and special provisions under other laws, including construction laws, historic preservation laws, social legislation and other public laws. The Group may be required to pay penalties and/or lose required permits or licenses for non-compliance with any such laws, regulations and/or other requirements of local, regional and national authorities to which it is subject, as well as the authorities of the European Union. Any changes to German, Dutch, European or other laws applicable to the Portfolio Regions, including changes with retrospective effect, or changes in the interpretation or application of existing laws may have a material adverse effect on the net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

In addition, the Guarantor is incorporated in Cyprus and the Group conducts its business through companies that are located in a number of jurisdictions, including without limitation Cyprus, Germany, Luxembourg and the Netherlands. Certain members of the Group may be formed, incorporated or registered in jurisdictions where the Group does not, or does not yet, hold property. Any change in the legal, tax or regulatory environments in any of these jurisdictions, including changes with retrospective effect, or changes in the interpretation or application of

existing laws could have a material adverse effect on the net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

Although the Group takes steps to keep itself informed of potential changes to the legal, tax and regulatory environments in which operates and where its members are formed, incorporated or registered, there is no guarantee that the Group will become aware of such changes in a timely fashion. Any such changes or any misjudgement, miscalculation, failure or inability of the Group to react to such changes may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Group is subject to tenant protection laws in Germany, the Netherlands and the other Portfolio Regions. These laws may limit among other things the ability to evict tenants, the levels of rent increases and the ability to pass on modernisation costs. Moreover, further regulatory developments are likely.***

The Group is subject to tenant protection laws in Germany, the Netherlands and the other Portfolio Regions. These laws may limit, in some cases substantially, the Group's ability to engage in certain actions with respect to the properties that it owns, including without limitation with respect to the eviction of tenants, levels of rent increases and the ability to pass on modernisation costs. These laws may change in the future, and any such changes may in turn adversely affect the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

In Germany and the Netherlands, the landlord-tenant relationship is subject to a significant level of statutory regulation which generally provides for far-reaching economic and social protections for tenants under residential leases. For example, landlords may only terminate residential lease agreements if there is a legitimate interest in doing so.

In Germany, landlords may not increase residential rents under existing leases by more than an aggregate of 20% compared to locally prevailing comparative rent levels over a three-year period (the capping limit). This capping limit may be, and has been in certain cases, reduced by certain municipalities to 15% over a three-year period. Further statutory limitations on the rent for new lease agreements were introduced by the German Tenancy Law Amendment Act (*Mietrechtsnovellierungsgesetz*) which came into effect in June 2015, and according to which newly agreed rents may only be increased by a maximum of ten per cent above the relevant locally prevailing comparative rent level (*ortsübliche Vergleichsmiete*), unless the rent level agreed with the previous tenant was higher. Landlords in Germany are also subject to certain requirements with respect to modernisation of their properties and are limited in their ability to pass on these costs to residential tenants. In the Netherlands, rent control laws impose

restrictions on landlords regarding rent increases if such relevant properties are subject to social housing rules. Rent increases in these situations are effectively limited to annual inflation.

The Group Portfolio is impacted by these and other regulations, and the growth of the Group Portfolio, including rent levels, vacancy rates and WALTs, may be limited by such regulations. In addition, residential real estate in Germany continues to be a highly sensitive political topic and further regulatory developments in this area are likely.

In the Netherlands, the lease of retail and hotel property is subject to certain mandatory laws regarding tenant protection. As a rule, the lease of retail property requires an initial lease period of at least 5 years, with an automatic extension up to 10 years in total. There are only limited possibilities for the landlord to terminate the lease after the first 5 years. Retail leases for a period of 2 years or shorter are excluded from this rule. The applicability of this legal regime limits the ability of the Group to terminate leases and it adversely affects the Group's flexibility to terminate, extend or amend retail lease agreements.

Furthermore, laws in some jurisdictions may grant some tenants a periodic right to terminate a lease before it expires, which may affect among other things occupancy rates and rent levels in the Group Portfolio.

The occurrence of any of these factors may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Group's tenants in Germany could attempt to prematurely terminate their lease agreements based upon strict formal requirements under German law for long-term leases which could lead to a reduction or loss of rental income.***

Certain of the real estate properties in the Group Portfolio, and in particular in the Commercial Portfolio, are subject to long-term lease agreements. Pursuant to German law, long-term lease agreements can be terminated prior to their contractually agreed expiration date if certain formal requirements are not complied with. These include the requirement that there is a document that contains all the material terms of the lease agreement, including all attachments and amendments, and is signed by both parties. Although the details of the applicable formal requirements are assessed differently by various German courts, most courts and legal commentators agree that such requirements are, in principle, to be interpreted strictly. Certain of the lease agreements in relation to the properties in the Group Portfolio may not satisfy these requirements. Consequently, some of the Group's tenants might attempt to invoke alleged noncompliance with these formal requirements (or other requirements to be met by a landlord) in

order to procure an early termination of their lease or force a favorable renegotiation of the terms of their lease, to the detriment of the Group.

Premature loss of tenants and the ensuing loss of rental income, a failure to renew lease agreements, at all or at favourable conditions, and uncertainties regarding the validity of long-term lease agreements have a material adverse effect on the Group's business, net assets, financial conditions, cash flows or results of operations.

***The growth of the Group Portfolio may be limited by German, Dutch and other laws, including laws with respect to environmental modernization, restrictions on modernization alternatives and other regulations. Moreover, further regulatory developments are likely.***

Any change to German, Dutch or other laws applicable to the Portfolio Regions, including the laws of the European Union, may have an impact on the Group Portfolio, and the growth of the Group Portfolio, including rent levels, vacancy rates and WALTs, may be limited by such changes. These laws and any changes to them may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

Based on environmental EU Directives, that have been implemented in the laws of Germany, the Netherlands and certain other Portfolio Regions, the landlord or the seller of a property will be required to present an energy certificate (*Energieausweis* in German and *energielabel* in Dutch) before concluding a new lease or sale and purchase agreement, respectively. Where a property is offered (for sale or lease) via commercial media, the energy performance rating of such property is also to be indicated in accordance with the available energy certificate. Penalties may apply when such energy certificate cannot be presented.

Also, owners of properties with a centralized water facility are required to take measures to prevent the legionella bacteria, for instance by periodical testing. Further, owners of properties are required to separate drinking water from fire-fighting water by establishing and maintaining separate lines for these systems.

In Germany, other heightened environmental laws may cause additional costs for the Group. Under the German Ordinance on Energy Saving (*Energieeinsparverordnung*, "**EnEV**"), which was revised with effect from 1 May 2014, the landlord is responsible for making investments in renovation work for the purpose of reducing the energy consumption (including through heat insulation). In certain circumstances, thermal renovation of the building in question will be necessary. For example, landlords are required to renovate the roofs of their let properties so as to meet minimum heat insulation standards.

In the case of listed historical buildings or monuments in Germany, the Netherlands or the other Portfolio Regions, laws or regulations regarding the protection of historical buildings may entail increased expenditures on maintenance and modernization procedures or may restrict the ability of the landlord or owner to carry out certain modernization, improvement or maintenance measures. Such laws or regulations may have a negative impact on the Group's ability to sell or let such properties or to use them as security for financing purposes.

Any of these factors may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Group is exposed to the risks of ground leases in Germany and the Netherlands***

Certain of the properties in the Group Portfolio are located in Germany and the Netherlands on ground leases, where legal title to the land and the property are separated. In general, financing and sales in connection with properties located on ground leases are more difficult due to the restrictions typically found in ground leases, and the conditions of the ground lease agreements, such as their terms and payment obligations, are key parameters that impact the value of these properties. The ground lease agreements may contain provisions leading to the exceptional result of the loss of the ground leased property if the Group is in material breach of the ground lease agreement. Furthermore, the Group may face changes in the terms and conditions of the ground lease agreement, for example with respect to payment obligations to the owner of the land. Unfavourable changes to the ground lease agreements or relevant regulations may limit the Group's ability to sell or refinance the properties, which are subject to ground leases, and may thereby decrease its value, or require the Group to write down the assets value as recorded on the Group's consolidated balance sheet.

The occurrence of any of these factors may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Group's use of standardised documents, clauses and agreements could lead to additional legal risks.***

The Group maintains legal relationships with a large number of persons, primarily tenants and also employees of the Group. In this context, the Group frequently uses standardised documents, clauses and agreements. If such documents, clauses or agreements are found to be invalid, in whole or in part, statutory provisions or judicial interpretations which are unfavourable to the Group may be substituted for such documents, clauses or agreements, which may in turn affect a large number of the documents, clauses and agreements used by the Group. It is impossible to fully protect the Group against risks from the use of such standardised documents, clauses and

agreements due to the frequent changes to the legal frameworks in the Portfolio Regions, particularly court decisions relating to general terms and conditions of business.

In Germany, for example, the German Federal Court of Justice (*Bundesgerichtshof*) has ruled that standard clauses in letting contracts are invalid if they obligate the tenant to carry out cosmetic repairs (*Schönheitsreparaturen*) within a fixed schedule or to fully renovate the apartment at the end of the letting term (*Endrenovierung*) or if they provide for compensation regarding ratios (*Quotenabgeltung*). The invalidity of such clauses results in the landlord being responsible for the repair and maintenance and being required to bear all related costs. If the tenant carries out such repair and maintenance works without actually being obliged to do so, the landlord might be required to compensate the tenant for the corresponding costs. Even in the case of agreements prepared on the basis of legal advice, it is impossible for the Group to avoid problems of this nature in advance or in the future, because changes could occur in the legal framework, particularly case law, making it impossible for the Group to avoid the ensuing legal disadvantages. Although these rulings were originally applied only to residential real estate, additional court rulings have extended them to commercial real estate.

The occurrence of any of these factors may have a material adverse effect on the business, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The risk management system of the Group may prove to be partially or completely insufficient or fail, and unknown, unrecognised, underestimated or unexpected risks may materialise. The Group may fail to adequately account for potential liabilities or risk exposures.***

The Group has put in place management systems that it believes are suitable to its business, and the Group continues to develop and update its risk management systems in order to monitor market risk, liquidity and financial risk, operational risk, organisational risk and the risk of reputational damage. There is no guarantee, however, that the Group's risk management systems are in fact sufficient to manage the risks faced by the Group. The Group may be faced with risks that were previously unknown, unrecognized, underestimated or unconsidered, and its risk management systems may function incorrectly or fail. Inappropriate risk management measures may cause irregularities leading to among other things cash losses or delays in development of the Group, or to official investigations or third-party claims against the Group, which in turn could have significant financial, reputational and other consequences.

The Group books provisions for potential liabilities such as tax liabilities, litigation exposure and bad debt. These provisions are based on management's assumptions, estimates and judgments, and there is no guarantee that the provisions taken by the Group adequately account for the Group's potential or actual liabilities or risk exposures. Failure to take adequate provisions



against potential liabilities could have significant financial, reputational and other consequences for the Guarantor or the Group.

The occurrence of any of these risks could have a material adverse effect on the Group's business, net assets, financial condition, cash flows, results of operations, net profits, reputation and prospects.

***The Group could incur liability in connection with properties, interests in companies or other assets that it sells.***

When the Group sells properties, interests in companies that hold real estate or other assets, it is typically required to make representations, warranties, covenants and negative declarations of knowledge to purchasers with respect to certain characteristics of such properties, interests or assets. The resulting obligations of the Group may continue to exist for a number of years after the Group sells such properties, interests or assets. Among other things, the Group could be subject to claims for damages from purchasers who assert that the representations or warranties that the Group made to them were untrue, or that the Group failed to meet its obligations under the relevant sale agreement. The Group could become involved in lengthy and expensive legal disputes with purchasers and could be required to make significant payments for restitution, damages or to settle disputes.

As a seller of properties, interests in companies or other assets, the Group is also subject to other restrictions in Germany, the Netherlands and the other Portfolio Regions. Failure to comply with these requirements may expose the Group to legal, administrative or regulatory proceedings, sanctions or penalties. Legal or settlement costs, including the costs of defending lawsuits, whether justified or not, as well as potential damages associated with liability for properties, interests in companies or other assets that the Group has sold may have an adverse effect on the cash flows, financial condition and results of operations of the Group.

The occurrence of any of these factors may have a material adverse effect on the business, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***Entities of the Group may be subject to litigation, administrative proceedings and similar claims.***

Entities of the Group have been and will likely continue to be subject to various administrative and legal proceedings in the ordinary course of business. Such proceedings often relate to matters such as outstanding rent payments and the termination of lease agreements, but may from time to time involve larger scale litigation or disputes. These proceedings, even for routine matters, can be lengthy and expensive and involve substantial resources at the Group. In addition, larger

or unexpected proceedings may distract or delay management from implementing the Group's business strategy.

The Group may also be subject to litigation in connection with agreements entered into by the Guarantor or members of the Group relating to the purchase and/or sale of property, interests in companies or other assets, or other activities of the Group. It is impossible for the Group to predict if and when significant litigation or administrative or legal proceedings may occur.

The occurrence of any of these factors may have a material adverse effect on the business, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The Group could be exposed to restitution claims in Germany.***

According to the German Act on Unsettled Property Issues (*Gesetz zur Regelung offener Vermögensfragen*), persons who were expropriated of property within the former German Democratic Republic ("**GDR**") can claim restitution or compensation under certain conditions, in particular if the property was seized without compensation or less compensation than citizens of the GDR were entitled to. The German Act on Unsettled Property Issues is also applicable to persons who lost property due to racist, political, religious or ideological reasons between 1933 and 1945. Although the notification deadline under the German Act of Unsettled Property Issues, subject to certain exemptions, expired at the end of 1992, the aforementioned restitution and compensation claims cannot be entirely excluded. If any such claims were asserted in respect of an entity of the Group regarding properties owned by the Group, the Group would be severely limited in its ability to manage such properties and may even be forced to transfer such properties to successful claimants without adequate compensation. Any such limitations or compulsory transfers of properties could have a material adverse effect on the business, net assets, cash flows, financial condition and results of operations of the Group.

Tax Risks

***The Group is subject to the tax environment in Cyprus, Germany, the Netherlands and the other Portfolio Regions. The Group's tax burden may increase as a consequence of current or future tax assessments, tax audits or court proceedings based on changes in tax laws or changes in the application or interpretation thereof.***

The Group is subject to the tax environment in Cyprus, Germany, the Netherlands and the other Portfolio Regions. The Group's tax burden depends on various aspects of tax laws, as well as their application and interpretation. Amendments to tax laws may have a retroactive effect, and the application or interpretation of tax laws by tax authorities or courts may change. Furthermore,

court decisions are occasionally limited to their specific facts by tax authorities. Any of these developments may increase or alter the Group's tax burden.

A number of factors may also impact the Group's tax situation. The Group is required to file tax declarations in Cyprus, Germany, the Netherlands and the other Portfolio Regions, and any tax assessments that deviate from the Group's tax declarations may increase or alter the Group's tax obligations. The members of the Group are regularly subject to tax audits by the competent tax authorities which may result in increases in the Group's tax obligations or penalties and fines. The Group may also be subject to administrative or judicial proceedings with respect to its tax declarations, and may incur substantial time and effort in addressing and resolving tax issues.

In addition, changes in tax legislation, administrative practice or case law, which are possible at any time and may occur on short notice, could have adverse tax consequences for the Group. The applicable tax rates, for example with respect to property tax, property transfer tax or capital gains tax, may also change rapidly and with short notice. Additionally, changes could be made to the ability to depreciate owned real estate. Any of these changes may have an adverse effect on the attractiveness of commercial and residential real estate. Despite a general principle prohibiting retroactive application, amendments to applicable laws, orders and regulations can have retroactive effect. Additionally, divergent statutory interpretations by the tax authorities or the courts are possible. Any changes to the Cyprus, German or Dutch tax regimes, or to the tax regimes in the other Portfolio Regions, may have a material adverse effect on the business, cash flows, financial condition, results of operations, net profits and prospects of the Group.

***The structure of the Group is influenced by the general tax environment in Cyprus, Germany, the Netherlands, Luxembourg and the other Portfolio Regions, and changes in the tax environment in these countries may increase the tax burden of the Group.***

In addition to the Guarantor, which is incorporated in Cyprus, the Group consists of more than 300 companies and together with GCP consists of more than 800 companies. These companies have registered offices primarily in Germany, Cyprus, the Netherlands and Luxembourg. The companies in the Group are subject to the tax laws of their jurisdictions of registration and the jurisdictions where they conduct business. The Guarantor and PCI have their registered office in Cyprus. Most of the Group's German property companies are held through Cypriot subsidiaries which themselves are held by one of the Guarantor's aforementioned subsidiaries or investees. GCP has its registered office in Luxembourg.

Thus, the structure of the Group provides for various tax aspects, including cross-border taxation issues governed by double-tax treaties between Cyprus, Germany, the Netherlands and Luxembourg. It cannot be excluded that tax authorities in Cyprus, Germany, the Netherlands, or Luxembourg may not share the view of the tax assessment of the Group which could lead to

additional tax burdens for the Group in any of these countries. Also, the tax laws in any of these jurisdictions or double-tax treaties between these countries might change in the future, even with retroactive effect, which could cause additional tax burdens for the Group.

For Dutch corporate income tax purposes, real estate may be depreciated only for as long as the tax book value does not fall below the 'threshold value'. This threshold value of properties that are held as portfolio investment equals the value provided in the Law on Valuation of Real Estate (*Wet Waardering Onroerende Zaken* or "**WOZ**"), known as the WOZ value. With respect to real estate that is not portfolio investment (e.g. an own building used within an enterprise) different depreciation rules apply. Although the WOZ value is meant to approximate the fair market value of the real estate property, in practice there may be a significant difference between the WOZ value and the actual fair market value. The WOZ value is determined annually by the municipality where the property is situated. If the threshold value increases, tax depreciation that had been previously claimed, is not recaptured.

Upon the disposal of real estate and under strict conditions, a company may apply for a reinvestment reserve provided that the taxpayer has a clear intention of replacing the disposed business assets with business assets that perform a similar function within the enterprise. Under the reinvestment reserve provisions, the tax book profit arising from the disposal of real estate may technically be carried forward and offset against the acquisition cost of a reinvestment asset. The reinvestment reserve only applies for qualifying business assets used in an enterprise (i.e., no shares, portfolio assets or inventory).

The occurrence of any of these factors could have a material adverse effect on the Group's business, net assets, financial condition, cash flows, results of operations, net profits, reputation and prospects.

***The Group is exposed to real estate transfer taxes and value added taxes.***

Increases in the applicable real estate transfer tax rates for the properties in the Group Portfolio could negative impact the Group Portfolio by, among other things, reducing the proceeds from a sale of the affected properties or by reducing purchase demand for the affected properties.

The Group currently holds real estate in Germany and shares in companies which own real estate in Germany. In Germany, the transfer of real estate or of a 95% or greater interest in a company that owns real estate triggers a potential liability for real estate transfer taxes. In these cases, the real estate transfer tax generally equals the sum of the values for real estate transfer tax purposes according to the German Valuation Act (*Bewertungsgesetz*) multiplied by the tax rate, as applicable. At the national level in Germany, the legal framework of real estate transfer tax is provided for in the German Real Estate Transfer Tax Act (*Gründerwerbsteuergesetz*;

"GrEStG"), at the level of the Federal States, however, the real estate transfer tax rate varies by Federal State, currently within a range of 3.5% to 6.5%. The relevant tax bases (*Bemessungsgrundlagen*) for real estate transfer tax purposes have recently been changed. This may generally lead to a higher real estate transfer tax burden than under previously applicable laws, in particular for share unifications or other transactions pursuant to section 1 paras. 2a, 3, 3a GrEStG. Such legislative change was based on a decision by the German Federal Constitutional Court (*Bundesverfassungsgericht*) which, inter alia, requested that the legislator implement valuation methods that lead to values which mirror the values of the relevant property realistically (*realitätsgerecht*). According to the recently amended real estate transfer tax law, such amendments are applicable to acquisitions (*Erwerbsvorgänge*) realized after 31 December 2008. For the tax bases being relevant for share unifications or other transactions pursuant to section 1 paras. 2a, 3, 3a GrEStG, the amended real estate transfer tax law refers to the relevant values for inheritance tax purposes. Under such rules, tax bases shall, inter alia, be derived from future earnings based on the actual leases and be adjusted by certain deductions and additions based on a specific method pursuant to the German Valuation Act, provided inter alia that such leases do not deviate from third party leases for more than 20%. In any event, the taxpayer may establish a lower fair market value (*gemeiner Wert*) (section 198 of the German Valuation Act).

Because of the complexity of the real estate transfer tax laws in Germany, the Group may from time to time seek to acquire properties with less than a 95% stake in the ownership company. This may result in an increased complexity of the transaction and stronger minority rights of the associate parties. As a consequence, transaction costs and future administrative expenses for the newly acquired property would generally rise, too.

In relation to acquisition of existing real estate located in the Netherlands, Real Estate Transfer Tax ("**RETT**") will be due. The RETT rate is 2% for residential real estate and 6% for non-residential real estate and is levied over the value of the acquired property. Residential real estate is real estate that at the time of its transfer is intended for occupation by private individuals. The definition of residential real estate has been and is the subject of extensive debate and litigation. Where tax payers have claimed the 2% rate, the tax authorities may increase to 6% plus interest and possibly penalties if the property can not, or not wholly, be classified as residential.

Dutch RETT may also be due in case of the acquisition of shares in a company of which the majority of assets consist of real estate in the Netherlands. This is the case if all of the following requirements are met:

- the stock is acquired in a Dutch legal entity with its equity divided into shares, or an entity incorporated under the laws of another state that has the same characteristics of such a Dutch legal entity;

- the stock is acquired in a legal entity of which, at the time of the acquisition or at any time in the preceding year, the assets consist or consisted of 50 per cent or more of real estate, and at least 30 per cent of all assets consist of real estate in the Netherlands;
- the activities pertaining to the real estate consist, at the time of the acquisition or at any time in the preceding year, of 70 per cent or more of the acquisition, disposal or exploitation of that real estate; and
- the buyer directly or indirectly acquires an interest of at least one-third in the entity's capital, including any interest the buyer may already directly or indirectly hold.

The Dutch RETT and Value Added Tax ("**VAT**") treatment of ground leases (*erfpacht*) follow specific regulations to calculate the tax base and to determine whether the establishment or acquisition of the ground lease qualifies as a supply of services or goods for VAT purposes. In order to prevent an adverse outcome, the establishment and acquisition of ground leases should be carefully considered.

The transfer of real estate is generally exempt from VAT in the Netherlands, unless the transfer concerns newly developed real estate, such as construction sites and (part of) buildings including the surrounding terrain, prior to, on or within a period of two years after the moment of first use of the buildings concerned. Should a transfer of newly developed real estate indeed be subject to VAT, an exemption generally applies for RETT, but not always. Under certain circumstances, the renovation of real estate can be to such an extent that it can be deemed newly developed real estate.

In the event of an asset transaction, such as an acquisition of real estate, where a so-called 'totality of goods' is acquired, the acquisition may be considered as a non-taxable transfer for Dutch VAT purposes. As VAT is assessed on the basis of the tax payers own assessment the application of such exemption may not be recognized by the tax authorities.

The occurrence of any of these factors could have a material adverse effect on the Group's business, net assets, financial condition, cash flows, results of operations, net profits, reputation and prospects.

#### Risk Factors Relating to the Notes

An investment in the Notes involves certain risks associated with the characteristics, specification and type of the Notes which could lead to substantial losses that holders of the Notes ("**Holders**") would have to bear in the case of selling their Notes or with regard to receiving interest payments and repayment of principal. Risks regarding the Notes include the following risks:

***The Notes may not be a suitable investment for all Investors.***

The Notes are complex financial instruments. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- possess sufficient knowledge and experience in financial and business matters to make a meaningful evaluation of the chances and risks of an investment in the Notes and the information contained in, or incorporated by reference into this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate such chances and risks in the context of the potential investor's particular financial situation and to evaluate the impact the Notes will have on their overall investment portfolio;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of the financial markets;
- be capable of bearing the economic risk of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- know that it may not be possible to dispose of the Notes for a substantial period of time, if at all, and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect a potential investor's investment and ability to bear the applicable risks.

The investments of certain investors are subject to investment laws or regulations or, respectively, the supervision or regulation by certain authorities. Each potential investor should consult with a financial advisor, if and to what extent: (a) the Notes are an investment suitable for it to make; (b) the Notes may serve as collateral for different types of debt financing; and (c) other limitations on the purchase or pledge of the Notes apply. Financial institutions should consult with their legal advisor or their appropriate regulatory authority in order to assess the suitable classification of the Notes with respect to the applicable rules on risk capital or similar provisions.

***If a loan is used to finance the acquisition of the Notes, the loan may significantly increase the risk of a loss.***

If a loan is used to finance the acquisition of Notes by a potential investor and the Notes subsequently go into default, or if the trading price diminishes significantly, the investor may not only have to face a potential loss on its investment, but will also have to repay the loan and pay interest thereon. A loan may significantly increase the risk of a loss. Potential investors should not

assume that they will be able to repay the loan or pay interest thereon from the profits of an investment in the Notes. Instead, potential investors should assess their financial situation prior to an investment in the Notes, as to whether they are able to pay interest on the loan, repay the loan on demand, and the possibility that they may suffer losses instead of realising gains.

***An investment in the Notes may be subject to inflation risks.***

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on the Notes. If the inflation rate were to increase and match or exceed the nominal yield, the real yield of the Notes would be zero or even negative.

***Exchange rate risks and exchange controls.***

The Notes are denominated in Euro. Potential investors should bear in mind that an investment in the Notes involves currency risks. This presents certain risks relating to currency conversions if a Holder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes, and (iii) the Investor's Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, Holders may receive less interest or principal than expected, or no interest or principal at all.

***The Holders are exposed to risks relating to fixed interest rate notes.***

The Notes bear interest at a fixed rate until the Final Maturity Date. A holder of a fixed interest rate note carries the risk that the price of such note may fall as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). While the nominal interest rate of a note with a fixed interest rate is fixed in advance for the entire duration or during a certain period, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of a note with a fixed interest rate also changes – but in the opposite direction. If the Market Interest Rate increases, the price of a note with a fixed interest rate typically falls until the yield of such note approximately equals the Market Interest Rate. If the Market Interest Rate decreases, the price of a fixed interest rate note typically increases, until the yield of such note is approximately equal to the Market Interest Rate. Potential investors should be aware that



movements of the Market Interest Rate can adversely affect the market price of the Notes and can lead to losses for Holders if they sell their Notes.

***Holders are subject to the risk of a partial or total failure of the Issuer or the Guarantor to make interest and/or redemption payments.***

Any person who purchases Notes is relying on the creditworthiness of the Issuer and the Guarantor and has no rights against any other person. Holders are subject to the risk of a partial or total failure of the Issuer or the Guarantor to make interest and/or redemption payments that the Issuer or the Guarantor is obliged to make under the Notes or the Guarantee, respectively. The worse the creditworthiness of the Issuer or the Guarantor, the higher the risk of a loss (see also "*Risks relating to the Guarantor*" above). A materialisation of the credit risk may result in partial or total failure of the Issuer or the Guarantor to make interest and/or redemption payments under the Notes or the Guarantee, respectively.

In addition, even if the likelihood that the Issuer or the Guarantor will be in a position to fully perform all obligations under the Notes or the Guarantee, respectively, when they fall due actually has not decreased, market participants could nevertheless be of that opinion. Market participants may in particular be of this opinion if market participants' assessment of the creditworthiness of corporate debtors in general or debtors operating in the same industry as the Guarantor adversely changes. If any of these risks occur, third parties may only be willing to purchase the Notes for a lower price than before the materialisation of said risk, or not at all. The market value of the Notes may therefore decrease and investors could lose some or all of their investment.

***The Holders' only remedy against the Issuer is the institution of legal proceedings to enforce payment or to file an application for insolvency proceedings.***

The only remedy against the Issuer available to the Holders for recovery of amounts which have become due in respect of the Notes will be the institution of legal proceedings to enforce payment of the amounts or to file an application for the institution of insolvency proceedings. On an insolvency or liquidation of the Issuer, any Holder may only declare its Notes due and payable and may claim the amounts due and payable under the Notes, after the Issuer has discharged or secured in full (*i.e.*, not only with a quota) all claims that rank senior to the Notes.

***There is no limitation on issuing further debt ranking *pari passu* with the Notes.***

There is no restriction on the amount of debt which the Issuer may issue ranking *pari passu* to the obligations under or in connection with the Notes. Such issuance of further debt may reduce the amount recoverable by the Holders upon insolvency or liquidation of the Issuer.

***Claims under the Guarantee may be subordinated to other secured obligations of the Guarantor.***

The Guarantor's obligations under the Guarantee rank pari passu with any present or future direct, unconditional and unsecured obligations of the Guarantor. If the Guarantor is bankrupt or liquidates or dissolves, secured creditors will have a prior claim to the relevant secured assets of the Guarantor to pay their secured obligations before payments from those assets will be made on the Guarantee. Any parity obligations will share equally in payments with the Guarantee if the Guarantor does not have sufficient funds to make full payments on all of them.

***If the Notes are redeemed, a Holder of such Notes is exposed to the risk of a lower yield than expected.***

The Issuer may redeem all outstanding Notes (i) at the Issuer's option, or (ii) for reason of minimal outstanding amount, or (iii) if the Issuer or the Guarantor are obligated to pay additional amounts in respect to the Notes due to withholding or deduction or on account of any current or future taxes or any other dues imposed, levied, collected, or withheld by or on behalf of the Netherlands or Cyprus as a result of any change in, or amendment to, the laws or regulations of the Netherlands or Cyprus, as applicable, or any political subdivision or authority thereof or therein having power to tax.

If the Notes are redeemed, a Holder is exposed to the risk that due to such redemption its investment will have a lower than expected yield. In such circumstances, the investor might possibly not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

***There is no active public trading market for the Notes.***

Application has been made for the Notes to be admitted to the Irish Stock Exchange's Official List and to trading on the Main Securities Market. Investors should note that securities to be admitted to the Main Securities Market will, because of their nature, normally be bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.

There can be no assurance regarding the future development of a market for the Notes or the ability of Holders to sell their Notes or the price at which Holders may be able to sell their Notes. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Group's operating results, the market for similar securities and other factors, including general economic conditions, performance and prospects, as well as recommendations of securities analysts. The liquidity of, and the trading market for, the Notes may also be adversely affected by declines in the market for debt securities generally. Such a decline may affect any liquidity and trading of the

Notes independent of the Group's financial performance and prospects. In an illiquid market, Holders might not be able to sell Notes at fair market prices, or at all. The possibility to sell Notes might additionally be restricted by country specific reasons. A potential investor must therefore be prepared to hold the Notes for an unspecified time period.

***The development of market prices of the Notes depends on various factors.***

The market value of the Notes is influenced by a change in the creditworthiness (or the perception thereof) of the Issuer or the Guarantor and by the credit rating of the Guarantor and a number of other factors including market interest and rate of return.

***The trading market for debt securities may be volatile and may be adversely impacted by many events.***

The market for debt securities issued by the Issuer is influenced by a number of interrelated factors, including economic, financial and political conditions and events in Germany as well as economic conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in Germany, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect. Accordingly, the price at which a Holder will be able to sell his Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Holder.

***Potential Investors assume the risk that the credit spread of the Issuer changes (credit spread risk).***

A credit spread is the margin payable by the Issuer to the Holder as a premium for the assumed credit risk of the Issuer. Credit spreads are offered and sold as premiums on current risk-free interest rates or as discounts on the price.

Factors influencing the credit spread include, among other things, the creditworthiness and rating of the Issuer, probability of default, recovery rate, remaining term to maturity of obligations under any collateralisation or guarantee and declarations as to any preferred payment or subordination. The liquidity situation, the general level of interest rates, overall economic developments, and the currency in which the relevant obligation is denominated may also have a positive or negative effect.

Potential investors are exposed to the risk that the credit spread of the Issuer widens, resulting in a decrease in the price of the Notes.

***Ratings may not reflect all risks and are subject to change.***

Ratings assigned to the Guarantor by rating agencies are among other things an indicator of the Guarantor's ability to meet its obligations under the Guarantee in a timely manner. The lower the assigned rating is on the respective scale the higher the respective rating agency assesses the risk that obligations will not be met at all or not be met in a timely manner. The market value of the Notes from time to time is likely to be dependent upon the level of credit rating assigned to the long-term debt of the Guarantor. Rating agencies may change, suspend or withdraw their ratings at short notice. A rating's change, suspension or withdrawal may affect the price and the market value of the outstanding Notes. A Holder may thus incur financial disadvantages as he may not be able to sell the Notes at fair market value.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market and additional factors discussed herein, and other factors that may affect the value of the Notes. In addition, Moody's, S&P, Fitch or any other rating agency may change their respective methodologies for rating securities with features similar to the Notes in the future. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes, and may in certain cases have an impact on the rating of the Guarantor. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***Incidental costs related in particular to the purchase and sale of Notes may have a significant impact on the profit potential of the Notes.***

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) may be incurred in addition to the purchase or sale price of the Notes. These incidental costs may significantly reduce or eliminate any profit from holding the Notes. Credit institutions as a rule charge commissions which are either fixed minimum commissions or pro rata commissions, depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, investors may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third-party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), investors must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes. These additional costs may significantly reduce or eliminate any profit from holding the Notes.

***Because the Global Note is held by or on behalf of Euroclear and Clearstream, Luxembourg, potential investors will have to rely on their procedures for transfer, payment and communication with the Issuer.***

The Notes will be represented by the Global Note that has been deposited with a common depository for Euroclear and Clearstream, Luxembourg. Investors will not be entitled to receive definitive notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Note. While the Notes are represented by the Global Note, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and the Issuer will discharge its payment obligations under the Notes by making payments to, or to the order of, the Clearing System (as defined in the Terms and Conditions) for distribution to their account holders. A holder of a beneficial interest in the Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of beneficial interests in, the Global Note.

***No assurance can be given as to the impact of any possible judicial decision or change of laws or administrative practices after the date of this Prospectus.***

The Terms and Conditions are based on the laws of England in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in English law or administrative practice or the official application or interpretation of English law after the date of this Prospectus.

Were the English choice of law provision in the Guarantee not respected by the relevant courts in Germany and were such courts to decide that Cypriot law is the appropriate governing law for the Guarantee, then any provision in the Guarantee that is inconsistent with Cypriot law (including without limitation sections 91 through 99 of Cyprus Contracts Law CAP 149) could be deemed to be unenforceable.

***A potential investor may not rely on the Issuer, the Guarantor, the Manager or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes.***

Each potential investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, whether its acquisition of the Notes is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and is a fit, proper and suitable

investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A potential investor may not rely on the Issuer, the Guarantor, the Manager or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

Without independent review and advice, a potential investor may not adequately understand the risks inherent with an investment in the Notes and may lose parts or all of its capital invested without taking such or other risks into consideration before investing in the Notes.

***The Terms and Conditions and the terms of the Guarantee, including the terms of payment of principal and interest, can be amended by a Holders' resolution and any such resolution will be binding for all Holders. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the Notes outstanding.***

The Terms and Conditions or the terms of the Guarantee may be amended or other measures relating to the Notes or the Guarantee may be taken by majority resolution of the Holders. The voting process under the Terms and Conditions will be governed in accordance with the terms of the Trust Deed and English law, pursuant to which the required participation of Holder votes (quorum) is principally set at a clear majority (i.e., greater than 50%) of the aggregate principal amount of outstanding Notes. In case there is no sufficient quorum, there is no minimum quorum requirement in a second meeting (unless the resolution to be passed requires a qualified majority, in which case Holders representing at least 25% of outstanding Notes by principal amount must participate in the meeting or voting). As the relevant majority for Holders' resolutions is generally based on votes cast, rather than on principal amount of the Notes outstanding, the aggregate principal amount required to vote in favour of an amendment will vary based on the Holders' votes participating. Therefore, a Holder is subject to the risk of being outvoted by a majority resolution of such Holders and losing rights towards the Issuer or the Guarantor against his will in the event that Holders holding a sufficient aggregate principal amount of the Notes participate in the vote and agree to amend the Terms and Conditions or the terms of the Guarantee or on other matters relating to the Notes or the Guarantee by majority vote in accordance with the Terms and Conditions and English law.

***The Holders have no voting rights.***

The Notes are non-voting with respect to general meetings of the Issuer. Consequently, the Holders cannot influence any decisions by the Issuer or the Issuer's shareholders concerning the capital structure or any other matters relating to the Issuer.

***The income under the Notes may be reduced by taxes.***

Potential investors should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors are advised not to rely on the tax discussions contained in this Prospectus but to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor.

***Payments on the Notes may be subject to U.S. withholding tax under the Foreign Account Tax Compliance Act.***

Under the U.S. Foreign Account Tax Compliance Act ("**FATCA**"), a 30% withholding tax is imposed on certain payments to certain non-U.S. financial institutions that fail to comply with information reporting requirements or certification requirements in respect of their direct and indirect U.S. shareholders and/or U.S. accountholders. To avoid becoming subject to the 30% withholding tax on payments to them, non-U.S. financial institutions may be required to report information to the IRS regarding the Holders of Notes and, possibly, to withhold on a portion of payments on the Notes to certain Holders that fail to comply with the relevant information reporting requirements (or hold Notes directly or indirectly through certain non-compliant intermediaries). If this withholding were to apply, Holders will not receive any Additional Amount in respect of such withholding, and Holders will therefore receive less than the amount that they would otherwise have received on the Notes. It is unclear whether payments on the Notes could be subject to such withholding. However, if such withholding were to apply, it would not apply to payments made before 1 January 2017. Furthermore, the rules for the implementation of this withholding as it might apply to the Notes have not yet been written, so it is impossible to determine at this time what impact, if any, this withholding will have on Holders of the Notes.

***Risks related to the Common Reporting Standard***

The common reporting standard framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in order to increase international tax transparency. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD, including the Common Reporting Standard ("**CRS**"). As of 12 May 2016 and per the status issued by the OECD on 19 August 2016, 84 jurisdictions, including The Netherlands, signed the multilateral competent authority agreement, which is a multilateral framework agreement to automatically exchange financial and personal information, with the subsequent bilateral exchanges coming

into effect between those signatories that file the subsequent notifications. More than 40 jurisdictions, including The Netherlands, have committed to a specific and ambitious timetable leading to the first automatic exchanges in 2017 (early adopters). Under CRS, financial institutions resident in a CRS country would be required to report, according to a due diligence standard, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which include trusts and foundations) with tax residency in another CRS country. CRS includes a requirement to look through passive entities to report on the relevant controlling persons.

As of 1 January 2016, CRS and EU Council Directive 2014/107/EU have been implemented in Dutch law. As a result, the Issuer will be required to comply with identification obligations starting in 2016, with reporting set to begin in 2017. Holders of Notes may be required to provide additional information to the Issuer to enable it to satisfy its identification obligations under the Dutch implementation of the CRS. Prospective investors are advised to seek their own professional advice in relation to the CRS and EU Council Directive 2014/107/EU. Not complying with the CRS rules may be sanctioned by fines imposed upon the Issuer. Furthermore, it cannot be ruled out that as a sanction against failure to comply with the CRS rules, a withholding tax will be introduced similar to the withholding tax imposed for non-compliance with FATCA regulations.

***The Financial Transactions Tax could apply to certain dealings in the Notes.***

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the "**Draft Directive**") on a common financial transaction tax ("**FTT**"). According to the Draft Directive, the FTT shall be implemented in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia; the "Participating Member States"). The FTT as provided under the Draft Directive was originally scheduled to be applicable as of 1 January 2014.

Pursuant to the original proposal under the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to (inter alia) primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue. Thus, the issuance of the Notes should not be subject to the FTT.



The rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1 per cent. of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT shall be payable by each financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

Ten EU Member States (including Germany) had announced that they intend to reach an agreement with regard to the FTT by the end of June 2016, focussing initially on the taxation of shares and certain derivatives. Estonia decided that it will not participate. The FTT has not been implemented yet. As to the further implementation of any FTT there is currently no detailed plan or timetable available.

Nevertheless the FTT remains subject to negotiation between the EU Member States and was (and most probably will be) the subject of legal challenge. It may still be adopted and be altered prior to its adoption, the timing of which remains unclear. Moreover, once any directive has been adopted (the "**Directive**"), it will need to be implemented into the respective domestic laws of the participating EU Member States and the domestic provisions implementing the Directive might deviate from the Directive itself. Finally, additional EU Member States may decide to participate. Prospective holders of the Notes should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

## INFORMATION INCORPORATED BY REFERENCE

The pages set out in the "*Table of documents incorporated by reference*" below which are extracted from the following documents shall be deemed to be incorporated in, and to form part of, this Prospectus: (a) the audited consolidated financial statements of the Guarantor as at and for the financial years ended 31 December 2015 (the "**2015 Consolidated Financial Statements**") and 31 December 2014 (the "**2014 Consolidated Financial Statements**") prepared in accordance with prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**"); and (b) the unaudited condensed interim consolidated financial statements of the Guarantor as at and for the nine-month period ended on 30 September 2016 prepared in accordance with the IFRS (the "**Q3 2016 Condensed Interim Consolidated Financial Statements**", and together with the 2015 Consolidated Financial Statements and the 2014 Consolidated Financial Statements, the "**Consolidated Financial Statements**")

Such documents are incorporated into, and form part of, this Prospectus, save that: (a) any statement contained therein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise); and (b) any information contained in the aforementioned annual financial statements, but not included in the cross-reference tables set out below, is not incorporated by reference in this Prospectus because such information is either not relevant for investors or is covered elsewhere in this Prospectus.

### **Table of Documents Incorporated by Reference**

#### **Aroundtown Property Holdings plc**

##### Q3 2016 Condensed Interim Consolidated Financial Statements

Interim Consolidated Statement of Comprehensive Income .....	pages 48 - 49
Interim Consolidated Statement of Financial Position .....	pages 50 - 51
Interim Consolidated Statement of Changes in Equity .....	pages 52 - 53
Interim Consolidated Statement of Cash Flows.....	pages 54 - 55
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##### 2015 Consolidated Financial Statements

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Consolidated Statement of Financial Position .....	pages 50 - 51
Consolidated Statement of Changes in Equity .....	pages 52 - 53
Consolidated Statement of Cash Flows.....	pages 54 - 55
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#### 2014 Consolidated Financial Statements

Consolidated Statement of Comprehensive Income .....	pages 28 - 29
Consolidated Statement of Financial Position .....	pages 30 - 33
Consolidated Statement of Changes in Equity .....	pages 34 - 35
Consolidated Statement of Cash Flows.....	pages 36 - 37
Notes .....	pages 38 - 69
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Board of Directors' Report .....	pages 2 - 25
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Copies of documents incorporated by reference in this Prospectus are published on the website of the Guarantor (<http://aroundtownholdings.com/downloads.html>).

Any websites referred to in this Prospectus are for informational purposes only and do not form part of this Prospectus.

#### Alternative Performance Measures

The Issuer presents certain non-IFRS financial information in this Prospectus, including information in the Board of Directors' Reports to the Q3 2016 Condensed Interim Financial Statements, the 2015 Consolidated Financial Statements and the 2014 Consolidated Financial Statements, all of which have been incorporated by reference into this Prospectus. These non-IFRS financial information are not recognized as measures under IFRS. The Issuer and Guarantor, however, uses this financial information because they believe that they are of use for their investors. According to the ESMA guidelines on Alternative Performance Measures ("**APM**"), the Issuer and Guarantor consider the following information presented in this Prospectus as APMs: Adjusted EBITDA (earnings before interest, tax, depreciation and amortization excluding capital gains and revaluations and disposal gain), FFO I (funds from operations), LTV (loan-to-value ratio), EPRA NAV (net asset value pursuant to the European Public Real Estate Association), EPRA NNAV (triple net asset value pursuant to the European Public Real Estate Association) and EPRA Vacancy Rate (vacancy rate pursuant to the European Public Real Estate

Association, or estimated market rental value, ERV, of vacant space divided by ERV of the relevant portfolio). All alternative performance measures used by the Issuer or the Guarantor relate to their respective or the Group's past performance. The Issuer and the Guarantor believe that these measures are useful in evaluating the Group's operative performance, the net value of the Group's portfolio, and the level of indebtedness and of cashflows generated by the Group's business, because a number of companies, in particular in the real estate sector, also publish these figures. For a reconciliation of certain of the APMs referred to above, their components as well as their basis of calculation see the following pages of the Q3 2016 Condensed Interim Financial Statements incorporated by reference to this Prospectus: Page 36 (Adjusted EBITDA), Page 38 (FFO I), Page 43 (LTV) and Page 45 (EPRA NAV and EPRA NNAV).

## TERMS AND CONDITIONS OF THE NOTES

*The following, subject to completion and amendment, save for the paragraphs in italics, is the text of the Terms and Conditions (the "**Conditions**") of the Series F Bonds.*

The €500 million 2.125% bonds due 2023 (the "**Series F Bonds**" which expression shall include any Further Single Series F Bonds) are constituted by a trust deed (the "**Trust Deed**") dated 13 December 2016 between ATF Netherlands B.V., a private limited liability company incorporated under the laws of the Netherlands, having its registered office at Krijn Taconiskade 430, 1087 HW, Amsterdam, Netherlands and being registered under number 66965209 (the "**Issuer**"), Aroundtown Property Holdings plc, a public limited liability company incorporated under the laws of Cyprus, having its registered office at 54 B, Artemidos & Nikou Dimitriou Corner, Scanner Avenue Tower, 6027, Larnaca, Cyprus and being registered under number HE 148223 (the "**Guarantor**") and Prudential Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being appointed as the trustee or trustees under the Trust Deed for the holders of the Series F Bonds (the "**Series F Bondholders**")). The issue of the Series F Bonds was authorised by a resolution of the board of directors of the Issuer passed on 6 December 2016. By a resolution of the board of directors of Aroundtown Property Holdings plc passed on 6 December 2016, Aroundtown Property Holdings plc resolved to guarantee the Series F Bonds.

The statements set out in these Conditions are summaries of, and are subject to, the detailed provisions of the Trust Deed (which includes the form of the Series F Bonds). The Series F Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions applicable to them which are contained in the Paying and Transfer Agency Agreement dated 13 December 2016 (the "**Agency Agreement**") relating to the Series F Bonds between the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon, acting through its London branch in its capacity as Principal Paying and Transfer Agent (the "**Principal Paying and Transfer Agent**", which expression shall include any successor as Principal Paying and Transfer Agent under the Agency Agreement), the other Paying and Transfer Agents for the time being (such persons, together with the Principal Paying and Transfer Agent, being referred to below as the "**Paying and Transfer Agents**", which expression shall include their successors as Paying and Transfer Agents under the Agency Agreement) and The Bank of New York Mellon (Luxembourg) S.A. in its capacity as registrar (the "**Registrar**", which expression shall include any successor as registrar under the Agency Agreement).

Copies of the Trust Deed and the Agency Agreement are or will, on execution thereof, be available for inspection by prior appointment during normal business hours at the registered office for the time being of the Trustee (being at the Closing Date at Laurence Pountney Hill, London EC4R 0HH) and at the specified offices of the Principal Paying and Transfer Agent and the Registrar.

Capitalised terms used but not defined in these Conditions shall have the meanings provided in the Trust Deed unless, in any case, the context otherwise requires or unless otherwise stated.

### **1. Form, Denomination, Title, Status and Negative Pledge**

#### *1.1 Form and Denomination*

The Series F Bonds are issued in registered form, serially numbered and in principal amounts of €100,000 each ("**Authorised Denominations**"). A bond certificate (each a "**Definitive Certificate**") will be issued to each Series F Bondholder in respect of its registered holding of Series F Bonds. Each Definitive Certificate will be numbered serially with an identifying number which will be recorded on the relevant Definitive Certificate and in the Register.

*The Series F Bonds will be issued in a new safekeeping structure format and are intended to be held in a manner that would enable them to be considered as eligible collateral for Eurosystem*

*monetary policy and intra-day credit operations, subject to the satisfaction of the eligibility criteria for such collateral from time to time.*

## 1.2 *Title*

Title to the Series F Bonds will pass by transfer and registration as described in Condition 2. The holder of any Series F Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related Definitive Certificate, as applicable) or anything written on it or on the Definitive Certificate representing it (other than a duly executed transfer thereof), and no person will be liable for so treating the holder.

## 1.3 *Status*

The Series F Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank at all times *pari passu* and rateably, without any preference among themselves, and *pari passu* with all other unsubordinated and unsecured obligations of the Issuer.

## 1.4 *Negative Pledge*

So long as any of the Series F Bonds remains outstanding:

- (a) the Issuer will not create or have outstanding any Security Interest (other than a Permitted Security Interest) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:
  - (i) all amounts payable by it under the Bonds and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
  - (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Bondholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders; and
- (b) the Guarantor will not create or have outstanding any Security Interest (other than a Permitted Security Interest) upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Guarantor to secure any Relevant Indebtedness unless the Guarantor, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:
  - (i) all amounts payable by it under the Guarantee are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
  - (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution of the Noteholders.

## **2. Registration and Transfer of Series F Bonds**

### *2.1 Registration*

The Issuer will cause a register (the "**Register**") to be kept at the specified office of the Registrar outside the United Kingdom on which will be entered the names and addresses of the holders of the Series F Bonds and the particulars of the Series F Bonds held by them and of all transfers and redemptions of Series F Bonds.

The Registrar will promptly inform the Issuer of any changes made to the Register held by the Registrar.

### *2.2 Transfer*

Series F Bonds may, subject to the terms of the Agency Agreement and to Conditions 2.3 and 2.4, be transferred in whole or in part in an Authorised Denomination by lodging the relevant Definitive Certificate (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying and Transfer Agent.

No transfer of a Series F Bond will be valid unless and until entered on the Register. A Series F Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within five business days of any duly made application for the transfer of a Series F Bond, register the relevant transfer in the place of the specified office of the Registrar and deliver a new Definitive Certificate to the transferee (and, in the case of a transfer of part only of a Series F Bond, deliver a Definitive Certificate for the un-transferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Definitive Certificate by uninsured mail to such address as the transferee or, as the case may be, the transferor may request).

### *2.3 Formalities Free of Charge*

Such transfer will be effected without charge subject to: (a) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith; (b) the Registrar being satisfied with the documents of title and/or identity of the person making the application; and (c) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Trustee (and as initially set out in the Agency Agreement).

### *2.4 Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Series F Bond (or part thereof): (a) during the period of 15 days ending on and including the day immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Series F Bonds pursuant to Condition 5; or (b) during the period of 15 days ending on (and including) any Record Date in respect of any payment of interest on the Series F Bonds.

## **3. Guarantee**

### *3.1 Guarantee*

The payment of the principal amount and interest in respect of the Series F Bonds and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor (the "**Guarantee**") in the Trust Deed.

3.2 *Status of the Guarantee*

The obligations of the Guarantor under the Guarantee constitute direct, unconditional and unsecured obligations of the Guarantor and (subject as provided above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws (including the laws of Cyprus) relating to creditors' rights.

4. **Interest**

4.1 *Interest Rate*

The Series F Bonds bear interest from (and including) the Closing Date at the rate of 2.125 per cent. per annum (the "**Interest Rate**") calculated by reference to the principal amount thereof and payable annually in arrear on 13 March in each year (each an "**Interest Payment Date**"), commencing on 13 March 2017. There will be a short first coupon from, and including, the Closing Date to, but excluding, 13 March 2017 (the "**First Interest Period**").

The amount of interest payable in respect of a Series F Bond in respect of the First Interest Period and any other period which is shorter than an Interest Period (as defined below) shall be calculated by applying the Interest Rate to the principal amount of the relevant Series F Bond and multiplying such number by the number obtained from the following formula:

$$\frac{A}{B}$$

Where:

- A is the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period; and
- B is the number of days from (and including) the immediately preceding Interest Payment Date (or, if none, the Closing Date) to (but excluding) the next Interest Payment Date.

"**Interest Period**" means the period beginning on (and including) the first Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

4.2 *Accrual of Interest*

Each Series F Bond will cease to bear interest where such Series F Bond is redeemed or repaid pursuant to Condition 5, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of the principal amount in respect of the Series F Bond is improperly withheld or refused, in which event interest on the principal amount of the relevant Series F Bond will continue to accrue at the rate specified in Condition 4.1 (both before and after judgment) until whichever is the earlier of:

- (a) the day on which all sums due in respect of such Series F Bond up to that day are received by or on behalf of the relevant holder; and
- (b) the day after the Trustee or the Principal Paying and Transfer Agent has notified Series F Bondholders of receipt of all sums due in respect of all the Series F Bonds up to that day.



## 5. Redemption and Purchase

### 5.1 *Final Redemption*

Unless previously purchased and cancelled or redeemed as herein provided, the Series F Bonds will be redeemed at their principal amount on the Final Maturity Date. The Series F Bonds may only be redeemed prior to the Final Maturity Date at the option of the Issuer in accordance with Conditions 5.2(a), 5.2(b) or 5.3, or at the option of the Series F Bondholders in accordance with Conditions 5.5 or 5.6.

### 5.2 *Redemption at the Option of the Issuer*

- (a) The Issuer may upon not less than 30 days' nor more than 60 days' prior notice (an "**Optional Redemption Notice**") to the Trustee and to the Series F Bondholders in accordance with Condition 15, redeem, at the sole discretion of the Issuer, the Series F Bonds (except for any Series F Bonds which are the subject of the prior exercise by a Series F Bondholder of its option to require the redemption of such Series F Bondholder under Conditions 5.5 or 5.6) in whole but not in part, on the date specified by it in the relevant Optional Redemption Notice (the "**Optional Redemption Date**"), at their Optional Redemption Amount together with accrued but unpaid interest, if any, to (but excluding) the relevant Optional Redemption Date.
- (b) The Issuer may, upon not less than 30 days' nor more than 60 days' prior notice (a "**Clean-up Redemption Notice**") to the Trustee and to the Series F Bondholders in accordance with Condition 15, redeem, at the sole discretion of the Issuer, all, but not some only, of the Series F Bonds on the date specified by it in the relevant Clean-up Redemption Notice ("**Clean-up Redemption Date**") at their principal amount, together with accrued but unpaid interest, if any, to (but excluding) the relevant Clean-up Redemption Date, if, prior to the date the relevant Clean-up Redemption Notice is given, purchases and/or redemptions shall have been effected in respect of 80 per cent. or more in principal amount of the Series F Bonds.

### 5.3 *Redemption for Taxation Reasons*

At any time the Issuer may, having given not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Series F Bondholders redeem (subject to the provisions of this Condition 5.3) all but not some only of the Series F Bonds for the time being outstanding on the date (the "**Tax Redemption Date**") specified in the Tax Redemption Notice at their principal amount, together with accrued but unpaid interest, if any, to (but excluding) the Tax Redemption Date, if:

- (a) the Issuer satisfies the Trustee immediately prior to the giving of such notice that either the Issuer or the Guarantor (as the case may be) has or will become obliged to pay additional amounts pursuant to Condition 7 as a result of any change in, or amendment to, the laws or regulations of Cyprus or the Netherlands (as the case may be) or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the relevant Series F Bonds; and
- (b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to

pay such additional amounts were a payment in respect of the Series F Bonds then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee: (i) a certificate signed by two directors of the Issuer or, as the case may be, two directors of the Guarantor stating that the obligation referred to in Condition 5.3(a) above cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it; and (ii) an opinion of independent legal or tax advisers of recognised standing to the effect that such change or amendment has occurred and that the Issuer or, as the case may be, the Guarantor has or will be obliged to pay such additional amounts as a result thereof (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled to accept without any liability for so doing such certificate and opinion as sufficient evidence of the matters set out in Conditions 5.3(a) and (b) above in which event it shall be conclusive and binding on the Series F Bondholders.

Notwithstanding the foregoing provisions of this Condition 5.3, if the Issuer gives a Tax Redemption Notice, each Series F Bondholder will have the right to elect that his Series F Bonds shall not be redeemed and that the provisions of Condition 7 shall not apply in respect of any payment of interest to be made on such Series F Bonds which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 7 and payment of all amounts of such interest on such Series F Bonds shall be made subject to the deduction or withholding of any taxation required to be withheld or deducted from time to time. To exercise such right, the holder of the relevant Series F Bond must complete, sign and deposit at the specified office of any Paying and Transfer Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying and Transfer Agent together with the relevant Series F Bonds on or before the day falling ten days prior to the Tax Redemption Date.

#### 5.4 *Optional Redemption and Tax Redemption Notices*

Any Optional Redemption Notice, Clean-up Redemption Notice or Tax Redemption Notice shall be irrevocable. Any such notice shall specify: (a) the Optional Redemption Date, Clean-up Redemption Date or, as the case may be, the Tax Redemption Date, which shall be a business day in London; and (b) the amount of accrued interest payable in respect of each Series F Bond on the Optional Redemption Date, Clean-up Redemption Date or Tax Redemption Date, as the case may be.

#### 5.5 *Redemption at the Option of Series F Bondholders upon a Merger*

Following the Occurrence of a Merger, the holder of each Series F Bond will have the right to require the Issuer to redeem that Series F Bond on the relevant Merger Put Date (as defined below) at its principal amount, together with accrued but unpaid interest (if any) to (but excluding) the relevant Merger Put Date. To exercise such right, the holder of the relevant Series F Bond must deliver the Definitive Certificate representing such Series F Bond to the specified office of any Paying and Transfer Agent, together with a duly completed and signed notice of exercise in the form for the time being currently obtainable from the specified office of any Paying and Transfer Agent (a "**Merger Put Exercise Notice**") at any time during the Merger Period. The "**Merger Put Date**" shall be the date falling 10 days after the expiry of the Merger Period.

Payment in respect of any such Series F Bond shall be made by transfer to a Euro account as specified by the relevant Series F Bondholder in the relevant Merger Put Exercise Notice.

A Merger Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Series F Bonds the subject of Merger Put Exercise Notices delivered as aforesaid on the Merger Put Date.

Within 7 calendar days following the Occurrence of Merger, the Issuer shall give notice thereof to the Trustee and to the Series F Bondholders in accordance with Condition 15 (a "**Merger Notice**"). Such notice shall contain a statement informing Series F Bondholders of their entitlement to exercise their rights to require redemption of their Series F Bonds pursuant to this Condition 5.5.

The Merger Notice shall also specify:

- (a) all information material to Series F Bondholders concerning the Merger;
- (b) the last day of the Merger Period;
- (c) the relevant Merger Put Date; and
- (d) such other information relating to the Merger as the Trustee may require.

The Trustee shall not be required to monitor or take any steps to monitor or ascertain whether a Merger or any event which could lead to a Merger has occurred or may occur and will not be responsible or liable to Series F Bondholders or any other person for any loss arising from any failure by it to do so.

#### 5.6 *Redemption at the Option of Series F Bondholders upon a Change of Control*

Following the occurrence of a Change of Control, the holder of each Series F Bond will have the right to require the Issuer to redeem that Series F Bond on the relevant Change of Control Put Date (as defined below) at its principal amount, together with accrued but unpaid interest (if any) to (but excluding) the relevant Change of Control Put Date. To exercise such right, the holder of the relevant Series F Bond must deliver the Definitive Certificate representing such Series F Bond to the specified office of any Paying and Transfer Agent, together with a duly completed and signed notice of exercise in the form for the time being currently obtainable from the specified office of any Paying and Transfer Agent (a "**Change of Control Put Exercise Notice**") at any time during the Change of Control Period. The "**Change of Control Put Date**" shall be the date falling 10 days after the expiry of the Change of Control Period.

Payment in respect of any such Series F Bond shall be made by transfer to a Euro account as specified by the relevant Series F Bondholder in the relevant Change of Control Put Exercise Notice.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Series F Bonds the subject of Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

Within 7 calendar days following the occurrence of a Change of Control, the Issuer shall give notice thereof to the Trustee and to the Series F Bondholders in accordance with Condition 15 (a "**Change of Control Notice**"). Such notice shall contain a statement informing Series F Bondholders of their entitlement to exercise their rights to require redemption of their Series F Bonds pursuant to this Condition 5.6.

The Change of Control Notice shall also specify:

- (a) all information material to Series F Bondholders concerning the Change of Control;
- (b) the last day of the Change of Control Period;
- (c) the relevant Change of Control Put Date; and

- (d) such other information relating to the Change of Control as the Trustee may require.

#### 5.7 *Purchase*

Subject to the requirements (if any) of any stock exchange on which the Series F Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer, the Guarantor or any member of the Group may at any time purchase any Series F Bonds in the open market or otherwise at any price. Such Series F Bonds may be held, re-sold or reissued or, at the option of the relevant purchaser, surrendered to the Principal Paying and Transfer Agent for cancellation.

The Series F Bonds so purchased, while held by or on behalf of the Issuer or any member of the Group, shall not entitle the holder to vote at any meetings of the Series F Bondholders and shall not be deemed to be outstanding for the purpose of calculating quorums at meetings of the Series F Bondholders for the purposes of Condition 12.1.

#### 5.8 *Cancellation*

All Series F Bonds which are redeemed will be cancelled and may not be reissued or resold. Series F Bonds purchased by the Issuer, the Guarantor or any member of the Group may be surrendered to the Principal Paying and Transfer Agent for cancellation and, if so surrendered, shall be cancelled.

#### 5.9 *Multiple Notices*

If more than one notice of redemption is given pursuant to this Condition 5, the first of such notices to be given shall prevail.

#### 5.10 *Independent Financial Adviser*

Any determination by an Independent Financial Adviser appointed by the Issuer or, as the case may be, the Trustee in any of the circumstances contemplated in these Conditions shall, save in the case of manifest error, be final and binding on the Issuer, the Guarantor, the Trustee and the Series F Bondholders.

### **6. Payments**

#### 6.1 *Principal*

Payment of principal in respect of the Series F Bonds and payment of accrued interest payable on redemption of the Series F Bonds (other than on an Interest Payment Date) will be made to the persons shown in the Register at the close of business on the Record Date, subject to surrender (or in the case of partial payment only, endorsement) of the relevant Definitive Certificate at the specified office of the Principal Paying and Transfer Agent.

#### 6.2 *Interest and Other Amounts*

- (a) Payments of interest due on any Interest Payment Date will be made to the persons shown in the Register at close of business on the Record Date.
- (b) Payments of all amounts other than as provided in Conditions 6.1 and 6.2(a) will be made as provided in these Conditions.

#### 6.3 *Record Date*

**"Record Date"** means the seventh Business Day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

#### 6.4 *Business Days*

In this Condition 6, "**Business Day**" means a day on which commercial banks and foreign exchange markets are open for business (other than a Saturday or Sunday) in London and (where surrender of the relevant Definitive Certificate is required pursuant to these Conditions as a precondition to payment) in the place of the specified office of the Principal Paying and Transfer Agent to whom the certificate is surrendered.

#### 6.5 *Clearing Systems*

The Bonds on issue will be represented by a Global Certificate registered in the name of, and held by a nominee on behalf of, a common safekeeper for the relevant Clearing Systems. All payments in respect of Bonds represented by the Global Certificate will be made in accordance with the standard procedures of the Clearing Systems to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date of payment.

#### 6.6 *Payments*

Each payment in respect of the Series F Bonds pursuant to Condition 6.1 and Condition 6.2(a) will be made by transfer to a Euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.

Payment instructions (for value on the due date or, if that is not a Business Day in London, for value the first following day which is a Business Day in London) will be initiated on the Business Day in London preceding the due date for payment or, in the case of payments referred to in Condition 6.1, if later, on the Business Day in the place of the specified office of the Principal Paying and Transfer Agent as specified in Condition 6.1 (for value the next following Business Day in London).

#### 6.7 *Payments subject to fiscal laws*

All payments in respect of the Series F Bonds are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to Condition 7. No commissions or expenses shall be charged to Series F Bondholders in respect of such payments.

#### 6.8 *Delay in payment*

Series F Bondholders will not be entitled to any interest or other payment, whether under Condition 4.2 or otherwise, for any delay after the due date in receiving the amount due: (a) as a result of the due date not being a Business Day; or (b) if the Series F Bondholder is late in surrendering the relevant Definitive Certificate (where such surrender is required pursuant to these Conditions as a precondition to payment).

#### 6.9 *Paying and Transfer Agents, etc.*

The initial Paying and Transfer Agent and Registrar and their initial specified offices are The Bank of New York Mellon, acting through its office at One Canada Square, London E14 5AL (as Principal Paying and Transfer Agent) and The Bank of New York Mellon (Luxembourg) S.A., acting through its office at Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg (as Registrar). The Issuer reserves the right under the Agency Agreement at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying and Transfer Agent and Registrar and appoint additional or other Paying and Transfer Agents, provided that it will:

- (a) maintain a Principal Paying and Transfer Agent; and
- (b) maintain a Registrar with a specified office outside the United Kingdom.

Notice of any change in the Paying and Transfer Agents or the Registrar or their specified offices will promptly be given by the Issuer to the Series F Bondholders in accordance with Condition 15.

#### 6.10 *No charges*

Neither the Registrar nor the Principal Paying and Transfer Agent shall make or impose on a Series F Bondholder any charge or commission in relation to any payment, exchange or transfer in respect of the Series F Bonds.

#### 6.11 *Fractions*

When making payments to Series F Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

### **7. Taxation**

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Series F Bonds shall be made free and clear of, and without withholding or deduction for, or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Netherlands or Cyprus or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in receipt by the Series F Bondholders of such amounts, after such withholding or deduction, as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Series F Bond:

- (a) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Series F Bond by reason of his having some connection with Cyprus or the Netherlands otherwise than merely by holding the Series F Bond or by the receipt of amounts in respect of the Series F Bond; or
- (b) where presentation and surrender of a Series F Bond is required pursuant to these Conditions, if the Series F Bond is surrendered more than 30 days after the Relevant Date, except to the extent that the holder would have been entitled to such additional amount on surrendering the Series F Bond for payment on the last day of such period of 30 days.

References in these Conditions to principal and/or interest and/or any other amounts payable in respect of the Series F Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The provisions of this Condition 7 shall not apply in respect of any payments of interest which fall due after the relevant Tax Redemption Date in respect of any Series F Bonds which are the subject of a Series F Bondholder election pursuant to Condition 5.3.

### **8. Events of Default**

The Trustee shall, if so requested in writing by the holders of at least 51 per cent. in aggregate principal amount of the Series F Bonds then outstanding or if so directed by an Extraordinary Resolution of the Series F Bondholders (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction and provided that in the case of paragraphs (b), (d), (e), (i) and (j) (insofar as such event is analogous to paragraphs (b), (d), (e) or (i)) of this Condition 8 the Trustee shall have certified that in its

opinion such event is materially prejudicial to the interests of Series F Bondholders) give notice in writing to the Issuer and the Guarantor that the Series F Bonds are, and they shall accordingly thereby immediately become, due and repayable at their principal amount, together with accrued interest as at such date, if any of the following events (each an "**Event of Default**") shall have occurred and be continuing:

- (a) default is made in the payment of any principal or any interest on any of the Series F Bonds when due and such failure continues for a period of 30 days;
- (b) the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in respect of the Series F Bonds or the Trust Deed and such default is incapable of remedy or, if (in the opinion of the Trustee) capable of remedy, is not (in the opinion of the Trustee) remedied within 90 days after the Issuer or the Guarantor (as the case may be) shall have received from the Trustee written notice of such default;
- (c) if: (i) any Indebtedness of the Issuer or the Guarantor becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or the Guarantor fails to make any payment in respect of any Indebtedness on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Issuer or the Guarantor for any Indebtedness is enforced; or (iv) default is made by the Issuer or the Guarantor in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness of any other person;
- (d) if: (i) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any substantial part of the assets of the Issuer or the Guarantor and is not discharged or stayed within 120 consecutive days or such longer period as may be permitted by the Trustee in its sole discretion; or (ii) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or the Guarantor;
- (e) any step is taken to enforce any Security Interest, present or future, created or assumed by the Issuer or the Guarantor (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager, judicial manager or other similar person) and such step is not stayed within 120 consecutive days;
- (f) bankruptcy, insolvency, voluntary or judicial liquidation, reprieve from payment, controlled management, general settlement or composition with creditors, examinership, reorganisation or similar Dutch or Cypriot or foreign laws proceedings affecting the rights of creditors generally are opened against the Issuer or the Guarantor and remain unstayed in effect for a period of 120 consecutive days and/or any receiver, liquidator, auditor or verifier is appointed in respect of the Issuer or the Guarantor and is not discharged within 120 days of such appointment;
- (g) the Issuer or the Guarantor admits its inability to pay its debts as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law;
- (h) an order is made or a resolution is passed for the winding-up or dissolution of the Issuer or the Guarantor, or the Issuer or the Guarantor has passed a special resolution to have itself wound up or has made an announcement or issued a notice to that effect, or the Issuer or the Guarantor ceases or publicly announces an intention to cease to carry on all or substantially all of its business or

operations, except in any such case: (i) as a result of a Permitted Cessation of Business; or (ii) for the purpose of and followed by a solvent reconstruction, amalgamation, reorganisation, merger or consolidation; or (iii) in the case of a Subsidiary, whereby the undertaking and assets of the Subsidiary are transferred to or otherwise vested in the Guarantor, the Issuer or another Subsidiary (as the case may be);

- (i) a final judgment or judgments for the payment of money are rendered against the Issuer or the Guarantor and which judgments are not, within 120 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 90 days after the expiration of such stay;
- (j) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or
- (k) the Issuer ceases to be a wholly owned Subsidiary of the Guarantor, either directly or indirectly,

provided that, in the case of paragraphs (c) to (j) above, no such event shall constitute an Event of Default unless the amount of the relevant default, either alone or when aggregated with other amounts of default relative to all (if any) other such events referred to in such paragraphs which shall have occurred (such amounts, in each case, if not in Euro, converted into Euro at the Prevailing Rate on the date of the occurrence of the relevant Event of Default), shall be equal to, or more than 10 per cent. of the Portfolio Value.

For the avoidance of doubt, the right to declare the Series F Bonds due and repayable in accordance with this Condition 8 shall terminate if the event giving rise to the right ceases to fulfil the requirements of this Condition before the right is exercised.

## **9. Covenants by the Guarantor**

9.1 The Guarantor undertakes that it will not, and will procure that none of its Subsidiaries will, up to (and including) the Final Discharge Date, incur any Indebtedness (other than any Refinancing Indebtedness) if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the net proceeds of such incurrence, the sum of:

- (a) (i) the Consolidated Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 60 per cent. of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the value of all assets acquired or contracted for acquisition by the Group, as determined at the relevant time in accordance with IFRS and the accounting principles applied by the Guarantor in the latest Financial Statements as certified by the auditors of the Guarantor, since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness); and
- (b) (i) the Consolidated Secured Indebtedness (excluding the Secured Notes (if any) and less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (excluding the Secured Notes (if any) and less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 45 per cent. of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the value of all assets acquired or contracted for acquisition by the Group, as determined at the relevant



time in accordance with IFRS and the accounting principles applied by the Guarantor in the latest Financial Statements as certified by the auditors of the Guarantor, since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness).

- 9.2 The Guarantor undertakes that the sum of: (i) the Unencumbered Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Unencumbered Assets (less Cash and Cash Equivalents) newly recorded since the Last Reporting Date will at no time be less than 125 per cent. of the sum of: (i) the Unsecured Indebtedness (less Cash and Cash Equivalents) at the Last Reporting Date; and (ii) the Net Unsecured Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date.
- 9.3 The Guarantor will not, and will not permit any Subsidiary (excluding any Listed Entity) (the "**Restricted Subsidiaries**") to cease to, or formally announce its intention to cease to, carry on its real estate business.
- 9.4 Up to and including the Final Discharge Date, the Guarantor undertakes that, on each Reporting Date, the Consolidated Coverage Ratio will be at least 1.8.
- 9.5 Up to and including the Final Discharge Date, the Guarantor shall post on its website:
- (a) within 120 days after the end of each of the Guarantor's fiscal years, annual reports containing the following information:
    - (i) audited consolidated financial statements prepared in accordance with IFRS; and
    - (ii) the audit report of the independent auditors on the consolidated financial statements; and
  - (b) within 75 days after the end of the first six months in each fiscal year of the Guarantor, consolidated interim financial statements prepared in accordance with IFRS.
- 9.6 Each of the Issuer and the Guarantor has undertaken in the Trust Deed to deliver to the Trustee on an annual basis a certificate signed by two directors of the Issuer or two directors of the Guarantor (as the case may be), as to there not having occurred an Event of Default or Potential Event of Default (as defined in the Trust Deed) since the date of the last such certificate or if such event has occurred as to the details of such event. The Trustee will be entitled to rely without liability on such certificate and shall not be obliged independently to monitor whether an Event of Default or Potential Event of Default has occurred or monitor compliance by the Issuer or the Guarantor with the undertakings set forth in this Condition 9, nor be liable to any person for not so doing.

Any certificate addressed to the Trustee by two directors of the Issuer or two directors of the Guarantor as to the amounts of any defined term or figure in Conditions 9.1, 9.2, 9.3 and 9.5 may, in the absence of manifest error, be relied upon by the Trustee (without liability to any person for so relying) and, if so relied upon, shall be conclusive and binding on the Issuer, the Guarantor and the Series F Bondholders.

- 9.7 Each of the Issuer and the Guarantor undertakes to apply for the Series F Bonds to be admitted to trading on the regulated market (Main Securities Market) of the Irish Stock Exchange after the date of the Trust Deed.

Each of the Issuer and the Guarantor will use all reasonable endeavours to obtain and maintain the admission to trading on the regulated market (Main Securities Market) of the

Irish Stock Exchange for as long as any Series F Bond is outstanding. If, however, it is unable to do so, having used such endeavours, or if the maintenance of such inclusion or admission is unduly onerous, the Issuer and the Guarantor will instead use all reasonable endeavours promptly to obtain and thereafter to maintain a listing of the Series F Bonds on such other stock exchange as the Issuer and the Guarantor may decide.

- 9.8 In the event of a Newco Scheme, each of the Issuer and the Guarantor undertakes to take (or shall procure that there is taken) all necessary action to ensure that (to the satisfaction of the Trustee) immediately after completion of the Newco Scheme:
- (a) at its option either Newco is substituted under the Series F Bonds and the Trust Deed as principal obligor in place of the Issuer (with the Issuer and the Guarantor providing a guarantee), subject to and as provided in the Trust Deed, or Newco becomes a guarantor under the Series F Bonds and the Trust Deed and such amendments are made to these Conditions and the Trust Deed as are necessary, in the opinion of the Trustee to give effect to such changes (and the Trustee shall (at the expense of the Issuer and the Guarantor) be obliged to concur in effecting such substitution or grant of such guarantee and in either case making any such amendments, provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose new or more onerous duties or obligations upon it or expose it to further liabilities or reduce its protections);
  - (b) the Trust Deed and the Conditions (including, without limitation, the Events of Default (in Condition 8)) provide at least the same protections and benefits to the Trustee and the Bondholders following the implementation of such Newco Scheme as they provided to the Trustee and the Bondholders prior to the implementation of the Newco Scheme, *mutatis mutandis*; and
  - (c) the ordinary shares of Newco (or depositary or other receipts or certificates representing ordinary shares of Newco) are: (A) admitted to the Relevant Stock Exchange or admitted to listing on another regularly operating, recognised stock exchange or securities market; and (B) are listed, quoted or dealt in any other stock exchange or securities market on which the ordinary shares of the Guarantor may then be listed or quoted or dealt in.

## **10. Prescription**

Claims against the Issuer or the Guarantor for payment in respect of the Series F Bonds shall be prescribed and become void unless made within 10 years from the appropriate Relevant Date in respect of any principal payable in respect of the Series F Bonds.

Claims against the Issuer or the Guarantor for payment in respect of the Series F Bonds shall be prescribed and become void unless made within five years from the appropriate Relevant Date in respect of any interest payable in respect of such Series F Bonds.

## **11. Replacement of Series F Bonds**

If any Series F Bond is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying and Transfer Agent subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Series F Bonds must be surrendered before replacements will be issued.

## **12. Meetings of Series F Bondholders, Modification and Waiver, Substitution**

### **12.1 *Meetings of Series F Bondholders***

Subject to the third paragraph of this Condition 12.1, the Trust Deed contains provisions for convening meetings of Series F Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Series F Bonds or of these Conditions or any provisions of the Trust Deed (any such resolution, an "**Extraordinary Resolution**"). Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Issuer if requested in writing by Series F Bondholders holding not less than a clear majority in aggregate principal amount of the Series F Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in aggregate principal amount of the Series F Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Series F Bondholders whatever the aggregate principal amount of the Series F Bonds so held or represented, unless the business of such meeting includes consideration of proposals in relation to the Series F Bonds, *inter alia*: (a) to change the Final Maturity Date or the dates on which the Issuer or Series F Bondholders are entitled to redeem the Series F Bonds pursuant to Condition 5; (b) to reduce or cancel the principal amount of, or interest on, the Series F Bonds or to reduce the amount payable on redemption of the Series F Bonds; (c) to modify the basis for calculating the interest payable in respect of the Series F Bonds; (d) to change the currency of the Series F Bonds or any payment in respect of the Series F Bonds; (e) to change the governing law of the Series F Bonds, the Trust Deed or the Agency Agreement (other than in the case of a substitution of the Issuer (or any previous substitute or substitutes) under Condition 12.3 below); or (f) to modify the provisions concerning the quorum required at any meeting of Series F Bondholders or the majority required to pass an Extraordinary Resolution in respect of the Series F Bonds, in which case the necessary quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Series F Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Series F Bondholders (whether or not they were present at the meeting at which such resolution was passed).

Subject to the provisions of the immediately preceding paragraph, the Trust Deed provides that: (i) a resolution passed at a meeting duly convened and held by or on behalf of the holder(s) of not less than three-fourths of the persons eligible to vote at such meeting; (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Series F Bonds for the time being outstanding entitled to form a quorum for a meeting that could be convened to consider such resolution; or (iii) consents given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the holder(s) of not less than three fourths in principal amount of the Series F Bonds for the time being outstanding entitled to form a quorum for a meeting that could be convened to consider such resolution, shall, in each case, be effective as an Extraordinary Resolution of the Series F Bondholders.

## 12.2 *Modification and Waiver*

The Trustee may agree, without the consent of the Series F Bondholders, to: (a) any modification of any of the provisions of the Trust Deed, the Agency Agreement, or these Conditions which, in the opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest error or an error which, in the opinion of the Trustee, is proven, or to comply with mandatory provisions of law; and (b) any other modification (other than as provided at Clause 19.2 of the Trust Deed) to the Trust Deed, the Agency Agreement, or these Conditions, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, the Agency Agreement or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Series F Bondholders. The Trustee may, without the consent of the Series F Bondholders, determine that any Event of Default or a Potential Event of Default (as defined in the Trust Deed) should not be treated as such, provided that in the opinion of the Trustee, the interests of the Series F Bondholders will not be materially prejudiced thereby.

Any such modification, authorisation, waiver or determination shall be binding on the Series F Bondholders and, if the Trustee so requires, shall be notified to the Series F Bondholders promptly in accordance with Condition 15.

### 12.3 *Substitution*

The Trust Deed contains provisions permitting the Trustee to agree with the Issuer and the Guarantor, without the consent of the Series F Bondholders, to the substitution in place of the Issuer (or any previous substitute or substitutes under this Condition) as the principal debtor under the Series F Bonds and the Trust Deed of: (a) the Guarantor or (b) any other Subsidiary of the Guarantor or (c) any Successor in Business, in each case, as principal debtor under the Trust Deed and Series F Bonds (a "**Substitution**"). Such Substitution shall be subject to: (i) the relevant provisions of the Trust Deed; and (ii) save in the case of Substitution of the Guarantor, the Series F Bonds being unconditionally and irrevocably guaranteed by the Guarantor provided that in any such case: (A) the Trustee being satisfied that the interests of the Series F Bondholders will not be materially prejudiced by the substitution; and (B) certain other conditions set out in the Trust Deed being complied with. In the case of such a Substitution, the Trustee may agree, without the consent of the Series F Bondholders, to a change of the law governing the Series F Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Series F Bondholders. Any such substitution shall be binding on the Series F Bondholders and shall be notified promptly to the Series F Bondholders.

In connection with a Newco Scheme, at the request of the Issuer and the Guarantor, the Trustee shall, without the requirement for any consent or approval of the Bondholders, concur in the substitution of Newco in place of the Issuer (or any previous substituted company) as principal debtor under the Trust Deed and the Bonds, pursuant to and subject to the provisions set out in Condition 9.8.

### 12.4 *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) and the exercise or performance of any right, power, trust, authority, duty or discretion under or in relation to these Conditions and the Trust Deed (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Trustee shall have regard to the interests of the Series F Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Series F Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of the exercise or performance of its trusts, powers or discretions for individual Series F Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Series F Bondholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Series F Bondholders.

## 13. **Enforcement**

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer or the Guarantor as it may think fit to enforce the provisions of the Trust Deed and the Series F Bonds; but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Series F Bonds unless (1) it shall have been so directed by an Extraordinary Resolution of the Series F Bondholders or so requested in writing by holders of not less than 51 per cent. in aggregate principal amount of the Series F Bonds then outstanding; and (2) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Series F Bondholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become

bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

#### **14. The Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and/or the Guarantor and any entity related to the Issuer and/or the Guarantor without accounting for any profit and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of the Issuer's or Guarantor's other Subsidiaries, to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Series F Bondholders and to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith. The Trustee may rely, without liability to Series F Bondholders, on a report, confirmation or certificate or any advice of the Issuer or the Guarantor, any accountants, financial advisers or financial institution, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise and, if so relied upon, such report, confirmation or certificate or advice shall be binding on the Issuer, the Guarantor, the Trustee and the Series F Bondholders in the absence of manifest error.

#### **15. Notices**

All notices regarding the Series F Bonds will be valid if sent to the address of the relevant Series F Bondholder as specified in the Register. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Series F Bonds are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such publication, or if published more than once or on different dates, on the first date on which publication is made.

If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve.

#### **16. Further Issues**

##### **16.1 Series F Bonds**

The Issuer may, without the consent of the Series F Bondholders, raise further funds, from time to time, on any date by the creation and issue of further bonds ("**Further Single Series F Bonds**"), carrying the same terms and conditions in all respects (or in all respects except for the amount and date of the first payment of interest thereon, issue date and/or purchase price) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Series F Bonds. Such Further Single Series F Bonds shall be constituted by a deed supplemental to the Trust Deed.

##### **16.2 Further Bonds**

The Issuer may, without the consent of the Series F Bondholders or, where the Trustee is not acting as trustee in respect of such Further Bonds, any trustee, raise further funds, from time to time, on any date by the creation and issue of further unsecured bonds ("**Further Bonds**") whether in registered or bearer form and on such terms as the Issuer

may decide. Any Further Bonds will be constituted by a separate trust deed on terms to be agreed by the Issuer and the trustee appointed in relation to the Further Bonds.

## 17. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Series F Bonds under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from the Act.

## 18. **Governing Law and Jurisdiction**

### 18.1 *Governing Law*

The Trust Deed (including the Guarantee), the Agency Agreement and the Series F Bonds and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law.

### 18.2 *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Series F Bonds (including any dispute relating to any non-contractual obligations arising out of or in connection therewith) and, accordingly, any legal action or proceedings arising out of or in connection with the Trust Deed or the Series F Bonds (including any dispute relating to any non-contractual obligations arising out of or in connection therewith) ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the Series F Bondholders and, to the extent allowed by law, shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

### 18.3 *Agent for Service of Process*

Each of the Issuer and the Guarantor has irrevocably appointed Law Debenture Corporate Services Limited at its registered office for the time being, currently at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom as its agent in England to receive service of process in any Proceedings in England. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

## 19. **Definitions**

In these Conditions, unless otherwise provided:

"**Authorised Denominations**" has the meaning provided in Condition 1.1;

"**Benchmark Yield**" means the yield to maturity at the Redemption Calculation Date of direct obligations of the Federal Republic of Germany (*Bund* or *Bundesanleihen*) with a constant maturity (as compiled and published in the most recent financial statistics which have become publicly available on at least the second business day (but not more than at the fifth business day) prior to the relevant Optional Redemption Date (or, if such statistics are not so published or available, any publicly available source of similar market data selected by an Independent Financial Adviser in good faith)) most nearly equal to the period from the Optional Redemption Date to the Final Maturity Date; provided, however, that if the period from the Optional Redemption Date to the Final Maturity Date is not equal to the constant maturity of the direct obligations of the Federal Republic of Germany for which a weekly average yield is given, the Benchmark Yield shall be

obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from the Optional Redemption Date to the Final Maturity Date is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used;

**"business day"** means, in any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place;

**"Cash"** means cash in hand;

**"Cash Equivalents"** means short-term, liquid investments and traded securities;

a **"Change of Control"** shall occur when a person or persons (in each case, other than Avisco Limited and/or Avisco Group Limited and/or Gabrilet Limited and/or persons that are, directly or indirectly, Controlled by them, individually or jointly), acting together, acquire Control of the Guarantor;

**"Change of Control Notice"** has the meaning provided in Condition 5.6;

**"Change of Control Period"** means the period commencing on the occurrence of a Change of Control and ending 30 calendar days following the Change of Control or, if later, 30 calendar days following the date on which a Change of Control Notice is given to Series F Bondholders as required by Condition 5.6;

**"Change of Control Put Date"** has the meaning provided in Condition 5.6;

**"Change of Control Put Exercise Notice"** has the meaning provided in Condition 4.6;

**"Clean-up Redemption Date"** has the meaning provided in Condition 5.2 (b);

**"Clean-up Redemption Notice"** has the meaning provided in Condition 5.2 (b) and shall specify:

- (a) the Series F Bonds subject to redemption;
- (b) the Clean-up Redemption Date; and
- (c) the amount at which such Series F Bonds are to be redeemed under the Clean-up Redemption Notice;

**"Clearing Systems"** means Euroclear Bank S.A./NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**");

**"Clearing System Business Day"** means Monday to Friday inclusive except 25 December and 1 January;

**"Closing Date"** means 13 December 2016;

**"Consolidated Adjusted EBITDA"** means the number set out under the heading "EBITDA (adjusted)" in the Financial Statements;

**"Consolidated Coverage Ratio"** means the ratio of (A) the aggregate amount of Consolidated Adjusted EBITDA in the Relevant Period to (B) the aggregate amount of Net Cash Interest in the Relevant Period;

**"Consolidated Indebtedness"** means Indebtedness of the Group, as set out in the Financial Statements;

**"Consolidated Secured Indebtedness"** means that portion of the Consolidated Indebtedness that is secured by any Security Interest, as set out in the Financial Statements;

**"Control"** means: (i) the acquisition or control of more than 50 per cent. of the voting rights of the Guarantor; or (ii) the right to appoint and/or remove all or the majority of the members of the Guarantor's Board of Directors or other governing body of the Guarantor, in each case whether obtained directly or indirectly and whether obtained by the ownership of share capital, the possession of voting rights, by contract, trust or otherwise, and **"Controlled"** shall be construed accordingly;

**"Definitive Certificate"** has the meaning provided in Condition 1.1;

**"Equity Share Capital"** means, in relation to any entity, its issued share capital excluding any part of that capital which, in respect of dividends and capital, does not carry any right to participate beyond a specific amount in a distribution;

**"€"** or **"Euro"** means the currency of the economic and monetary union established pursuant to the Treaty on the Functioning of the European Union, as amended;

**"Event of Default"** has the meaning provided in Condition 8;

**"Exempt Newco Scheme"** means a Newco Scheme where, immediately after completion of the relevant Scheme of Arrangement, the ordinary shares of Newco or depositary or other receipts or certificates representing ordinary shares of Newco are (i) admitted to trading on the Relevant Stock Exchange or (ii) admitted to listing on such other regularly operating recognised stock exchange or securities market as the Guarantor or Newco may determine;

**"Existing Shareholders"** means the holders of ordinary shares in the Guarantor immediately prior to the Scheme of Arrangement;

**"Extraordinary Resolution"** has the meaning provided in the Trust Deed;

**"Final Discharge Date"** means the date on which all present and future obligations and liabilities (whether actual or contingent) of the Issuer to the Trustee and the Series F Bondholders under or in respect of the Series F Bonds and the Trust Deed have been discharged;

**"Final Maturity Date"** means 13 March 2023;

**"Financial Statements"** means the annual audited consolidated financial statements (including the management report) of the Guarantor or the consolidated interim financial statements (including the management report) of the Guarantor, in each case as published by the Guarantor as at the Last Reporting Date and prepared in accordance with IFRS;

**"First Interest Period"** has the meaning provided in Condition 4.1;

**"Further Bonds"** has the meaning provided in Condition 16.3;

**"Further Single Series F Bonds"** has the meaning set out in Condition 16.1;

**"Guarantee"** has the meaning provided in Condition 3.1;



**"Group"** means the Guarantor, each Related Company and each Subsidiary taken as a whole and **"member of the Group"** shall be construed accordingly;

**"IFRS"** means a set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements, as issued by the International Accounting Standards Board;

**"Indebtedness"** means (without duplication) any indebtedness (whether being principal, interest or other amounts but excluding any indebtedness owed to another member of the Group) for or in respect of: (a) money borrowed; (b) liabilities under or in respect of any acceptance or acceptance credit; or (c) any notes, bonds (including, without limitation, the Guarantor's outstanding €200,000,000 3.0 per cent. senior unsecured Bonds due December 2021, €450,000,000 3.0 per cent senior convertible bonds due May 2020 and €300,000,000 1.50 per cent. senior convertible bonds due January 2021 and the Issuer's €600,000,000 1.50 per cent. senior unsecured bonds due May 2022, €650,000,000 1.50 per cent. senior unsecured bonds due 2024 and €500,000,000 undated perpetual subordinated notes with first call date in January 2023), debentures, debenture stock, loan stock or other securities (to the extent not Share Capital) offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash;

**"Independent Financial Adviser"** means an independent financial institution of international repute appointed by the Issuer and the Guarantor at their own expense and approved by the Trustee or, if the Issuer or the Guarantor fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee in its sole discretion) and the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against the costs, fees and expenses of such adviser and otherwise in connection with such appointment, appointed by the Trustee (without liability for so doing) following notification to the Issuer and the Guarantor;

**"Interest Payment Date"** has the meaning provided in Condition 4.1;

**"Interest Period"** has the meaning provided in Condition 4.1;

**"Interest Rate"** has the meaning provided in Condition 4.1;

**"Last Reporting Date"** means the most recent Reporting Date;

**"Listed Entity"** means Grand City Properties S.A., Primecity Investment plc or any member of the Group, from time to time, that has any securities trading on an EEA market;

**"Merger"** means an operation under the laws of Cyprus, the Netherlands and/or other applicable law whereby the Issuer or the Guarantor is acquired by another existing company (the absorbing company) or by a new company and the Issuer or the Guarantor is, as a result of the merger, dissolved without going into liquidation (and includes, for the avoidance of doubt, a domestic Cypriot or Dutch merger and a cross-border merger);

**"Merger Notice"** has the meaning provided in Condition 5.5;

**"Merger Period"** means the period commencing on the Occurrence of a Merger and ending 30 calendar days following the Merger or, if later, 30 calendar days following the date on which a Merger Notice is given to the Series F Bondholders as required by Condition 5.5;

**"Merger Put Date"** has the meaning provided in Condition 5.5;

**"Merger Put Exercise Notice"** has the meaning provided in Condition 5.5;

**"Net Cash Interest"** means all interest accrued to be paid to persons who are not members of the Group less the amount of any interest accrued to be received from persons who are not members of the Group, in each case, excluding any one-off financing charges (including, without limitation, any one-off fees and/or break costs and/or early redemption costs and/or issuance costs) as set out in the Financial Statements;

**"Net Indebtedness"** means the Indebtedness incurred minus the amount of Indebtedness repaid;

**"Net Secured Indebtedness"** means the Secured Indebtedness incurred minus the amount of Secured Indebtedness repaid;

**"Net Unencumbered Assets"** means the value of any Real Estate Property not subject to any Security Interest acquired or contracted for acquisition plus the value of all other assets not subject to any Security Interest acquired or contracted for acquisition minus the value of such assets which: (i) have been disposed of; or (ii) have become subject to a Security Interest, with the value of any such Real Estate Property or other assets in each such case to be determined at the relevant time in accordance with IFRS and the accounting principles applied by the Guarantor in the latest Financial Statements as certified by auditors of the Guarantor;

**"Net Unsecured Indebtedness"** means the Unsecured Indebtedness incurred minus the Unsecured Indebtedness repaid;

**"Newco"** means a newly incorporated limited liability company;

**"Newco Scheme"** means a scheme of arrangement or any other transaction (each, a **"Scheme of Arrangement"**):

- (a) which effects the interposition of a Newco between the Existing Shareholders and the Guarantor; and
- (b) in respect of which the Guarantor and the Trustee agree, with effect immediately after the implementation of such Scheme of Arrangement, (a) at the Guarantor's option, either to the substitution of Newco in place of the Issuer as principal obligor (with a guarantee from the Issuer and the Guarantor) or to the provision of a guarantee from Newco and (b) to make such amendments to these Conditions and the Trust Deed as are necessary, in the opinion of the Trustee, to ensure that the Trust Deed and these Conditions (including, without limitation, the Events of Default (in Condition 8)) provide at least the same protections and benefits to the Trustee and the Series F Bondholders following the implementation of such Scheme of Arrangement as they provided to the Trustee and the Series F Bondholders prior to the implementation of the Scheme of Arrangement, mutatis mutandis, all subject to and in accordance with Condition 9.8,

PROVIDED THAT:

- (i) only ordinary shares of Newco or depositary or other receipts or certificates representing ordinary shares of Newco are issued to Existing Shareholders;
- (ii) immediately after completion of the Scheme of Arrangement the only shareholders of ordinary shares of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares of Newco, are Existing Shareholders in the same

proportions as such Existing Shareholders held ordinary shares immediately prior to the Scheme of Arrangement;

- (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned subsidiaries of Newco are) the only ordinary shareholder (or shareholders) of the Guarantor;
- (iv) all Subsidiaries of the Guarantor immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary) are Subsidiaries of the Guarantor (or subsidiaries of Newco) immediately after completion of the Scheme of Arrangement;
- (v) immediately after completion of the Scheme of Arrangement, the Guarantor (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and Equity Share Capital of those Subsidiaries as was held by the Guarantor immediately prior to the Scheme of Arrangement; and
- (vi) any and all applicable company and securities laws are complied with;

**"Occurrence of a Merger"** means the date on which the Merger takes legal effect vis-à-vis third parties pursuant to the Cyprus Companies Law, Cap 113 and/or other applicable laws;

**"Optional Redemption Amount"** means an amount equal to the higher of:

- (i) the principal amount of the Series F Bonds to be redeemed; and
- (ii) the present value on the Optional Redemption Date of: (i) the principal amount of the Series F Bonds to be redeemed; plus (ii) all remaining scheduled interest payments for the Series F Bonds to the Final Maturity Date discounted with the Benchmark Yield plus 35 basis points (as calculated by an Independent Financial Adviser);

**"Optional Redemption Date"** has the meaning provided in Condition 5.2;

**"Optional Redemption Notice"** has the meaning provided in Condition 5.2 and shall specify:

- (a) the Series F Bonds subject to redemption;
- (b) the Optional Redemption Date; and
- (c) the Optional Redemption Amount at which such Series F Bonds are to be redeemed;

**"outstanding"** means in relation to the Series F Bonds all the Series F Bonds issued other than:

- (a) those Series F Bonds which have been redeemed in accordance with these Conditions;
- (b) those Series F Bonds in respect of which the date for redemption in accordance with these Conditions has occurred and the redemption moneys (including premium (if any) and all interest payable thereon) have been duly paid to the Trustee or to any Paying and Transfer Agents or Registrar in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been

given to the Series F Bondholders in accordance with Condition 15 (*Notices*) and remain available for payment (against presentation of the relevant Series F Bonds, if required);

- (c) those Series F Bonds which have been purchased and cancelled in accordance with Condition 5 (*Redemption and Purchase*);
- (d) those Series F Bonds which have become void under Condition 10 (*Prescription*);
- (e) those mutilated or defaced Series F Bonds which have been surrendered and cancelled in respect of which replacements have been issued pursuant to Condition 11 (*Replacement of Series F Bonds*);
- (f) (for the purpose only of ascertaining the principal amount of the Series F Bonds outstanding and without prejudice to the status for any other purpose of the relevant Series F Bonds) those Series F Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 11 (*Replacement of Series F Bonds*);
- (g) any global security to the extent that it shall have been exchanged for another global security in respect of the Series F Bonds of the relevant series or for the Series F Bonds in definitive form pursuant to its provisions;

PROVIDED THAT for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Series F Bonds or any of them, an Extraordinary Resolution in writing or an Ordinary Resolution in writing or an Extraordinary Resolution by way of electronic consents through the relevant Clearing Systems) and any direction or request by the holders of the Series F Bonds;
- (ii) the determination of how many and which Series F Bonds are for the time being outstanding for the purposes of the Trust Deed and Conditions 12 (*Meetings of Series F Bondholders, Modification and Waiver, Substitution*) and 13 (*Enforcement*) and;
- (iii) any discretion, power or authority (whether contained in these presents or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Series F Bondholders or any of them; and
- (iv) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Series F Bondholders or any of them,

those Series F Bonds (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer or the Guarantor, any Subsidiary of the Guarantor, any holding company of the Guarantor or any other Subsidiary of any such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

**"Permitted Cessation of Business"** means, in the case of Successor in Business, the Issuer and the Guarantor ensuring the substitution of such Successor in Business as principal debtor under the Series F Bonds and the Trust Deed in place of the Issuer (or any provisions substitution under Condition 12.3) in accordance with Condition 12.3 and the Trust Deed;

**"Permitted Security Interest"** means:

- (a) any Security Interest of a company existing at the time that such company is merged into, or consolidated with or acquired by, the Issuer, the Guarantor or any other member of the Group (as the case may be), provided that such Security Interest was not created in contemplation of, and the principal amount secured has not increased in contemplation of or since, such merger, consolidation or acquisition;
- (b) any Security Interest existing on any property or assets prior to the acquisition thereof by the Issuer, the Guarantor or any other member of the Group (as the case may be), provided that such Security Interest was not created in contemplation of, and the principal amount secured has not increased in contemplation of or since, such acquisition;
- (c) any Security Interest granted by the Issuer, the Guarantor or any other member of the Group in connection with a Securitisation or Project Financing; or
- (d) any renewal of or substitution for any Security Interest permitted by any of subparagraphs (a) to (c) (inclusive) of this definition, provided that with respect to any such Security Interest (i) the principal amount secured has not increased and (ii) the Security Interest has not been extended to any additional assets;

**"Portfolio Value"** means the value of the consolidated total assets of the Issuer, the Guarantor, its Subsidiaries and any Related Company, as such amount appears in the latest Financial Statements;

**"Proceedings"** has the meaning provided in Condition 18.2;

**"Project Finance Company"** means a special purpose company whose sole business comprises a Project and the ownership, maintenance, improvement, operation and exploitation of the assets of that Project;

**"Project Financing"** means any financing of all or part of the costs of the acquisition, construction or development of any assets (a "**Project**"), provided that (i) any Security Interest created by the Issuer, the Guarantor or any other member of the Group in connection therewith is limited solely to such assets or the share capital of a Project Finance Company relating to that Project, and (ii) the documentation in respect of such financing provides for recourse to be limited to the assets financed and the revenues (including insurance proceeds) derived from such assets as the principal source of repayment for the money borrowed;

**"Prevailing Rate"** means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12 noon (London time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12 noon (London time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Financial Adviser in good faith shall prescribe;

**"Real Estate Property"** means the real estate property and any shares in real estate holding companies held directly or indirectly by the Group;

**"Record Date"** has the meaning provided in Condition 6.3;

**"Redemption Calculation Date"** means the sixth business day in London prior to the date on which the Series F Bonds are redeemed in accordance with Condition 5.2(a);

**"Refinancing"** means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, purchase, redeem, defease, retire, amend, restate, modify, supplement or replace, including the issue of other Indebtedness in exchange or replacement for, such Indebtedness, and **"Refinance"** and **"Refinanced"** shall be construed accordingly

**"Refinancing Indebtedness"** means Indebtedness incurred (whether in a single financing or one or more separate financings) to Refinance any amount or amounts of existing Indebtedness of the Group as at the relevant date, provided that:

- (a) such Refinancing Indebtedness has an aggregate principal amount that is equal to or less than the aggregate principal amount of the Indebtedness being Refinanced; and
- (b) if the Indebtedness being Refinanced is subordinated in right of payment to the obligations of the Issuer and/or the Guarantor in respect of the Series F Bonds, such Refinancing Indebtedness is subordinated in right of payment to such obligations at least to the same extent as the Indebtedness being Refinanced;

**"Register"** has the meaning provided in Condition 2.1;

**"Related Company"** means any company in which the Issuer or the Guarantor holds, directly or indirectly, no more than 50 per cent. of the share capital or the Voting Rights in respect of such company;

**"Relevant Currency"** means Euro or such other currency in which the ordinary shares of the Guarantor are quoted or dealt in on the principal stock exchange or securities market on which the ordinary shares of the Guarantor are at the relevant time listed, admitted to trading or quoted or accepted for dealing at the relevant time, for the purposes of the relevant calculation or determination;

**"Relevant Date"** means, in respect of any Series F Bond, whichever is the later of: (a) the date on which payment in respect of it first becomes due; and (b) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer to the Series F Bondholders in accordance with Condition 15 that, upon further presentation of the Series F Bond, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions;

**"Relevant Indebtedness"** means any indebtedness (whether being principal, interest or other amounts), in the form of or evidenced by notes, bonds (including, without limitation, the Series F Bonds), debentures or other similar debt instruments (to the extent not Equity Share Capital), whether issued for cash or in whole or in part for a consideration other than cash, and which are, with the consent of the Issuer or the Guarantor/or are capable of being, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market;

**"Relevant Period"** means, for the purposes of Condition 9.4, the most recent four consecutive quarters ending prior to the date of determination of the Consolidated Coverage Ratio;

**"Relevant Stock Exchange"** means Euronext Paris S.A. Alternext;

**"Reporting Date"** means an accounts date for which the annual audited consolidated financial statements (including the management report) of the Guarantor or the consolidated interim financial statements (including the management report) of the

Guarantor, in each case as have been published and prepared in accordance with IFRS;

**"Restricted Subsidiaries"** has the meaning provided in Condition 9.3;

**"Scheme of Arrangement"** has the meaning provided in the definition of Newco Scheme;

**"Securities"** means any securities including, without limitation, shares in the capital of the Guarantor, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Guarantor;

**"Secured Bonds"** has the meaning provided in Condition 1.4;

**"Secured Indebtedness"** means that portion of the aggregate principal amount of all outstanding Indebtedness that is secured by any Security Interest on properties or other assets as set out in the Financial Statements;

**"Securitisation"** means any securitisation of existing or future assets and/or revenues, provided that (i) any Security Interest given in connection therewith is limited solely to the assets and/or revenues which are the subject of the securitisation; and (ii) recourse in respect of such securitisation is limited to the assets and/or revenues so securitised as the principal source of repayment for the money advanced;

**"Securitisation Finance Company"** means a special purpose company whose sole business comprises the securitisation of the assets and/or revenues which are the subject of the relevant Securitisation;

**"Secured Notes"** means any secured notes and/or Secured Bonds issued by any member of the Group (whether currently issued or issued in the future) which have not been repaid in full;

**"Security"** has the meaning provided in Condition 1.4;

**"Security Interest"** means any mortgage, pledge, lien, charge, assignment, or security interest or any other agreement or arrangement having a similar effect;

**"Share Capital"** means, in relation to any entity, its issued share capital;

**"Subsidiary"** means any company in which the Issuer or the Guarantor holds directly or indirectly, through another Subsidiary, more than 50 per cent. of the share capital or Voting Rights;

**"Substitution"** has the meaning provided in Condition 12.3;

**"Successor in Business"** means:

- (a) any consolidation, amalgamation or merger of the Issuer or the Guarantor (as the case may be) with any other corporation (other than a consolidation, amalgamation or merger in which the Issuer or the Guarantor (as the case may be) is the continuing corporation); or
- (b) any sale or transfer of all, or substantially all, of the assets of the Issuer or the Guarantor (as the case may be) to another entity (whether by operation of law or otherwise);

**"TARGET System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System;

**"Taxes"** means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings (including interest, penalties, surcharges or fines with respect thereto) that are imposed by any government or other taxing authority;

**"Tax Redemption Date"** has the meaning provided in Condition 5.3;

**"Tax Redemption Notice"** has the meaning provided in Condition 5.3;

**"Total Assets"** means the value of the consolidated total assets of the Group, as such amount appears in the latest Financial Statements, provided that "Total Assets" shall include the proceeds of the Indebtedness or Secured Indebtedness and Secured Notes to be incurred;

**"Unencumbered Assets"** means (without duplication): (i) the value of any Real Estate Property, on a consolidated basis determined in accordance with IFRS, of the Group that is not subject to any Security Interest; plus (ii) the value of all other assets of the Group that is not subject to any Security Interest (where in the case of both (i) and (ii), the values shall be equal to such amounts that appear in the latest Financial Statements);

**"Unsecured Indebtedness"** means that portion of the aggregate principal amount of all outstanding Indebtedness that is not Secured Indebtedness, as set out in the Financial Statements;

**"United States"** means the United States of America (including the states thereof and the District of Columbia) and its territories (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands); and

**"Voting Rights"** means the right generally to vote at a general meeting of shareholders of the Issuer or the Guarantor, in respect of any person other than the Issuer or the Guarantor the right generally to vote at a general meeting of the shareholders of that person (in each case, irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

References to any document or agreement shall be to that document or agreement as amended, modified, supplemented, restated and/or novated from time to time.

References in these Conditions to principal in respect of the Series F Bonds shall, unless the context otherwise requires, be deemed to include any premium and other amounts which may be payable by the Issuer in respect of the Series F Bonds.



## GUARANTEE

*The following is the text of the relevant provisions of the Trust Deed with respect to the Guarantee.*

- 7.1 The Guarantor hereby irrevocably and unconditionally, and notwithstanding the release of any other guarantor or any other person under the terms of any composition or arrangement with any creditors of the Issuer or any other Subsidiary of the Guarantor, guarantees to the Trustee:
- (a) the due and punctual payment in accordance with the provisions of these presents of the principal of and premium (if any) and interest on the Series F Bonds and of any other amounts payable by the Issuer under these presents; and
  - (b) the due and punctual performance and observance by the Issuer of each of the other provisions of these presents on the Issuer's part to be performed or observed.
- 7.2 If the Issuer fails for any reason whatsoever punctually to pay any such principal, premium (if any), interest or other amount, the Guarantor shall cause each and every such payment to be made as if the Guarantor instead of the Issuer were expressed to be the primary obligor under these presents and not merely as surety (but without affecting the nature of the Issuer's obligations) to the intent that the holder of the relevant Series F Bond or the Trustee (as the case may be) shall receive the same amounts in respect of principal, premium (if any), interest or such other amount as would have been receivable had such payments been made by the Issuer.
- 7.3 If any payment received by the Trustee or any Bondholder under the provisions of these presents shall (whether on the subsequent bankruptcy, insolvency or corporate reorganisation of the Issuer or, without limitation, on any other event) be avoided or set aside for any reason, such payment shall not be considered as discharging or diminishing the liability of the Guarantor and this guarantee shall continue to apply as if such payment had at all times remained owing by the Issuer and the Guarantor shall indemnify the Trustee and the Bondholders in respect thereof PROVIDED THAT the obligations of the Issuer and/or the Guarantor under this subclause shall, as regards each payment made to the Trustee or any Bondholder which is avoided or set aside, be contingent upon such payment being reimbursed to the Issuer or other persons entitled through the Issuer.
- 7.4 The Guarantor hereby agrees that its obligations under this clause shall be unconditional and that the Guarantor shall be fully liable irrespective of the validity, regularity, legality or enforceability against the Issuer of, or of any defence or counter-claim whatsoever available to the Issuer in relation to, its obligations under these presents, whether or not any action has been taken to enforce the same or any judgment obtained against the Issuer, whether or not any of the other provisions of these presents have been modified, whether or not any time, indulgence, waiver, authorisation or consent has been granted to the Issuer by or on behalf of the Bondholders or the Trustee, whether or not any determination has been made by the Trustee pursuant to Subclause 19.1, whether or not there have been any dealings or transactions between the Issuer, any of the Bondholders or the Trustee, whether or not the Issuer has been dissolved, liquidated, merged, consolidated, bankrupted or has changed its status, functions, control or ownership, whether or not the Issuer has been prevented from making payment by foreign exchange provisions applicable at its place of registration or incorporation and whether or not any other circumstances have occurred which might otherwise constitute a legal or equitable discharge of or defence to a guarantor. Accordingly the validity of this guarantee shall not be affected by reason of any invalidity, irregularity, illegality or unenforceability of all or any of the obligations of the Issuer under these presents

and this guarantee shall not be discharged nor shall the liability of the Guarantor under these presents be affected by any act, thing or omission or means whatever whereby its liability would not have been discharged if it had been the principal debtor.

- 7.5 Without prejudice to the provisions of Subclause 9.1, the Trustee may determine from time to time whether or not it will enforce this guarantee which it may do without making any demand of or taking any proceedings against the Issuer and may from time to time make any arrangement or compromise with the Guarantor in relation to this guarantee which the Trustee may consider expedient in the interests of the Bondholders.
- 7.6 The Guarantor waives diligence, presentment, demand of payment, filing of claims with a court in the event of dissolution, liquidation, merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to these presents or the indebtedness evidenced thereby and all demands whatsoever and covenants that this guarantee shall be a continuing guarantee, shall extend to the ultimate balance of all sums payable and obligations owed by the Issuer under these presents, shall not be discharged except by complete performance of the obligations in these presents and is additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise.
- 7.7 If any moneys shall become payable by the Guarantor under this guarantee the Guarantor shall not, so long as the same remain unpaid, without the prior written consent of the Trustee:
- (a) in respect of any amounts paid by it under this guarantee, exercise any rights of subrogation or contribution or, without limitation, any other right or remedy which may accrue to it in respect of or as a result of any such payment; or
  - (b) in respect of any other moneys for the time being due to the Guarantor by the Issuer, claim payment thereof or exercise any other right or remedy;
- (including in either case claiming the benefit of any security or right of set-off or, on the liquidation of the Issuer, proving in competition with the Trustee). If, notwithstanding the foregoing, upon the bankruptcy, insolvency or liquidation of the Issuer, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, shall be received by the Guarantor before payment in full of all amounts payable under these presents shall have been made to the Bondholders and the Trustee, such payment or distribution shall be received by the Guarantor on trust to pay the same over immediately to the Trustee for application in or towards the payment of all sums due and unpaid under these presents in accordance with Clause 10.
- 7.8 Until all amounts which may be or become payable by the Issuer under these presents have been irrevocably paid in full, the Trustee may:
- (a) refrain from applying or enforcing any other moneys, security or rights held or received by the Trustee in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise), and the Guarantor shall not be entitled to the benefit of the same; and
  - (b) hold in a suspense account any moneys received from the Guarantor or on account of the Guarantor's liability under this guarantee, without liability to pay interest on those moneys.
- 7.9 The obligations of the Guarantor under these presents constitute direct, unconditional and unsecured obligations of the Guarantor and (subject as aforesaid) rank and will rank *pari*

*passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

## USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used to fund the Group's growth strategy, re-finance or repay existing debt, and/or for other corporate purposes.

## DESCRIPTION OF THE ISSUER

### General Information

The Issuer was incorporated on 30 September 2016 under the laws of The Netherlands as a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*). Its fiscal year is the calendar year.

The Issuer has its corporate seat in Amsterdam, The Netherlands and is subject to the Dutch Company Law. The Issuer is registered in the Dutch Trade Register of the Chamber of Commerce under registration number 66965209. The address of the Issuer's registered office is Krijn Taconiskade 430, 1087 HW Amsterdam, The Netherlands, telephone number: +31206704455.

ATF Netherlands B.V. is the Issuer's legal and commercial name.

### Corporate Business

Pursuant to Article 3 of the articles of association of the Issuer, the objects of the Issuer are: (a) to issue bonds, debentures or other securities, to borrow, including the lending and raising of funds, and to enter into related agreements; (b) to incorporate, in any manner to participate in, to manage and to supervise businesses, companies and other legal entities; (c) to finance businesses, companies and other legal entities; (d) to give advice and to provide services to businesses, companies and other legal entities with which the Issuer is affiliated in a group, and to third parties; (e) to issue guarantees, to commit the Issuer and to encumber assets of the Issuer for the benefit of businesses, companies and other legal entities with which the Issuer is affiliated in a group and for the benefit of third parties; (f) to make periodical payments, including the conclusion and performance of annuity and other standing right agreements, whether or not in the context of a pension provision; (g) to invest capital and to invest moneys in real property, shares and bonds, to acquire, dispose of, manage and operate real property, personal property, securities and other goods, including patents, trademark rights, licences, permits and other industrial property rights, to manage pension funds and to perform all the work and develop projects that may be conducive to achieving the above objects; (h) to perform all kinds of industrial, financial and commercial activities, as well as any and all things that are related or may be conducive to the above.

### Organisational Structure

The Issuer is a wholly-owned subsidiary of the Guarantor. The Issuer does not have any subsidiaries of its own. The Issuer is dependent upon the administrative and management

services provided for it by the Guarantor and other members of the Group. There are no specific measures in place at the Issuer regarding positions of control.

Management, Corporate Governance

The current members of the Issuer's managing board are as follows:

<b>Name</b>	<b>Position</b>
Ms. Jelena Afxentiou	Director
Dorsha B.V.	Director

The current members of the managing board of the Issuer can be contacted at the registered office of the Issuer during normal business hours. The Issuer has no supervisory board.

No specific rules apply to the Issuer under the Dutch Corporate Governance Code, because the Dutch Corporate Governance Code only applies to companies whose shares are listed.

The members of the Issuer's managing board do not hold any positions in administrative, management or supervisory bodies outside the Group which are significant with respect to the Issuer.

To the best knowledge of the Issuer, no potential conflicts of interest exist between any duties owed by the members of the Issuer's managing board to the Group and the private interests and/or other duties of such persons.

Share Capital

The issued capital of the Issuer amounts to €10, divided into 1,000 registered shares of common stock with a par value of €0.01 each, which are all held by the Guarantor. The capital is fully issued and paid-up. The Issuer does not have authorised but unissued capital.

Investments

The Issuer has made no material investments since the date of its incorporation and, as of the date of this Prospectus, its management has made no firm commitments on future material investments.

## Business Overview

Pursuant to its corporate purpose, the Issuer acts as a financing subsidiary of the Guarantor, the principal activity of which is the provision of loans to members of the Group financed with funds acquired from the capital markets, bank loans and loans from other companies of the Group.

Because of its internal role with respect to the Group, the Issuer does not have any markets in which it competes and, therefore, the Issuer cannot make a statement regarding its competitive position in any markets.

## Legal and Arbitration Proceedings

There are currently no, and the Issuer has not been involved in any, governmental, legal or arbitration proceedings during the last twelve months, against or affecting the Issuer, nor is the Issuer aware of any pending or threatened proceedings, which (in either case) may have or have had in the recent past significant effects on the financial position or profitability or results of operations of the Issuer and/or the Group.

## Material Contracts

See “*Description of the Guarantor and the Group—Material Contracts*” for a brief summary of all material contracts that are not entered into in the ordinary course of the Issuer’s or the Guarantor’s business, which could result in any Group member being under an obligation or entitlement that is material to the Issuer’s ability to meet its obligations to holders of the Notes.

## Financial Information and Auditors

The Issuer was established on 30 September 2016 and has not yet prepared any financial statements. The opening balance sheet of the Issuer included in this Prospectus was audited at the request of the Issuer by Mazars Paardekooper Hoffman N.V. (“**Mazars**”), Delflandlaan 1, 1062 EA Amsterdam, The Netherlands, which has produced an independent auditors report in respect of such opening balance sheet (the “**Report**”). Mazars has consented to the inclusion of the Report in the form and context in which it is included in this Prospectus, which consent has not been withdrawn prior to the publication of this Prospectus. Mazars has not caused or authorized the issue of this Prospectus and takes no responsibility for any part of it other than the Report and references to its name.

Mazars is a member of the Netherlands Institute of Chartered Accountants (Nederlandse Beroepsorganisatie van Accountants).

#### Significant Change in the Financial or Trading Position

Since its incorporation, save as disclosed in the "*Description of the Guarantor and the Group—Business Overview—History and Recent Development*" section of this Prospectus, there has been no significant change in the financial or trading position of the Issuer.

#### Trend Information

There has been no material adverse change in the prospects of the Issuer since its incorporation.



## DESCRIPTION OF THE GUARANTOR AND THE GROUP

### Formation, Incorporation, Registered Office, Commercial Name, Financial Year

The Guarantor is a public limited liability company duly incorporated under the laws of the Republic of Cyprus ("**Cyprus**") and registered with the Department of the Registrar of Companies and Official Receiver in Cyprus under the Cyprus Companies Law with registration number HE 148223. The Guarantor was founded on May 7, 2004 in Cyprus under the name Redspot Media Limited. The commercial name of the Guarantor is Aroundtown. The duration of the Guarantor is unlimited.

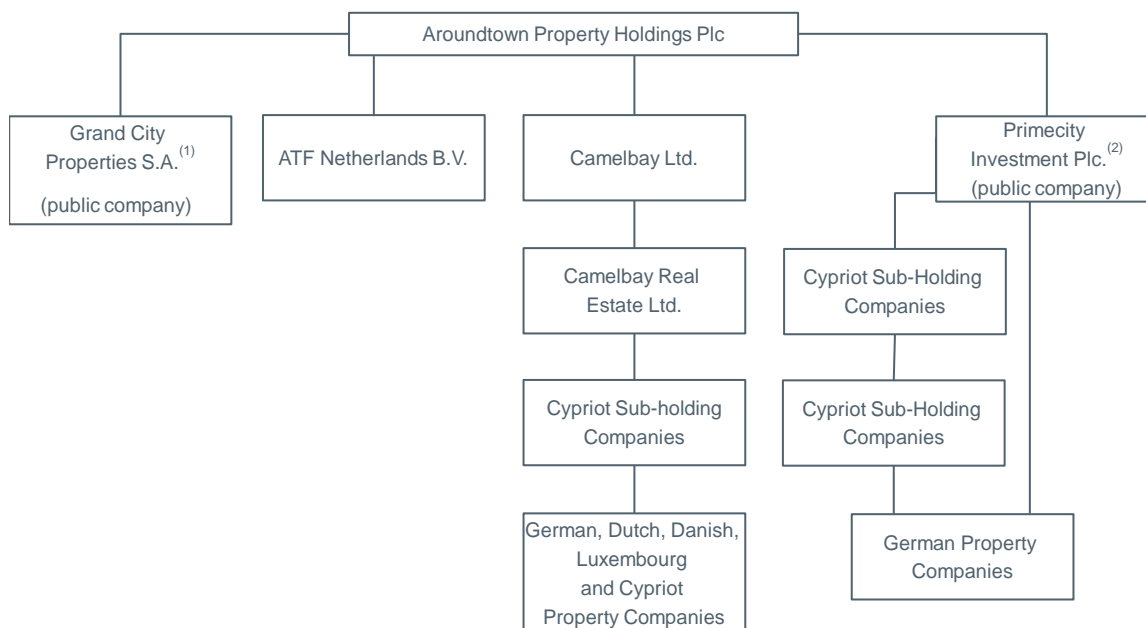
The address and registered office of the Guarantor is at 54B Artemidos & Nikou Dimitriou, Scanner Avenue Tower, 4th floor 6027, Larnaca, Cyprus. The telephone number of the Guarantor's registered office is +357-2420-1312.

### Group Structure

The Guarantor is the parent company of the Group, which consists of more than 300 companies and together with GCP consists of more than 800 companies. These companies are located primarily in Germany, Luxembourg, the Netherlands and Cyprus. The Guarantor conducts its business through itself and through the other members of the Group.

The Guarantor's shares are listed on the Alternext market segment of the Paris Euronext stock exchange and are also dual listed on the Quotation Board Segment of the Frankfurt Stock Exchange (ISIN: CY0105562116). The Guarantor holds 95% of the shares in Primecity Investment PLC ("**PCI**"), which is listed on the Alternext market segment of the Paris Euronext stock exchange (ISIN: CY0104972217). The Guarantor also holds 34.30% of the shares in Grand City Properties S.A. ("**GCP**"), which is listed on the Frankfurt Stock Exchange in the Entry Standard segment (ISIN: LU0775917882).

The following diagram sets forth the structure of the Group in a simplified form as of the date of this Prospectus:



(1) The Guarantor's 34.30% interest in GCP is held through its wholly owned subsidiary Edolaxia Group Limited, which is not shown in the diagram for simplification purposes. On 31 December 2014, GCP was deconsolidated from the Guarantor's consolidated financial statements. The Guarantor's interest in GCP is presented as investment in an equity-accounted investee. For more information, see page 32 in the 2015 Consolidated Financial Statements.

(2) The Guarantor's interest in PCI is held through its fully-owned subsidiaries Alfortia Ltd. and Bluestyle Ltd., which are not shown in the diagram for simplification purposes.

## Business Overview

The Guarantor is a specialist real estate investment company which focuses on value-add properties primarily in the German real estate markets. The Group invests in commercial and residential real estate assets which benefit from strong fundamentals and growth prospects. The Group's commercial properties are held directly by the Guarantor and its subsidiaries, and the Group's investments in residential properties are held through its 34.30% interest in GCP.

Operating with a fully integrated real estate value chain, the Guarantor targets cash generating properties with upside potential in terms of rental income and/or occupancy, lease and tenant structure, WALT, cost level optimization and resulting value. Through operational repositioning of

its properties, the Guarantor aims to further improve the results of its portfolio, creating secure and strong cash flow generating characteristics and creating internalized growth potential.

### History and Recent Developments

The Guarantor and the Group have been active in the German real estate market since 2004, and have built a diversified and growing real estate portfolio consisting primarily of commercial real estate in Germany and the Netherlands and the Guarantor's indirect interest in the residential property portfolio of GCP based on the Guarantor's 34.30% interest in GCP, a publicly traded specialist real estate company which invests in the German residential real estate market. In October 2016, the Guarantor announced that it intends, subject to market conditions, to increase its interest in GCP up to a 40% holding.

As of October 2016, the Group Portfolio included approximately 3 million square meters of commercial real estate, which generated a monthly annualized €303 million rental and operating income run rate. As of October 2016, GCP held 84,000 units, which generated a monthly annualized €452 million rental and operating income run rate.

The Guarantor was founded as a private limited liability company in Cyprus in May 2004 under the name Redspot Media Limited and changed its name to Arountown Property Holdings Limited in October 2004. In November 2014, the Guarantor became a public limited liability company in Cyprus under the name Arountown Property Holdings plc. The shares of the Guarantor have been listed on the Paris Euronext stock Exchange since June 2015 and are currently listed on the Alternext market segment of the Paris Euronext stock exchange. Since November 2015, the shares of the Guarantor have been dual listed on the Quotation Board Segment of the Frankfurt Stock Exchange. PCI has been listed on the Paris Euronext stock exchange since October 2014 and is currently listed on the Alternext market segment of the Paris Euronext stock exchange. GCP was listed on the Open Market of the Frankfurt Stock Exchange in the Entry Standard segment in May 2012. In October 2016, GCP announced that it had made the decision to apply for the admission to trading of its shares on the regulated market of the Frankfurt Stock Exchange during 2017.

The Group has successfully completed a number of recent capital markets transactions, including:

- December 2014, bond issuance with a total nominal amount of €161 million maturing in 2021 (the "**Series A Bonds**");

- January 2015, tap up of the Series A Bonds resulting in a total nominal amount for the Series A Bonds of €200 million (as of the date of this Prospectus, the Guarantor held over 80% of the Series A Bonds in its treasury);
- May 2015, convertible bond issuance with a total nominal amount of €450 million maturing in May 2020 (the "**Series B Bonds**");
- July 2015, share capital increase with gross proceeds of €320 million;
- December 2015, convertible bond issuance with a total nominal amount of €300 million maturing in January 2021 ( the "**Series C Bonds**");
- April 2016, share capital increase with gross proceeds of €266.5 million;
- April 2016, straight bond issuance with a total nominal amount of €600 million maturing in May 2022 (the "**Series D Bonds**");
- July 2016, straight bond issuance with a total nominal amount of €500 million maturing in July 2024 (the "**Series E Bonds**");
- October 2016, perpetual subordinated notes issuance with a total nominal amount of €500 million (the "**Perpetual Notes**"); and
- November 2016, tap up of the Series E Bonds resulting in a total nominal amount of €650 million for the Series E Bonds.

In December 2015, S&P assigned the Guarantor an investment grade long term corporate credit rating of "BBB-", and in June 2016, S&P upgraded the Guarantor's credit rating to "BBB" with a stable outlook.

For more information regarding the Guarantor's share capital, see "*—Share Capital*". For more information regarding the Group's recent capital markets activity, see "*—Material Contracts—Bond Issuances*". For more information regarding the Guarantor's recent market activity, see "*—Material Contracts—Material Agreements*".

## PCI

Since its listing on the Paris Euronext stock exchange in October 2014, PCI has successfully accessed the capital markets and issued convertible bonds in an aggregate volume of €150 million. As of the date of this Prospectus, over 80% of PCI's convertible bonds had been converted into shares of PCI.

## GCP

Since its listing on the Frankfurt stock exchange in 2012, GCP has successfully accessed the capital markets and issued shares and debt securities in an aggregate volume of €3.3 billion, including gross proceeds from share capital increases and the issuance of perpetual notes, convertible bonds and straight bonds. GCP has an investment grade credit rating of "Baa2" with a positive outlook from Moody's and an investment grade credit rating of "BBB+" with a stable outlook from S&P.

## The Group Portfolio

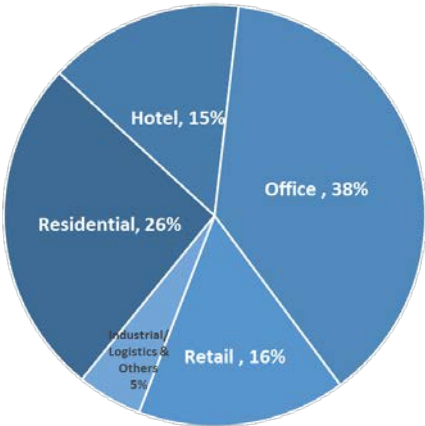
### Overview

As of October 2016, the Group held commercial properties with a fair value of €4.6 billion. The Commercial Portfolio includes 3 million square meters of office, hotel, retail and other real estate primarily in large urban areas in Germany, such as Berlin, Munich, Hamburg, Frankfurt, North Rhine Westphalia and Hannover, as well as in Amsterdam and Rotterdam in the Netherlands. The Guarantor's Residential Portfolio consists of its indirect interest in the residential property portfolio of GCP based on the Guarantor's 34.30% stake in GCP. As of October 2016, GCP held approximately 84,000 units located in densely populated areas in Germany, such as Berlin, North Rhine Westphalia, Dresden, Leipzig, Mannheim, Halle, Nuremberg, Munich, Mannheim, Frankfurt, Bremen and Hamburg.

Unless otherwise indicated, the information presented in this Prospectus regarding the Group Portfolio is based on the fair value assessment of the relevant properties as of the relevant date and includes, in addition to the Commercial Portfolio of the Group, a proportional part of the residential property portfolio of GCP based on the Guarantor's 34.30% interest in GCP.

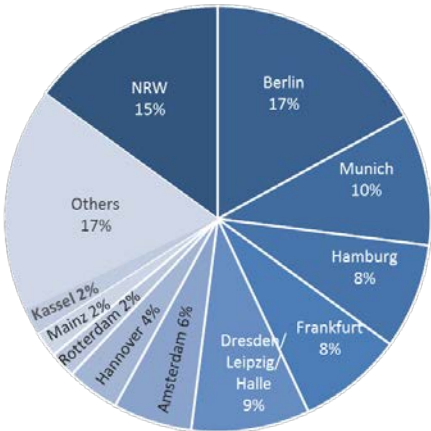
The Group Portfolio is distributed among several types of real estate asset. As of October 2016, by value, the Group Portfolio consisted of 38% office real estate, 26% residential real estate, 16% retail real estate, 15% hotel assets, and 5% industrial, logistics and other use properties.

Group Portfolio Asset Type by Value (October 2016)



The Group Portfolio is also geographically well distributed. As of October 2016, by value, 17% of the Group Portfolio was in Berlin, 15% in North Rhine Westphalia, 10% in Munich, 8% in Frankfurt, 9% in Dresden/Leipzig/Halle, 6% in Amsterdam and 4% in Hanover, with the remainder in other locations.

Group Portfolio Geographical Distribution by Value (October 2016)



As of October 2016, the Group Portfolio total average monthly in-place rent was €7 per square meter, and the EPRA Vacancy Rate was 7.7% as of the same date. The top 10 tenants in the Group Portfolio generate less than 15% of the Group's total rental income.

The Group Portfolio monthly annualized rental income run rate as of October 2016 was €457 million, and the Group's estimated monthly annualised adjusted EBITDA run rate was €288 million as of the same date. Adjusted EBITDA is a measure of the operational performance

of the Group Portfolio, calculated by deducting non-operational items such as capital gains, revaluations and disposal gains from EBITDA.

As of October 2016, the Group's estimated funds from operations ("**FFO I**") run rate was €189 million. FFO I is a measure of the Group's materialized bottom line operational profit, calculated by deducting current tax expenses and finance expenses from adjusted EBITDA.

### Commercial Portfolio

The Commercial Portfolio consists primarily of office, hotel and retail properties. As of October 2016, by value, the Group's Commercial Portfolio consisted of 51% office properties, 22% retail space, 20% hotel assets and 7% industrial, logistics and other use properties. The Commercial Portfolio includes a comprehensive tenant base of approximately 2,000 tenants as of October 2016, which are diversified over a wide range of market sectors. Primary tenants in the Commercial Portfolio include HypoVereinsbank, Clifford Chance, Telekom, Metro Group, Allianz, Sheraton Arabella, [Bol.com](http://Bol.com), De Persgroep, Jenoptik (ESW GmbH), Caterpillar and others.

As of October 2016, the Commercial Portfolio generated an average monthly in-place rent of €7.9 per square meter. The EPRA Vacancy Rate as of October 2016 was 7.4%.

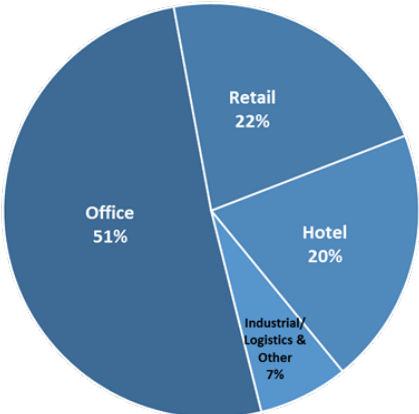
As of October 2016, the weighted average lease term ("**WALT**") of the Commercial Portfolio was approximately 8 years.

As of October 2016, the monthly annualised rental income run rate for the Commercial Portfolio was €303 million. The estimated FFO I run rate for the Commercial Portfolio as of the same date was approximately €141 million.

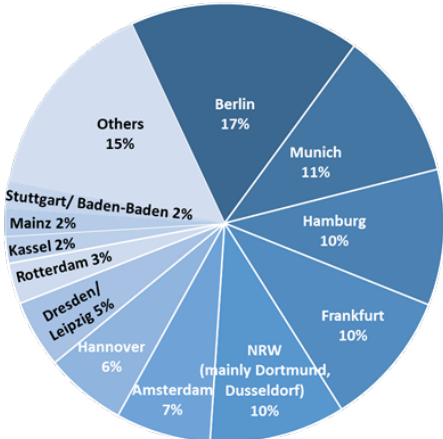
The Guarantor believes that the properties in the Commercial Portfolio are primarily located in commercially strong urban centres with good fundamentals, and also believes that the Commercial Portfolio is well diversified with respect to both geography and tenant base.

The following charts provide an overview of the geographical distribution of the Commercial Portfolio by value.

Commercial Portfolio Geographical Distribution by Value (October 2016)

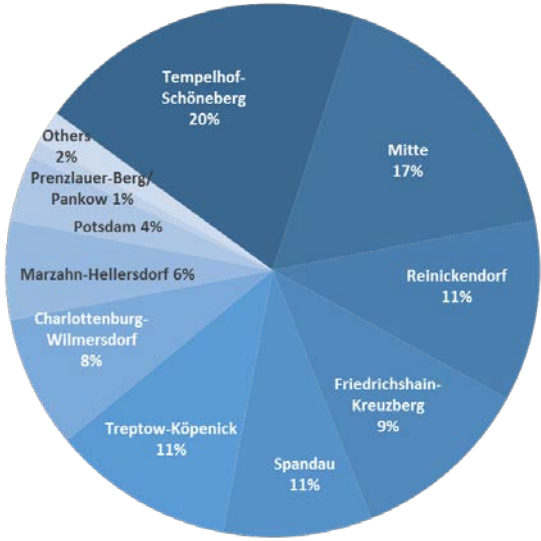


Commercial Portfolio Geographical Distribution by Value (October 2016)





Commercial Portfolio Berlin Regional Distribution by Value (October 2016)



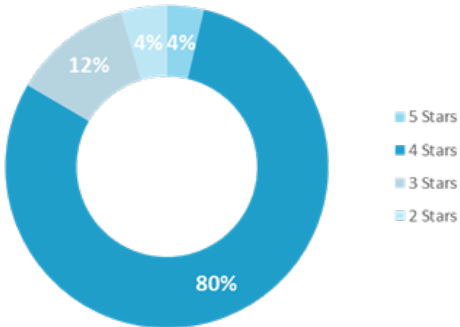
The Commercial Portfolio excluding hotel assets includes 2.5 million square meters of commercial space with a total value of €3.65 billion.

The Commercial Portfolio also includes hotel assets with a total value of €950 million, with 0.5 million square meters, 56 hotels and 8,800 rooms in key locations in Germany. The Group's hotels are leased primarily on a long-term basis to third party commercial tenants.

The tenants of the Group's hotel assets have entered into franchise agreements mainly with the following hotel brand franchisor enterprises: Wyndham, TRYP by Wyndham, Wyndham GARDEN, Days Inn, park inn by Radisson, Swissôtel, ibis, Sheraton, Carlson REZIDOR, Radisson Blue, ACCOR, Mercure, Best Western, Holiday Inn and Steinberger Hotel Group.

The majority of the Group's hotel assets are categorized as 4 star properties, which the Guarantor believes allows them to meet the high demand for both business and leisure in this segment.

Hotel Portfolio Composition by Category as of October 2016 (by Value)

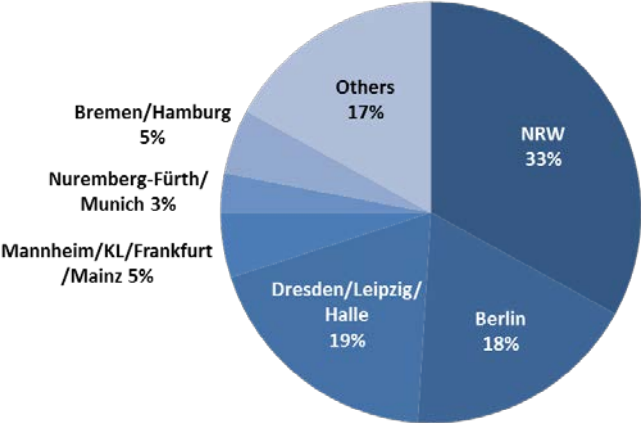


Residential Portfolio

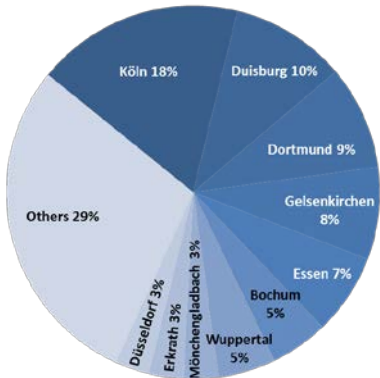
The Guarantor's Residential Portfolio consists of its indirect interest in the residential property portfolio of GCP based on the Guarantor's 34.30% interest in GCP. As of October 2016, GCP held approximately 84,000 units, and managed an additional 10,000 units on behalf of third parties. GCP's property portfolio is mainly spread across densely populated areas located in Berlin, North Rhine Westphalia, Dresden, Leipzig, Halle, Nuremberg, Munich, Mannheim, Frankfurt, Bremen and Hamburg.

The following diagram shows the regional distribution of GCP's property portfolio as of October 2016 by value:

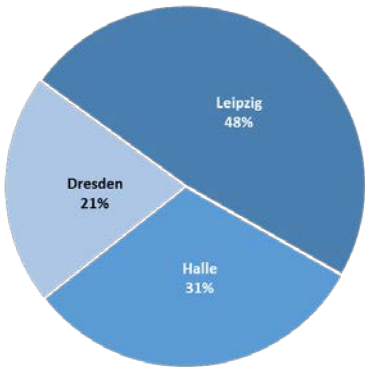
Residential Portfolio Regional Distribution by Value (October 2016)



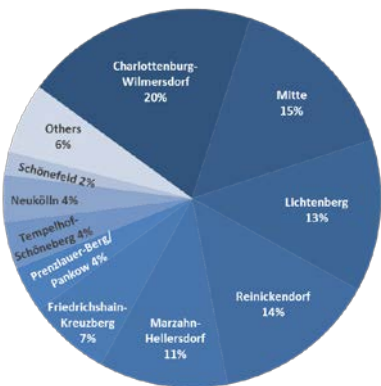
Residential Portfolio NRW Regional Distribution by Value (October 2016)



Residential Portfolio Dresden/Leipzig/Halle Regional Distribution by Value (October 2016)



Residential Portfolio Berlin Regional Distribution by Value (October 2016)



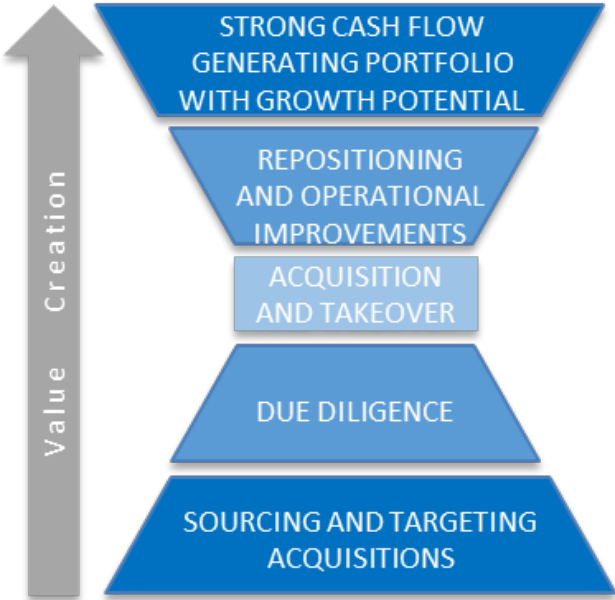
As of October 2016, GCP's property portfolio generated an average monthly in-place rent of €5.35 per square meter with an EPRA Vacancy Rate of 8.1%.

As of October 2016, the monthly annualised rental income run rate for GCP's property portfolio was €452 million, and the estimated FFO I run rate for GCP's property portfolio was €164 million as of the same date.

Business Operations

Overview

The following chart shows the business model of the Group in simplified form, and the following sections describe each step of the Group's business model in more detail:



Sourcing and targeting acquisitions

The Guarantor's property sourcing success stems from its network as well as its reputation as a reliable real estate acquisition partner. The Group focuses on value-add properties characterized primarily by below market rent levels and/or vacancy reduction potential. With significant experience in the real estate markets since 2004, the Group believes that it benefits from a preferred buyer status across its sourcing network. The Group sources deals from a large and diverse deal sourcing base, such as receivers, banks, loan funds, broker networks, distressed owners, private and institutional investors and court auctions. The Group's focus is on major cities and metropolitan areas with positive demographic prospects.

The Group follows the following acquisition criteria:

- Upside potential through operational improvements
- Cash flow generating assets
- Vacancy reduction potential
- Rent levels per sqm below market levels (under-rented properties)
- Acquisitions located in densely populated areas and commercially attractive cities
- Purchase price below replacement cost and below market values
- Potential to reduce the cost per sqm significantly through operational improvements

Due to the broad experience and knowledge of its management, the Group is able to consider all possible uses for properties that it acquires, including altering the property's primary use in order to target specific supply shortages in the marketplace. Given the complexity of reclassification projects and the necessity of cross-segment experience in order to complete them, the Group believes that its business model provides it with a strong and sustainable competitive advantage.

### Due Diligence

After a potential property passes an initial screening, the property is further assessed in order to take into account the specific features of each project while ensuring that the acquisition is in line with the Group's overall business strategy. The Guarantor believes that the Group's experience in analysing properties with value creation potential, and in identifying both the potential risks and the upside potential of each property, results in fast, but thorough and reliable, screening procedures.

During the due diligence phase, the Group's construction team analyses potential capex requirements for the property. These are subsequently priced in the valuation process in order to provide a fair assessment of the property's value. A detailed business plan is created for each property in the due diligence phase, including an assessment of the portfolio fit and identification of feasible tenants. Beginning to identify tenants prior to acquisition of the property not only decreases risk to the Group but also accelerates the property takeover process.

### Acquisition and takeover

Due to a thorough cross-organizational process in the due diligence phase, once a property is acquired the actual takeover occurs swiftly and efficiently. Because liquidity plays a significant role in the acquisition of value-add properties, the Guarantor benefits strongly from its solid liquidity position and its ability to acquire properties with existing resources and refinance the acquisition at a later stage. The Group also benefits from a strong and experienced legal department, which combined with close and longstanding relationships with external law firms enables the Guarantor to complete multiple deals simultaneously.

## Repositioning and operational improvements

As a specific tailor made business plan is constructed for each property, and the weaknesses and strengths were mapped pre-acquisition, the execution of the repositioning process is smoother and faster. The business plan input is integrated into the Guarantor's proprietary IT/software platform which enables the management to monitor all operational and financial parameters and fully control the repositioning progress. The success of the repositioning of the properties are the result of the following actions:

### OPERATIONAL AND MARKETING INITIATIVES TO IMPROVE PROFITABILITY

The initial repositioning activities aim at minimizing the time until the profitability of the acquired properties is improved. Targeted marketing activities are implemented to increase occupancy and thereby rental income. Vacancy reduction initiatives are tailored to the specific type of property at hand. Procedures applied to the Guarantor's commercial properties include establishing a network of internal and external, as well as local and nationwide, letting brokers, offering promotional features and building a reputation in the market for high service standards. Initiatives for the Group's residential properties target relationship building with potential tenants and the local community by collaborating with local governments, supporting community building projects and advertising on key real estate platforms. For the Group's hotel assets, optimal operators are selected for the asset and a fixed long-term lease contract entered into once the hotel is repositioned.

Rent increase and tenant restructuring, assessed in the due diligence process, are executed according to the property's business plan. Further, the operational improvements the Guarantor initiates improve the living quality or business environment for existing and future tenants. Thereby, the demand for these repositioned assets rises.

Having identified areas for operational improvements, the Group drills down on cost saving opportunities on a per unit basis, making use of modern technologies such as consumption based meters. These efforts combined with cost savings achieved through vacancy reductions and economies of scale enable the Guarantor to benefit from a significant improvement of the cost base and therefore higher profitability.

The Guarantor manages its entire real estate value chain, across acquisition, letting, upkeep and refurbishment. This integrated approach brings further efficiency benefits and a preferred landlord status to the Group and fast response times to its tenants.

### SMART CAPEX INVESTMENTS, WHEN REQUIRED

The Guarantor addresses capex needs to keep the properties at high standards and addresses the requirements of its existing and prospective tenants. Capital improvements are discussed in

close coordination with committed tenants allowing an efficient and cost effective implementation of the investments. The carried out investments are monitored by the Guarantor's experienced construction team.

The financial feasibility of the proposed alterations is balanced against the lease term, rental income and property acquisition cost and bear quick returns over the investment period.

### RELATIONSHIP MANAGEMENT

The Guarantor puts great emphasis on establishing strong relationships with its tenants to reduce churn rates, to predict as well as strengthen the tenant structure and thereby positively affect its cash flows in the future. The Guarantor aims to offer high quality services for both potential and existing tenants. The Group pays strong attention to the industry in which its commercial tenants operate and to their individual success factors. The Group also offers direct support to its tenants through add-on amenities for its rental properties such as parking facilities, space extensions to facilitate growth and smart space redesign to match modern office layouts. For its strong residential tenant base GCP also provides a wide range of services including a 24/7 Service Center and regularly invests into community building projects such as playgrounds and community centers.

Further, the Group aims to establish personal relationships between its asset and property managers and its tenants, providing them with personal contact points, which allows the Group to react promptly to problems and proactively prolonging existing contracts in order to optimize and secure long-term revenues.

### Strong cash flow generating portfolio with growth potential

Secure cash flows are continuously strengthened by ongoing cost controls and profitability improvements. The Guarantor's portfolio exhibits further strong and lasting growth after the implementation of initial repositioning activities. In line with the Group's primarily buy and hold strategy, with a strong focus on creating a long-term stream of cash flows, this continuous internal growth ensures that the Guarantor can continue to grow organically without relying on further acquisitions.

### Employees

As of October 2016, the Group employed approximately 200 employees, and together with GCP employed approximately 800 employees.

## Loan Agreements

The Group has entered into various loan agreements primarily for the purpose of financing the acquisition of properties in the Group Portfolio. As of 30 September 2016, the Group's outstanding aggregate total bank loan amount (including accrued interest) was approximately €1,063 million.

The Group's loan agreements typically bear interest at fixed rates or at rates based on EURIBOR plus a spread, and the interest rates may in certain cases be hedged. The Group's loan agreements are typically secured by pledges of property, including pledges of rental proceeds, shares of the relevant holding companies, and operational bank accounts, and contain customary representations and warranties, undertakings and events of default with respect to real estate financing (which are in turn typically subject to certain agreed exceptions and materiality carve-outs). A number of the Group's loan agreements provide the lender with the right to terminate the loan if the Guarantor no longer directly or indirectly (i) controls the relevant borrowing entity or (ii) manages the relevant property.

## Market Overview

The Group has built a diversified and growing real estate portfolio consisting of commercial and residential properties located primarily in Germany and the Netherlands, with targeted investments in other locations with strong fundamentals. The following section presents an overview of the macro-economic environment and real estate markets in Germany and the Netherlands.

### **Germany**

#### Macro-economic Environment

Within the Eurozone, Germany has a strong and stable economy, which the Guarantor believes offers strong potential for further development of the real estate market. Germany's GDP increased in 2015 and exceeded EUR 3.0 trillion for the first time (Source: Federal Statistical Office, Press release 162 / 2016-05-13, Wiesbaden 2016). The unemployment rate in Germany as of July 2016 was 4.2%, among the lowest in the Eurozone where the average prevailing rate was 10.1%. (Source: European Commission, [http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics), visited 29/09/2016). The German consumer price index increased by 6.9% between 2010 and 2015. (Source: Data from the Federal Statistical Office, Wiesbaden 2016, [www.destatis.de](http://www.destatis.de), Thema: Preise). Germany had a solid financial profile in 2015 with a sustainable debt level (net) of 48.8% of GDP (Eurozone average: 69.4%), a budget surplus of 0.7% of GDP (Eurozone average: deficit of 2.1%) and a S&P credit rating of AAA with



a stable outlook, which is reflected in the lowest yield on ten year government bonds within the Eurozone (Source: IMF World Economic Outlook Database April 2016; European Central Bank, <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=1&language=en&pcode=teina200>, <https://www.ecb.europa.eu/stats/money/long/html/index.en.html>, visited 31/07/2016).

### Real Estate Market

The demand for office space in the top seven cities in Germany (Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, Munich and Stuttgart) rose by approximately 17% between 2014 and 2015, driven primarily by growth in larger cities, including Dusseldorf, Munich and Berlin (Source: Colliers, Germany, Office and Investment Market 2015/2016). The Guarantor believes that demand for retail space will continue to be positively impacted by increases in local purchasing power and tourism. Retail sales in Germany were positively impacted by the growth of household disposable income from EUR 419 billion in 2009 to around EUR 472 billion in 2015 (Source: HDE Handelsverband Deutschland, Jahrespressekonferenz Charts, Januar 2016). At the same time, overall retail space in Germany increased from 2003 to 2014 by 7.9% to 123.1 million square meters (based on HDE Handelsverband Deutschland, German Retail: Facts and Figures, accessed 29/09/2016). Strong international and domestic travel growth continues to drive demand in the hotel market. In addition, demand for logistic and industrial space continues to be driven by growing revenues in the logistics sector. In the residential sector, the Guarantor believes that an increase in the number of households and a decline in average household size, coupled with low vacancy rates, will continue to drive demand, even in light of limited population growth.

Growth in the German real estate sector continues to be supported by favorable financing conditions and low interest rates in Europe, with overall transaction volumes in real estate properties increasing by 52% between 2014 and 2015 to approximately EUR 80 billion. The largest volume of transactions took place in residential property portfolios (approximately EUR 24.0 billion) followed closely by office properties (approximately EUR 23.6 billion), retail properties (approximately EUR 18.5 billion), logistic and industrial properties (approximately EUR 4.6 billion) and finally hotel properties (approximately EUR 4.4 billion, representing an increase of 43% within one year) (Source: BNP Paribas Real Estate, Investment Market Germany, Property Report 2016).

### Netherlands

#### Macro-economic Environment

Although the Dutch economic environment was challenging following the global economic crisis in 2008 and 2008, the Netherlands has experienced steady economic growth since 2014, as well as further development of the real estate market. For 2015, preliminary figures indicate that the

Dutch economy grew at a rate of 2.0%, the highest growth rate since 2007 (Source: Eurostat: <http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=de&pcode=tec00115&plugin=1>). In July 2016, the unemployment rate in the Netherlands stood at 6.0%, lower than the Eurozone average of 10.1% (Source: European Commission, [http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics), visited 29/09/2016). Domestic household consumption has grown since October 2014 and increased by 0.8% year-over-year in June 2016 (Source: Centraal Bureau voor de Statistiek, Netherlands, <https://www.cbs.nl/en-gb/news/2016/33/dutch-consumer-spending-up>).

### Real Estate Market

The Guarantor believes that the real estate market in the Netherlands will continue to benefit from the growth of the Dutch economy, in particular in the office and retail spaces. In 2015, investment in the Dutch real estate market reached approximately EUR 11.6 billion, the highest level since 2007. In the commercial sector, office real estate was most the most popular asset class, followed by retail properties. The four largest cities in the Netherlands (Amsterdam, Rotterdam, Utrecht and The Hague) accounted for approximately 40% of the total investment volume (Source: CBRE, Netherlands Capital Markets Outlook 2016).

### Corporate Purpose

The Guarantor is a specialist real estate investment company which focuses on value-add properties primarily in the German real estate markets. The objects for which the Guarantor was established are set forth in Section 3 of its articles of association (the "**Articles of Association**"). The Guarantor is generally entitled to take all actions or measures required to operate its business, including but not limited to the following activities: carry on the business of commerce, general trade business and works, import, export; carry on activities as business consultants and management consultants; purchase or otherwise acquire or possess any estate or interest in lands or buildings; maintain, manage, improve and repair flats, shops or offices; improve manage, let on lease or otherwise deal with all or any part of the property, assets and rights of the Guarantor; engage, hire and train staff and workers; purchase or otherwise acquire other companies or partnerships; apply for, purchase or otherwise acquire trademarks, patents or copyrights or licenses therefore; borrow, lend or raise money or secure obligations (whether of the Guarantor or others); establish, regulate and discontinue branch offices, regional offices and local boards and to acquire or purchase shares or securities.

## Board of Directors and Other Bodies

### General

The Guarantor is administered and managed by a board of directors (the "**Board of Directors**", and each member of the Board of Directors, a "**Director**"). The Board of Directors is vested with broad powers to perform all acts of administration and management in the Guarantor's interest. All powers not expressly reserved by the companies law of the Republic of Cyprus as last amended on 25 July 2016 (the "**Companies Law**") or by the Articles of Association to the general meeting of the Guarantor's shareholders fall within the competence of the Board of Directors. The powers of the Board of Directors may be delegated by resolution of the Board of Directors or a committee duly authorized by the Board of Directors to a single director, officer or a third person. The Board of Directors may determine the scope of such delegation at its discretion.

The Board of Directors may appoint one or more Directors to the office of managing director of the Guarantor. The Board of Directors shall choose amongst the Directors a chairperson and also appoint a secretary who need not be a member of the Board of Directors. The chairperson of the Board of Directors shall have a casting vote when adopting resolutions of the Board of Directors.

Pursuant to the Companies Law as well as the Articles of Association, the minimum number of Directors shall be at least two whereas the general meeting may determine a higher or maximum number. The general meeting resolves on the remuneration of the Directors.

The Directors may be dismissed with or without any cause at any time and at the sole discretion of the general meeting of the Guarantor's shareholders, subject to the provisions of section 178 and section 136 of the Companies Law.

In the event of a vacancy in the office of a Director, the remaining Directors may appoint a Director, by a majority vote, to fill such vacancy until the next general meeting of the Guarantor's shareholders.

### Members of the Board of Directors

The following table sets out information with respect to each of the members of the Board of Directors, including their positions within the Guarantor as of the date of the Prospectus.

<b>Name</b>	<b>Position</b>
Mr. Andrew Wallis	Director

Mr. Oschrie Massatschi	Director
Mr. Reshef Ish-Gur	Director
Ms. Elena Koushos	Director
Ms. Jelena Afxentiou	Director

The business address of the Directors is at 54B Artemidos & Nikou Dimitriou, Scanner Avenue Tower, 4th floor 6027, Larnaca, Cyprus.

The members of the Board of Directors do not hold any positions in administrative, management or supervisory bodies outside the Group which are significant with respect to the Guarantor.

To the best knowledge of the Guarantor, no potential conflicts of interest exist between any duties owed by the members of the Board of Directors to the Group and the private interests and/or other duties of such persons.

The Guarantor's most recent shareholders' annual general meeting was held on 18 November 2016. The shareholders meeting approved the appointment of two additional members to the Board of Directors, namely Mr. Andrew Wallis, previously Vice Chairman of the advisory board, and Mr. Oschrie Massatschi.

The Guarantor's most recent shareholders' annual general meeting held on 18 November 2016 resolved the distribution of a cash dividend in the amount of €0.051 per share, with a record date of November 23, 2016. The Guarantor will distribute the cash dividend in a gross aggregate amount of €34.5 million on December 23, 2016.

#### Senior Management

The following table sets out information with respect to each of the members of the senior management of the Guarantor, including their positions within the Guarantor as of the date of the Prospectus:

<b>Name</b>	<b>Position</b>
Mr. Shmuel Mayo	Chief Executive Officer (CEO)
Mr. Eyal Ben David	Chief Financial Officer (CFO)
Mr. Markus Neurauter	Head of Commercial Operations

Mr. Philipp Von Bodman

Head of Hotel Operations

The main business address of the members of senior management is at Wittestraße 30, Haus F, 13509 Berlin, Germany.

The members of the senior management do not hold any positions in administrative, management or supervisory bodies outside the Group which are significant with respect to the Guarantor.

To the best knowledge of the Guarantor, no potential conflicts of interest exist between any duties owed by the members of the senior management and the private interests and/or other duties of such persons.

#### Advisory Board

The Board of Directors of the Guarantor has established an advisory board. The task of the advisory board is to provide expert advice and assistance to the Board of Directors. The Board of Directors decides on the composition, tasks and term of the advisory board as well as the appointment and dismissal of its members. The advisory board has no statutory powers under the Company Law or the Articles of Incorporation of the Guarantor, but applies rules which have been adopted by the Board of Directors. However, the Guarantor considers the advisory board to be an important source of guidance for the Board of Directors when making strategic decisions. The current members of the advisory board are Mr. Yakir Gabay (Chairman), Mr. Dr. Axel Froese and Mr. Frank Roseen.

#### Audit Committee

The Board of Directors has established an Audit Committee. The Board of Directors decides on the composition, tasks and term of the Audit Committee as well as the appointment and dismissal of its members. The responsibilities of the Audit Committee relate to the integrity of the financial statements, including reporting to the Board of Directors on its activities and the adequacy of internal systems controlling the financial reporting processes and monitoring the accounting processes. The Audit Committee provides guidance to the Board of Directors on the auditing of the annual financial statements of the Company and, in particular, shall monitor the independence of the approved independent auditor, the additional services rendered by such auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement with the auditor. The current members of the Audit Committee are Ms. Jelena Afxentiou, Elena Koushos, Mr. Christian Hupfer as well as Mr. Oschrie Massatschi.

## Risk Committee

The Board of Directors has established a Risk Committee for assisting and providing expert advice to the Board of Directors in fulfilling its oversight responsibilities, relating to the different types of risks, recommend a risk management structure including its organization and its process as well as assess and monitor effectiveness of the risk management. The Board of Directors decides on the composition, tasks and term of the Risk Committee and the appointment and dismissal of its members. The Risk Committee provides advice on actions of compliance, in particular by reviewing the Group's procedures for detecting risk, the effectiveness of the Group's risk management and internal control system and by assessing the scope and effectiveness of the systems established by the management to identify, assess and monitor risks. The current members of the Risk Committee are Mr. Andrew Wallis, Ms. Jelena Afxentiou and Mr. Eyal Ben David.

## Corporate Governance

The Guarantor is not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions. The Guarantor is a public limited company duly incorporated under the laws of the Republic of Cyprus. The Code of Corporate Governance released by the Cyprus stock exchange does not apply because the Shares of the Guarantor are not listed on a regulated market. In addition, neither does the French Corporate Governance Code and Principles nor does the UK Corporate Governance Code or the Irish Corporate Governance Annex apply.

However, the Guarantor strives to put a high emphasis on good corporate governance by having high standards of transparency. The Guarantor ensures that the members of its Board of Directors, as well as the members of the advisory board and senior management, are comprised of executives with substantial experience and skills in the areas relevant to the business of the Group.

## Share Capital

As of the date of this Prospectus, the Guarantor has a stated share capital in the amount of €6,762,479.02. The share capital is divided into 676,247,902 shares with par value of €0.01 per share (the "**Shares**"). The share capital has been fully paid up. The Shares are in global form and deposited with Euroclear and Clearstream. Outstanding conversion rights under the Convertible Bonds (see "*Material Contracts—Bond Issuances—Series B Bonds*" and "*Material Contracts—Bond Issuances—Series C Bonds*") may increase the share capital to up to approximately

€8,508,270 (based on the assumption that all outstanding Convertible Bonds were converted into shares of the Guarantor at their respective current conversion prices).

The Guarantor has an authorised capital. The authorised capital (including the subscribed capital) amounts to €15,000,000.00 (i.e. the corporate share capital of the Guarantor may be increased by the Board of Directors from its present amount to €15,000,000.00 by creation and issuance of new shares with a par value of €0.01 each).

The Guarantor's shares are listed on the Alternext market segment of the Paris Euronext stock exchange and are dual listed on the Quotation Board Segment of the Frankfurt Stock Exchange (ISIN: CY0105562116).

Shareholding Structure

The table below sets out the information known to the Guarantor with respect to the shareholding structure of the Guarantor as at the date of this Prospectus. The shareholdings may have changed since the date on which the Guarantor obtained knowledge of the shareholding.

<b>Shareholder</b>	<b>Direct ownership of the Guarantor in%</b>
Avisco Group Plc*	56
Others**	44
<b>Total</b>	<b>100</b>

\* The shareholdings of Avisco Group Plc are held through its wholly- and majority-owned subsidiaries, which have not been included in this table for simplification purposes.

\*\* Includes all shareholders other than Avisco Group Plc regardless of percentage of shareholding.

Avisco Group Plc, through its wholly- and majority-owned subsidiaries, holds 56% of the voting rights in the Guarantor, and is controlled by Mr. Yakir Gabay. Mr. Gabay is also a member of the advisory board of GCP. For more information, see "*Risk Factors—Risk Factors Relating to the Shareholding Structure of the Guarantor—Avisco Group Plc is able to exercise significant influence over matters resolved by the Guarantor's general meeting of shareholders, and its interests may not always be aligned with the interests of other shareholders.*"

To the best knowledge of the Guarantor, as at the date of this Prospectus, there are no arrangements the operation of which may at a subsequent date result in a change of control in the Guarantor.

### Dividend Policy

On 20 July 2015 the Board of Directors resolved on a dividend policy which shall commence in 2016, according to which 30% of the Guarantor 's annual funds from operations ("**FFO I**") per share shall be distributed as annual dividends to the shareholders. The distribution of dividends is subject to a respective resolution of the shareholders' annual general meeting.

FFO I is a measure of the Group's materialized bottom line operational profit, calculated by deducting current tax expenses and finance expenses from adjusted EBITDA.

The Guarantor's most recent shareholders' annual general meeting held on 18 November 2016 resolved the distribution of a cash dividend in the amount of €0.051 per share, with a record date of November 23, 2016. The Guarantor will distribute the cash dividend in a gross aggregate amount of €34.5 million on December 23, 2016.

### Legal and Arbitration Proceedings

During the last twelve months, there have been no governmental, legal or arbitration proceedings brought against or affecting the Guarantor, nor is the Guarantor aware of any pending or threatened proceedings, which (in either case) may have or have had in the recent past significant effects on the Guarantor and/or the Group's financial position, profitability or results.

### Material Contracts

The following section provides a brief summary of all material contracts that are not entered into in the ordinary course of the Issuer's or the Guarantor's business, which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to holders of the Notes.

### Bond Issuances

#### Series A Bonds

In December 2014 and January 2015, the Guarantor issued senior secured bonds in the aggregate principle amount of €200,000,000 (the "**Series A Bonds**"). The Series A Bonds have a fixed coupon of 3.00% p.a. payable semi-annually in arrears. The Series A Bonds were issued in denominations of €100,000 each. The Series A Bonds mature on 9 December 2021 and will, unless previously purchased and cancelled or redeemed in accordance with the terms and conditions of the Series A Bonds, be redeemed at maturity at their principle amount. The Series A



Bonds are listed on the Open Market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and have been assigned the ISIN XS1151498737.

The Guarantor has agreed to certain customary covenants, undertakings and events of default in respect of the Series A Bonds (subject in each case to certain agreed exceptions and materiality carve-outs), including the following: to procure that (a) the net debt will not exceed at any time 55% of the consolidated total assets of the Guarantor or 50% of the consolidated total assets of the Guarantor for a period of more than six months; and (b) the ratio calculated by dividing the Guarantor's earnings before interest and taxes of one period by the Guarantor's net interest expense for the same period is at least 1.86.

The Guarantor may redeem at its discretion after the third year following the issuance date of the Series A Bonds all but not some of the Series A Bonds then outstanding at any time in accordance with the terms and conditions of the Series A Bonds. The holders of the Series A Bonds are entitled to demand redemption of the Series A Bonds in the event of a change of control in the Guarantor in accordance with the terms and conditions of the Series A Bonds.

#### Series B Bonds

In May 2015, the Guarantor issued senior, unsecured convertible bonds in the aggregate principal amount of €450,000,000 (the "**Series B Bonds**"), convertible into new or existing shares of the Guarantor with a par value of €0.01. The Series B Bonds have a fixed coupon of 3.00% p.a., payable semi-annually in arrears. As of the date of this Prospectus, the conversion price amounts to €3.3763. The conversion price may change based on the occurrence of certain events, as described below. The Series B Bonds were issued in denominations of €100,000 each. The Series B Bonds mature on 5 May 2020 and will, unless previously purchased and cancelled, redeemed or converted in accordance with the terms and conditions of the Series B Bonds, be redeemed at maturity at their principle amount. The Series B Bonds are listed on the Open Market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and have been assigned the ISIN XS1227093611.

The Guarantor has agreed to certain customary covenants, undertakings and events of default in respect of the Series B Bonds (subject in each case to certain agreed exceptions and materiality carve-outs), including the following: to procure that

(a) the sum of the indebtedness of the Group (less cash and cash equivalents) as at the relevant reporting date and any additional net indebtedness (less cash and cash equivalents) incurred since such reporting date does not exceed sixty percent of the sum (without duplication) of the consolidated total assets of the Group (less cash and cash equivalents) as at such reporting date, the purchase price of any real estate property acquired or contracted for since such reporting

date and the proceeds of any indebtedness incurred since the last reporting date (to the extent such proceeds were not used to acquire real estate property or to reduce indebtedness);

(b) the sum of the secured indebtedness of the Group as at the relevant reporting date and any net secured indebtedness incurred since such reporting date does not exceed forty-five percent of the of the sum (without duplication) of the consolidated total assets of the Group (less cash and cash equivalents) as at such reporting date, the purchase price of any real estate property acquired or contracted for since such reporting date and the proceeds of any indebtedness incurred since the last reporting date (to the extent such proceeds were not used to acquire real estate property or to reduce indebtedness);

(c) the ratio of consolidated earnings before interest and taxes as set out in the Guarantor's financial statements as at the relevant reporting date to the aggregate amount of net cash interest of the Group as at such reporting date is at least 2.0; and

(d) the sum of unencumbered assets (less cash and cash equivalents) of the Group as at the relevant reporting date and net unencumbered assets (less cash and cash equivalents) of the Group newly recorded since such reporting date will at no time be less than 125 percent of the sum of unsecured indebtedness (less cash and cash equivalents) of the Group as at such reporting date and net unsecured indebtedness (less cash and cash equivalents) incurred since such reporting date.

The Guarantor has also undertaken that while any conversion rights in connection with the Series B Bonds remain exercisable, it will not, save with the approval of an extraordinary resolution of holders of the Series B Bonds or prior written approval of the Trustee, take certain actions that might be prejudicial to the ordinary shares of the Guarantor or the conversion rights of holders of Series B Bonds.

The Guarantor may redeem the Series B Bonds in certain conditions prior to the final maturity date, as described below. In the case of such a redemption, the Series B Bonds will generally be redeemed at an amount equal to their accreted principal amount, which is determined based on a fixed amount as of the immediately preceding interest payment date plus a proportional increase based on the applicable fixed amount at the next following interest payment date and the number of days that have elapsed at redemption since the immediately preceding interest payment date.

The Guarantor, following the admission to trading of at least 10% of the Guarantor's outstanding share capital on a multilateral trading facility, may redeem at its discretion all but not some of the Series B Bonds then outstanding at any time at an amount equal to their accreted principal amount together with accrued but unpaid interest, if on each of 20 consecutive dealing days ending not more than 7 days prior to the date on which the optional redemption notice is given to

holders of the Series B Bonds, the parity value (as set forth in the terms and conditions of the Series B Bonds) exceeds the applicable percentage (as set forth below) of the principal amount of the Series B Bonds on such dealing days: (i) in the case of an optional redemption notice served on or after 5 May 2016 but before 5 May 2017: 150 per cent; (ii) in the case of an optional redemption notice served on or after 5 May 2017 but before 5 May 2018, 140 per cent; and (iii) in the case of an optional redemption notice served on or after 5 May 2018, 130 per cent.

The holders of the Series B Bonds are entitled to demand redemption of the Series B Bonds at an amount equal to their accreted principal amount together with accrued but unpaid interest in the event of a change of control in the Guarantor.

The conversion price of the Series B Bonds is subject to adjustment upon the occurrence of certain dilutive events, including but not limited to: (i) the admission to trading of the shares of the Guarantor to a multilateral trading facilities; (ii) a consolidation, reclassification/redesignation or subdivision affecting the number of ordinary shares of the Guarantor; (iii) the issuance of ordinary shares by the Guarantor to its shareholders by way of capitalisation of profits or reserves (other than an issuance of ordinary shares as or in lieu a dividend); (iv) the declaration, announcement, making or payment of any dividend to shareholders; (v) the issuance of ordinary shares by way of rights, or the issuance or grant by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire ordinary shares, or the issuance of securities which carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to acquire, any ordinary shares, in each case at a price that is less than 95% of the current market price per ordinary share; (vi) the issuance of ordinary shares wholly for cash or no consideration at a price per ordinary share which is less than 95% of the current market price per ordinary share; (vii) the issuance of securities wholly for cash or no consideration which carry (directly or indirectly) rights of conversion into, or exchange or subscription for, purchase of, or rights to otherwise acquire, ordinary shares of the Guarantor (or upon the modification of such rights attaching to any securities) and the consideration receivable upon conversion, exchange, subscription, purchase or acquisition is less than 95% of the current market price per ordinary share; and (viii) upon the occurrence of a change of control of the Guarantor or when the Guarantor, following consultation with the Trustee and the calculation agent, determines that an adjustment should be made to the conversion price, even if not specifically covered, or excluded, by the terms and conditions of the Series B Bonds.

### Series C Bonds

In December 2015, the Guarantor issued senior, unsecured convertible bonds in the aggregate principal amount of €300,000,000 (the "**Series C Bonds**" and together with the Series B Bonds, the "**Convertible Bonds**"), convertible into new or existing shares of the Guarantor with a par

value of €0.01. The Series C Bonds have a fixed coupon of 1.50% p.a., payable semi-annually in arrears. As of the date of this Prospectus the conversion price amounts to €5.6862. The conversion price may change based on the occurrence of certain events, as described below. The Series C Bonds were issued in denominations of €100,000 each. The Series C Bonds mature on 18 January 2021 and will, unless previously purchased and cancelled, redeemed or converted in accordance with the conditions of the Series C Bonds, be redeemed at maturity at their principle amount. The Series C Bonds are listed on the Open Market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and have been assigned the ISIN XS1336607715.

The initial interest rate of 1.50 per cent per annum will increase by a step-up rate of 0.5 per cent per annum in respect of all future interest periods which follow and begin after the date that is 10 business days in London prior to 18 July 2017 if: (i) an investment grade rating change (as described below) has not occurred at any time in the period beginning and including the issuance date of the bonds and ending on and including such date; or (ii) an investment grade rating change has occurred in such period, but as of such date the Guarantor no longer holds an investment grade rating.

For purposes of the preceding paragraph, an "investment grade rating" is a rating of Baa2 by Moody's or BBB by S&P, or better. An "investment grade rating change" shall occur if (i) any rating assigned to the issuer by Moody's or S&P is changed from Baa3 by Moody's or BBB- by S&P to a higher investment grade rating; or (ii) if Moody's or S&P had not previously assigned a rating to the Guarantor and assigns a higher investment grade credit rating.

The Guarantor has agreed to certain customary covenants, undertakings and events of default in respect of the Series C Bonds (subject in each case to certain agreed exceptions and materiality carve-outs), including the following: to procure that

(a) the sum of the indebtedness of the Group (less cash and cash equivalents) as at the relevant reporting date and any additional net indebtedness (less cash and cash equivalents) incurred since such reporting date does not exceed fifty percent of the sum (without duplication) of the consolidated total assets of the Group (less cash and cash equivalents) as at such reporting date, the purchase price of any real estate property acquired or contracted for since such reporting date and the proceeds of any indebtedness incurred since the last reporting date (to the extent such proceeds were not used to acquire real estate property or to reduce indebtedness);

(b) the sum of the secured indebtedness of the Group as at the relevant reporting date and any net secured indebtedness incurred since such reporting date does not exceed forty-five percent of the of the sum (without duplication) of the consolidated total assets of the Group (less cash and cash equivalents) as at such reporting date, the purchase price of any real estate property

acquired or contracted for since such reporting date and the proceeds of any indebtedness incurred since the last reporting date (to the extent such proceeds were not used to acquire real estate property or to reduce indebtedness);

(c) the ratio of consolidated earnings before interest and taxes as set out in the Guarantor's financial statements as at the relevant reporting date to the aggregate amount of net cash interest of the Group as at such reporting date is at least 1.5; and

(d) the sum of unencumbered assets (less cash and cash equivalents) of the Group as at the relevant reporting date and net unencumbered assets (less cash and cash equivalents) of the Group newly recorded since such reporting date will at no time be less than 125 percent of the sum of unsecured indebtedness (less cash and cash equivalents) of the Group as at such reporting date and net unsecured indebtedness (less cash and cash equivalents) incurred since such reporting date.

The Guarantor has also undertaken that while any conversion rights in connection with the Series C Bonds remain exercisable, it will not, save with the approval of an extraordinary resolution of holders of the Series C Bonds or prior written approval of the Trustee, take certain actions that might be prejudicial to the ordinary shares of the Guarantor or the conversion rights of holders of Series C Bonds.

The Guarantor may redeem the Series C Bonds in certain conditions prior to the final maturity date, as described below. In the case of such a redemption, the Series C Bonds will generally be redeemed at an amount equal to their accreted principal amount, which is determined based on a fixed amount as of the immediately preceding interest payment date plus a proportional increase based on the applicable fixed amount at the next following interest payment date and the number of days that have elapsed at redemption since the immediately preceding interest payment date.

The Guarantor may redeem at its discretion all but not some of the Series C Bonds then outstanding at any time at an amount equal to their accreted principal amount together with accrued but unpaid interest, if on each of 20 consecutive dealing days ending not more than 7 days prior to the date on which the optional redemption notice is given to holders of the Series C Bonds, the parity value (as set forth in the terms and conditions of the Series C Bonds) exceeds the applicable percentage (as set forth below) of the principal amount of the Series C Bonds on such dealing days: (i) in the case of an optional redemption notice served on or after 18 December 2016 but before 18 December 2018: 140 per cent; and (ii) in the case of an optional redemption notice served on or after 18 December 2018, 130 per cent.

The holders of the Series C Bonds are entitled to demand redemption of the Series C Bonds at an amount equal to their accreted principal amount together with accrued but unpaid interest in the event of a change of control in the Guarantor.

The holders of the Series C Bonds are also entitled to demand redemption of the Series C Bonds following any sale by the Guarantor or other member of the Group of the equity share capital of any of Grand City Properties S.A., Primecity Investment plc or Camelbay Limited in the event that (i) the percentage of the total equity share capital held or beneficially owned by the Guarantor in the relevant company is reduced to less than in respect of Grand City Properties S.A., 29 per cent, in respect of Primecity Investment plc, 55 per cent, or in respect of Camelbay Limited, 90 per cent; (ii) less than 90 per cent of the proceeds of such equity sale have been reinvested by the Guarantor and/or the relevant member of the Group directly or indirectly in Real Estate Property; and (iii) the Guarantor announces, makes or pays a restricted distribution (as described in the terms and conditions of the Series C Bonds).

The conversion price is subject to adjustment upon the occurrence of certain dilutive events, including but not limited to: (i) a consolidation, reclassification/redesignation or subdivision affecting the number of ordinary shares of the Guarantor; (ii) the issuance of ordinary shares by the Guarantor to its shareholders by way of capitalisation of profits or reserves (other than an issuance of ordinary shares as or in lieu a dividend); (iii) the declaration, announcement, making or payment of any dividend to shareholders; (iv) the issuance of ordinary shares by way of rights, or the issuance or grant by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire ordinary shares, or the issuance of securities which carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to acquire, any ordinary shares, in each case at a price that is less than 95% of the current market price per ordinary share; (v) the issuance of ordinary shares wholly for cash or no consideration at a price per ordinary share which is less than 95% of the current market price per ordinary share; (vi) the issuance of securities wholly for cash or no consideration which carry (directly or indirectly) rights of conversion into, or exchange or subscription for, purchase of, or rights to otherwise acquire, ordinary shares of the Guarantor (or upon the modification of such rights attaching to any securities) and the consideration receivable upon conversion, exchange, subscription, purchase or acquisition is less than 95% of the current market price per ordinary share; and (vii) upon the occurrence of a change of control of the Guarantor or when the Guarantor, following consultation with the Trustee and the calculation agent, determines that an adjustment should be made to the conversion price, even if not specifically covered, or excluded, by the terms and conditions of the Series C Bonds.

### Series D Bonds

In April 2016, the Guarantor issued senior, unsecured bonds in the aggregate principle amount of €600,000,000 (the "**Series D Bonds**"). The Series D Bonds have a fixed coupon of 1.50% p.a. payable semi-annually in arrears. The Series D Bonds were issued in denominations of €100,000 each. The Series D Bonds mature on 3 May 2022 and will, unless previously purchased and cancelled or redeemed in accordance with the conditions of the Series D Bonds, be redeemed at maturity at their principle amount. On 1 November 2016, the Issuer became the primary obligor under the Series D Bonds and the Guarantor granted an unconditional and irrevocable guarantee of all payments under the Series D Bonds. The Series D Bonds are listed on the Open Market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and have been admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market, the Main Securities Market. The Series D Bonds have been assigned the ISIN XS1403685636.

The initial interest rate of 1.50 per cent per annum will increase by a step-up rate of 1.25 per cent per annum in respect of all future interest periods which follow and commence after 2 May 2017 if: (i) an investment grade rating change (as described below) has not occurred at any time in the period beginning and including the issuance date of the bonds and ending on and including 19 April 2018; or (ii) an investment grade rating change has occurred in such period, but as of such date the Guarantor no longer holds an investment grade rating.

For purposes of the preceding paragraph, an "investment grade rating" is a rating of Baa2 by Moody's or BBB by S&P, or better. An "investment grade rating change" shall occur if (i) the rating previously assigned to the issuer by S&P is changed from BBB- by S&P to a higher investment grade rating; or (ii) if Moody's or S&P had not previously assigned a rating to the Guarantor and assigns a higher investment grade credit rating.

The Guarantor has agreed to certain customary covenants, undertakings and events of default in respect of the Series D Bonds (subject in each case to certain agreed exceptions and materiality carve-outs), including the following: to procure that

(a) the sum of the indebtedness of the Group (less cash and cash equivalents) as at the relevant reporting date and any additional net indebtedness (less cash and cash equivalents) incurred since such reporting date does not exceed fifty percent of the sum (without duplication) of the consolidated total assets of the Group (less cash and cash equivalents) as at such reporting date, the purchase price of any real estate property acquired or contracted for since such reporting date and the proceeds of any indebtedness incurred since the last reporting date (to the extent such proceeds were not used to acquire real estate property or to reduce indebtedness);

(b) the sum of the secured indebtedness of the Group (excluding any secured notes issued by any member of the Group and less cash and cash equivalents) as at the relevant reporting date and any net secured indebtedness of the Group (excluding any secured notes issued by any member of the Group and less cash and cash equivalents) incurred since such reporting date does not exceed forty-five percent of the of the sum (without duplication) of the consolidated total assets of the Group (less cash and cash equivalents) as at such reporting date, the purchase price of any real estate property acquired or contracted for since such reporting date and the proceeds of any indebtedness incurred since the last reporting date (to the extent such proceeds were not used to acquire real estate property or to reduce indebtedness);

(c) the ratio of consolidated earnings before interest and taxes as set out in the Guarantor's financial statements as at the relevant reporting date to the aggregate amount of net cash interest of the Group as at such reporting date is at least 1.5; and

(d) the sum of unencumbered assets (less cash and cash equivalents) of the Group as at the relevant reporting date and net unencumbered assets (less cash and cash equivalents) of the Group newly recorded since such reporting date will at no time be less than 125 percent of the sum of unsecured indebtedness (less cash and cash equivalents) of the Group as at such reporting date and net unsecured indebtedness (less cash and cash equivalents) of the Group incurred since such reporting date.

The Guarantor may redeem at its discretion in whole but not in part the Series D Bonds then outstanding at any time at an amount equal to their optional redemption amount (as described in the terms and conditions of the Series D Bonds) together with accrued but unpaid interest.

The holders of the Series D Bonds are entitled to demand redemption of the Series D Bonds at an amount equal to their outstanding principal amount together with accrued but unpaid interest in the event of a change of control in the Guarantor.

### Series E Bonds

In July 2016, the Guarantor issued senior, unsecured bonds in the aggregate principle amount of €500,000,000 (the "**Series E Bonds**"). The Series E Bonds have a fixed coupon of 1.50% p.a. payable annually in arrears. The Series E Bonds were issued in denominations of €100,000 each. The Series E Bonds mature on 15 July 2024 and will, unless previously purchased and cancelled or redeemed in accordance with the conditions of the Series E Bonds, be redeemed at maturity at their principle amount. On 1 November 2016, the Issuer became the primary obligor under the Series E Bonds and the Guarantor granted an unconditional and irrevocable guarantee of all payments under the Series E Bonds. In November 2016, the Issuer issued €150,000,000 1.50% bonds due 2024 that were consolidated and formed a single series with the existing Series E



Bonds. The Series E Bonds are listed on the Open Market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and have been admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market, the Main Securities Market. The Series E Bonds have been assigned the ISIN XS1449707055.

The Guarantor has agreed to certain customary covenants, undertakings and events of default in respect of the Series E Bonds (subject in each case to certain agreed exceptions and materiality carve-outs), including the following: to procure that

(a) the sum of the indebtedness of the Group (less cash and cash equivalents) as at the relevant reporting date and any additional net indebtedness (less cash and cash equivalents) incurred since such reporting date does not exceed fifty percent of the sum (without duplication) of the consolidated total assets of the Group (less cash and cash equivalents) as at such reporting date, the purchase price of any real estate property acquired or contracted for since such reporting date and the proceeds of any indebtedness incurred since the last reporting date (to the extent such proceeds were not used to acquire real estate property or to reduce indebtedness);

(b) the sum of the secured indebtedness of the Group (excluding any secured notes issued by any member of the Group and less cash and cash equivalents) as at the relevant reporting date and any net secured indebtedness of the Group (excluding any secured notes issued by any member of the Group and less cash and cash equivalents) incurred since such reporting date does not exceed forty-five percent of the of the sum (without duplication) of the consolidated total assets of the Group (less cash and cash equivalents) as at such reporting date, the purchase price of any real estate property acquired or contracted for since such reporting date and the proceeds of any indebtedness incurred since the last reporting date (to the extent such proceeds were not used to acquire real estate property or to reduce indebtedness);

(c) the ratio of consolidated earnings before interest and taxes as set out in the Guarantor's financial statements as at the relevant reporting date to the aggregate amount of net cash interest of the Group as at such reporting date is at least 1.5; and

(d) the sum of unencumbered assets (less cash and cash equivalents) of the Group as at the relevant reporting date and net unencumbered assets (less cash and cash equivalents) of the Group newly recorded since such reporting date will at no time be less than 125 percent of the sum of unsecured indebtedness (less cash and cash equivalents) of the Group as at such reporting date and net unsecured indebtedness (less cash and cash equivalents) of the Group incurred since such reporting date.

The Guarantor may redeem at its discretion in whole but not in part the Series E Bonds then outstanding at any time at an amount equal to their optional redemption amount (as described in the terms and conditions of the Series E Bonds) together with accrued but unpaid interest.

The holders of the Series E Bonds are entitled to demand redemption of the Series E Bonds at an amount equal to their outstanding principal amount together with accrued but unpaid interest in the event of a change of control in the Guarantor.

### Perpetual Notes

In October 2016, the Issuer issued undated subordinated notes in the aggregate principle amount of €500,000,000 (the "**Perpetual Notes**"). The Perpetual Notes are unconditionally guaranteed on a subordinated basis by the Guarantor. The Perpetual Notes have an initial fixed coupon of 3.75% p.a. payable annually in arrears on 20 January of each year. The Perpetual Notes were issued in denominations of €100,000 each. The Perpetual Notes have no maturity date and contain no events of default. The Perpetual Notes are listed on the Main Securities Market of the Irish Stock Exchange and have been assigned the ISIN XS1508392625.

From and including 20 October 2016 to but excluding 20 January 2023 (the "**First Call Date**"), the Perpetual Notes bear interest at the fixed rate described above. From and including the First Call Date to but excluding 20 January 2028 (the "**First Step-Up Date**"), the Perpetual Notes will bear interest based on the relevant 5-year swap rate (as described in the terms and conditions for the Perpetual Notes) plus a margin of 437.5 basis points per annum. From and including the First Step-Up Date to but excluding 20 January 2043 (the "**Second Step-Up Date**"), the Perpetual Notes will bear interest based on the relevant 5-year swap rate (as described in the terms and conditions for the Perpetual Notes) plus a margin of 462.5 basis points per annum. Thereafter, the Perpetual Notes will bear interest based on the relevant 5-year swap rate (as described in the terms and conditions for the Perpetual Notes) plus a margin of 537.5 basis points per annum. If a Change of Control Event occurs (as described in the terms and conditions for the Perpetual Notes), the interest rate applicable to the Perpetual Notes will be subject to an additional 500 basis points per annum.

The Issuer may redeem the Perpetual Notes in whole but not in part at their Specified Denomination plus accrued and unpaid interest and any Arrears of Interest on the First Call Date and each subsequent Interest Payment Date (each as defined in the terms and conditions of the Perpetual Notes). The Issuer shall also redeem the Perpetual Notes upon the occurrence of a Rating Event, an Accounting Event, a Tax Deductibility Event, a Gross-up Event or a Repurchase Event, and may redeem the Notes in the event of a Change of Control (each as defined in the terms and conditions of the Perpetual Notes).

The Issuer may elect to defer the payment of interest which will be due and payable on an Interest Payment Date. If the Issuer elects not to pay accrued interest on an Interest Payment Date, it will not have any obligation to pay interest on such Interest Payment Date. Any such non-payment of interest will not constitute a default of the Issuer or any other breach of its obligations under the Perpetual Notes or for any other purpose. Arrears of Interest will not bear interest. The Issuer must pay Arrears of Interest in certain cases (as described in the terms and conditions of the Perpetual Notes) involving the payment or declaration of dividends or distributions on Junior or Parity Obligations of the Issuer or the Guarantor, the redemption or repurchase of Junior or Parity Obligations of the Issuer or the Guarantor, the redemption of the Perpetual Notes, the payment of interest scheduled to be paid on an Interest Payment Date or upon the winding-up, dissolution, liquidation or bankruptcy of the Issuer or the Guarantor (each as defined in the terms and conditions of the Perpetual Notes).

#### Credit Lines

In December 2015, the Group entered into an agreement in respect of a two-year credit line in the aggregate amount of approximately €161 million. As of the date of this Prospectus, the Group had drawn approximately €100 million of the credit line. The credit line is secured by a pledge of up to 13 million shares of GCP held by the Group depending on the amount drawn under the credit line. Outstanding amounts under the credit line bear interest based on the prevailing EURIBOR rate plus a spread, and a commitment fee is payable on undrawn amounts. Outstanding amounts must be repaid in full on the termination date of the credit line. The credit line includes provisions with respect to mandatory prepayment and cancellation in the event of the change of control of the borrower Group member or in the case of the occurrence of certain events/triggers with respect to the pledged securities (such as loan to value covenants). The credit line also contains customary representations and warranties, undertakings and events of default (subject in each case to certain agreed exceptions and materiality carve-outs).

In January 2016, the Group entered into an agreement in respect of a three-year credit line in the aggregate amount of approximately €60 million. The credit agreement was amended and restated in May 2016. As of the date of this Prospectus, the credit line was fully drawn. The credit line is secured by a pledge of 6.5 million shares of GCP held by the Group. Outstanding amounts under the credit line bear interest based on the prevailing EURIBOR rate plus a spread, and a commitment fee is payable on undrawn amounts. Outstanding amounts must be repaid in full on the termination date of the credit line. The credit line also provides for the early termination of, and repayment of outstanding amounts under, the credit line by either party at the two year anniversary of the credit agreement. The credit line includes provisions with respect to mandatory prepayment and cancellation in the event of the change of control of the borrower Group member or in the case of the occurrence of certain events/triggers with respect to the pledged securities

(such as loan to value covenants). The credit line also contains customary representations and warranties, undertakings and events of default (subject in each case to certain agreed exceptions and materiality carve-outs).

In July 2016, the Group entered into an agreement in respect of a 10-year term credit line in the aggregate amount of approximately €120 million. As of the date of this Prospectus, the credit line was fully drawn. The credit line is secured by a pledge of certain property of the Group (including pledges of rental proceeds, shares of the relevant holding company, and operational bank accounts). The majority of the outstanding amount of the credit line bears interest at a fixed rate, and the remainder of the outstanding amount bears interest based on the prevailing EURIBOR rate plus a spread. The fixed rate portion of the outstanding amount of the credit line must be fully repaid in equal quarterly instalments over the term of the credit line. The floating rate portion of the outstanding amount of the credit line must be repaid in full on the termination date of the credit line, and interest on the floating rate portion of the outstanding amount of the credit line must be paid on a quarterly basis. The credit line also contains customary representations and warranties, undertakings and events of default (subject in each case to certain agreed exceptions and materiality carve-outs), including financial covenants with respect to the loan to value ratio and debt service coverage ratio.

In July 2016, the Group entered into an agreement in respect of a credit facility in the aggregate amount of approximately €321 million. The credit facility is secured by a pledge of certain property of the Group, including pledges of rental proceeds, shares of the relevant holding companies, and operational bank accounts. As of the date of this Prospectus, no amounts had been drawn under the credit facility. The Group is not obligated to make any drawings under the credit facility. Outstanding amounts under the credit facility bear interest based on the prevailing EURIBOR rate plus a spread. In the case of a drawing under the credit facility, the Group is required to enter into hedging arrangements with respect to the interest rate of the credit facility. The Group has agreed to pay a commitment fee and certain other fees in connection with the credit facility. Amounts drawn under the credit facility must be repaid in instalments on a quarterly basis and must be repaid in full on the termination date of the credit facility. The credit facility terminates on the first quarterly payment date following the third anniversary of the date when the credit facility is utilized. The credit facility may be extended to the first quarterly payment date following the fourth or fifth anniversary of the utilization date upon the Group's request, so long as certain conditions are satisfied, including among others conditions with respect to debt yield and the loan to value ratio. The credit facility also contains customary representations and warranties, undertakings and events of default (subject in each case to certain agreed exceptions and materiality carve-outs), including financial covenants with respect to the loan to value ratio, debt yield and debt service coverage ratio.

## Material Agreements

In May 2016, the Group completed the acquisition of 11 office properties (through share deals) in the Netherlands for a purchase price of approximately €130 million. At the time of acquisition, the acquired portfolio was 91% occupied and leased to several diversified tenants with a WALT of approximately 2.5 years and generated approximately €15.2 million of annual net rent.

In July 2016, the Group completed the acquisition of 7 office properties (through share deals) in the Netherlands for a purchase price of approximately €140 million. At the time of acquisition, the acquired portfolio was 90% occupied and leased to several diversified tenants with a WALT of approximately 4.5 years and generated approximately €11.5 million of annual net rent.

In October 2016, the Group completed the acquisition of 4 office properties (through share deals) in the Netherlands for a purchase price of approximately €160 million. At the time of acquisition, the portfolio was 82% occupied and leased to several diversified tenants with WALT of approximately 5.7 years and generated approximately €11.5 million of annual net rent.

The Group is in advanced stages to complete the acquisition of a retail property portfolio located in Germany for a purchase price of approximately €780 million (the "**Portfolio**"). In parallel, the Group has received bids from third parties to acquire more than half of the properties belonging to the Portfolio. The effect of the acquisition after the potential on-sales to third parties would be a net acquisition amount of approximately €350 million (the "**Net Portfolio**"). The Net Portfolio is comprised of 20 properties across Germany mostly overlapping with the Group's strategic locations. As of the date of this Prospectus, the Portfolio is fully let to an investment grade tenant (rated "BBB-" by S&P) with a WALT of approximately 10 years and generates approximately €59.5 million of annual net rent. The closing of the acquisition of the Portfolio is expected to be in January 2017. The potential on-sales to third parties are planned during the calendar year 2017.

## PCI Bond Issuances

In November 2014 and February 2015, PCI issued senior, secured convertible bonds in the aggregate principal amount of €150,000,000 (the "**PCI Convertible Bonds**"), convertible into new shares of PCI with a par value of €0.01. The PCI Convertible Bonds have a fixed coupon of 4.00% per annum, payable semi-annually in arrears. The initial conversion price was fixed at €3.00. The PCI Convertible Bonds were issued in denominations of €100,000 each. The PCI Convertible Bonds mature on 13 November 2019 and will, unless previously purchased and cancelled or redeemed or converted in accordance with their conditions, be redeemed at maturity at 110% of their principle amount. The PCI Convertible Bonds are listed on the Open Market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and have been assigned the ISIN XS1137260086.

### Statutory Auditors

The statutory auditors are appointed by general meeting of shareholders for holding office from the conclusion of such meeting until the conclusion of the next annual general meeting.

As of the date of this Prospectus, KPMG Limited ("**KPMG**"), Certified Accountants and Registered Auditors, Millenium Lion House, P.O. Box 40075, 6300 Larnaca, Cyprus is appointed as auditor. Its mandate expires at the conclusion of the annual general meeting of the Guarantor to be held in 2017.

KPMG is registered as a corporate body with the official table of company auditors drawn up by the Institute of Certified Public Accountants of Cyprus.

The 2015 Consolidated Financial Statements and the 2014 Consolidated Financial Statements of the Guarantor have been audited by KPMG, which provided an unqualified auditor's report for each of these financial statements.

### Credit Rating

As at the date of this Prospectus, the Guarantor, the Series A Bonds, the Series C Bonds, the Series D Bonds and the Original Notes are assigned a "BBB" rating with a stable outlook for the Guarantor by S&P. As of the date of this Prospectus, the Perpetual Notes are assigned a "BB+" rating.

As at the date of this Prospectus, GCP, the GCP Series D Bonds, the GCP Series E Bonds and the GCP Series F Bonds are assigned a "BBB+" rating with a stable outlook for GCP by S&P and a "Baa2" rating with a positive outlook for GCP by Moody's. The GCP Perpetual Notes are assigned a "BBB-" rating by S&P and a "Ba1" rating by Moody's.

The Notes are expected to be assigned a "BBB" rating by S&P. The Issuer will announce any rating it receives from S&P for the Notes to the holders of the Notes as soon as practicable following the receipt of such a rating (which will include details of the rating).

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. See "*Risk Factors—Risk Factors Relating to the Notes—Ratings may not reflect all risks and are subject to change*".

The following information is taken from the websites of S&P and Moody's as of the date of this Prospectus and is provided solely for informational purposes.

The credit rating opinions awarded by S&P range from the highest rating "AAA", which is defined as "extremely strong capacity to meet financial commitments" to the lowest rating "D", which is defined as "Payment default on financial commitments". S&P define a "BBB" rating for a long-term issuer as follows: "An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories." S&P define a "BBB" rating for a long-term issue obligation as follows: "An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories." S&P define a "BB" rating for a long-term issue obligation as follows: "An obligation rated 'BB' is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."

The global long-term rating scales awarded by Moody's range from the highest rating "Aaa", which is defined as "Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk." to the lowest rating "C", which is defined as "Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest." (Source: website Moody's). Moody's defines a "Baa" rating as follows: "Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms." Moody's defines a "Ba" rating as follows: "Obligations rated Ba are judged to be speculative and are subject to substantial credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms."

### Significant Change in the Financial or Trading Position

Since September 30, 2016, save as disclosed in the "*Description of the Guarantor and the Group—Business Overview—History and Recent Development*" section of this Prospectus, there has been no significant change in the financial or trading position of the Guarantor or the Group.

### Trend Information

There has been no material adverse change in the prospects of the Guarantor since December 31, 2015.



## TAXATION

The following discussion of the tax consequences of an investment in the Notes is based on the laws in force on the date of this Prospectus. The Issuer emphasizes that tax implications can be subject to alteration due to future changes in law, possibly with retroactive or retrospective effect.

Although this discussion reflects the opinion of the Issuer, it should not be misunderstood as a guarantee in an area of law which is not free from doubt. Further, this discussion is not intended as the sole basis for an investment in the Notes as the individual tax position of the Holder needs to be investigated. Therefore, this statement is confined to a general discussion of certain German income tax and Netherlands tax consequences of an investment in the Notes.

**Prospective Holders are recommended to consult their own tax advisors regarding the tax consequences of an investment in the Notes.**

### Responsibility of the Issuer for the withholding of taxes at source

The Issuer does not assume any responsibility for the withholding of taxes at source.

### Federal Republic of Germany

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of the Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This discussion of the tax consequences of an investment in the Notes is based on the tax laws of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

### **Tax resident holders of the Notes**

The section "**Tax Residents**" refers to persons who are tax residents of Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management is located in Germany).

### Withholding tax on ongoing payments and capital gains

Ongoing payments received by an individual Holder of the Notes will be subject to German withholding tax if the Notes are kept in a custodial account with a German branch of a German or non-German credit institution, a German financial services institution, a German securities trading company or a German securities trading bank (each a "**Disbursing Agent**", *auszahlende Stelle*). The tax rate is 25 % (plus 5.5% solidarity surcharge thereon, the total withholding being 26.375%)

plus church tax, if applicable to an individual Holder. Starting from 1 January 2015 an electronic information system for church withholding tax purposes applies in relation to investment income, with the effect that church tax will be collected by the Disbursing Agent by way of withholding unless the individual Holder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the individual Holder will be assessed to church tax.

The same treatment applies to capital gains (i.e. the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) derived by an individual Holder provided the Notes have been held in a custodial account with the same Disbursing Agent since the time of their acquisition. Where Notes are acquired and/or sold in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively. If interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the payment of interest claims if the Notes have been disposed of separately.

To the extent the Notes have not been kept in a custodial account with a Disbursing Agent since the time of their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375% (including solidarity surcharge, plus church tax, if applicable to an individual Holder) on 30% of the disposal proceeds (plus interest accrued on the Notes ("**Accrued Interest**", *Stückzinsen*), if any), unless the individual Holder or the previous account bank or financial service institution was able and allowed to provide evidence of the individual Holder's actual acquisition costs of the Notes to the Disbursing Agent.

Pursuant to a tax decree issued by the German Federal Ministry of Finance dated 18 January 2016 a bad debt-loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden capital contribution, shall not be treated like a disposal. Accordingly, losses suffered upon such bad debt-loss or waiver shall not be tax-deductible. A German lower fiscal court has recently confirmed the view of the German tax authorities regarding the qualification of a bad debt-loss in a non-final judgement. A disposal of the Notes might not be recognised according to the view of the tax authorities, if the received proceeds do not exceed the respective transaction costs or if the level of transaction costs is restricted because of a mutual agreement that the transaction costs are calculated by subtracting a certain amount from the sales price. This view has however been challenged in 2014 by a final judgement of a German lower fiscal court. Where the Notes provide for instalment payments, such instalment payments shall always qualify as taxable investment income, unless the terms

and conditions of the Notes provide explicit information regarding redemption or partial redemption during the term of the Notes and the contractual parties comply with these terms and conditions.

In computing any German tax to be withheld, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realised by the individual Holder of the Notes via the Disbursing Agent (e.g. losses from the sale of other securities with the exception of shares). The Disbursing Agent may also deduct Accrued Interest on the Notes or other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the individual Holder in the custodial account with the Disbursing Agent.

Individual Holders may be entitled to an annual allowance (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for jointly assessed individual Holders) for all investment income received in a given year. Upon the individual Holder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take the allowance into account when computing the amount of tax to be withheld. No withholding tax will be deducted if the Holder of the Notes has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

German withholding tax will not apply to gains from the disposal, redemption, repayment or assignment of Notes held by a corporation as Holder while ongoing payments, such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and capital losses incurred). The same may apply where the Notes form part of a trade or business, subject to further requirements being met.

Neither the Issuer nor the Guarantor, unless either of them qualifies as Disbursing Agent, is obliged under German law to withhold any withholding tax (*Kapitalertragsteuer*) on interest payments and upon the sale or redemption of the Notes.

#### Taxation of current income and capital gains

The personal income tax liability of an individual Holder deriving income from capital investments under the Notes is, in principle, settled by the tax withheld. To the extent withholding tax has not been levied, such as in the case of Notes kept in custody abroad or if no Disbursing Agent is involved in the payment process, the individual Holder must report his or her income and capital gains derived from the Notes on his or her tax return and then will also be taxed at a rate of 25% (plus solidarity surcharge and church tax thereon, where applicable to an individual Holder). If the withholding tax on a disposal, redemption, repayment or assignment has been calculated from

30% of the disposal proceeds (rather than from the actual gain), an individual Holder may and according to the view of German tax authorities in case the actual gain is higher than 30 % of the disposal proceeds must also apply for an assessment on the basis of his or her actual acquisition costs. Further, an individual Holder may request that all investment income of a given year is taxed at his or her lower individual tax rate based upon an assessment to tax with any amounts over withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemised basis is not permitted.

Losses incurred with respect to the Notes can only be off-set against investment income of the individual Holder realised in the same or the following years.

Where Notes form part of a trade or business the withholding tax, if any, will not settle the personal or corporate income tax liability. Where Notes form part of a trade or business, interest (accrued) and gains from the disposal, redemption, repayment or assignment of Notes must be taken into account as income. The respective Holder will have to report income and related (business) expenses on the tax return and the balance will be taxed at the Holder's applicable tax rate. Withholding tax levied, if any, will be credited against the personal or corporate income tax of the Holder. Where Notes form part of a German trade or business the current income and gains from the disposal, redemption, repayment or assignment of the Notes may also be subject to German trade tax.

#### **Non-resident Holders of the Notes**

Interest, including Accrued Interest, and capital gains are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Holder or (ii) the income otherwise constitutes German-source income. In cases (i) and (ii) a tax regime similar to that explained above under "Tax resident holders of the Notes" applies.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax may be levied under certain circumstances. Where Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the sale or redemption of a Note are paid by a Disbursing Agent to a non-resident Holder upon delivery of the Notes, withholding tax generally will apply. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

## **Substitution of the Issuer**

If the Issuer exercises the right to substitute the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the Substitute Debtor and subject to similar taxation rules like the Notes. In particular, such a substitution could result in the recognition of a taxable gain or loss for any Holder of a Note.

## **Inheritance and Gift Tax**

No inheritance or gift taxes with respect to any Notes will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

## **Other Taxes**

No stamp, issue, value added, capital transfer or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution as well as the purchase, sale or other disposal of the Notes. However, under certain circumstances entrepreneurs may choose liability to German value added tax with regard to the sale of the Notes to other entrepreneurs which would otherwise be tax exempt. Currently, net assets tax is not levied in Germany.

## The Netherlands

The following discussion outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This discussion is intended as general information only for holders of Notes who are residents or deemed residents of The Netherlands for Netherlands tax purposes. Each prospective investor should consult a professional tax advisor with respect to the tax consequences of an investment in the Notes.

This discussion is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect. Where this section refers to The Netherlands, such reference is restricted to the part of the Kingdom of The Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

## Scope

Regardless of whether or not a holder of Notes is, or is deemed to be, a resident of The Netherlands, with the exception of the section on Netherlands Withholding Tax below, this discussion does not address The Netherlands tax consequences for:

- investment institutions (*fiscale beleggingsinstellingen*);
- pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax;
- holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5 % or more of the total issued capital of the Issuer or of 5 % or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of The Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*);
- entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba, to which permanent establishment or permanent representative the Notes are attributable; and
- holders of Notes which are not considered the beneficial owner (*uiteindelijk gerechtigde*) of these Notes or of the benefits derived from or realised in respect of these Notes.

## Netherlands Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein, provided that the Notes do not in fact function as equity of the Issuer within the meaning of the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

## **Netherlands Individual Income Tax**

### Resident holders

If an individual is a resident or deemed to be a resident of The Netherlands for Netherlands income tax purposes, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52 %) under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), if:

1. the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
2. such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance by the individual of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (1) nor condition (2) above applies, an individual that holds the Notes, must determine taxable income with regard to the Notes on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. The individual will be taxed at a rate of 30% on the deemed return.

### Non-resident holders

If an individual is neither a resident, nor deemed to be a resident of The Netherlands for the purposes of Netherlands income tax, will not be subject to such tax in respect of benefits derived from the Notes, unless such holder is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise which is effectively managed in The Netherlands, to which enterprise the Notes are attributable.

## **Netherlands Corporate Income Tax**

### Resident holders

If a holder of Notes which is a corporate entity, and for Netherlands corporate income tax purposes is a resident or deemed to be a resident of The Netherlands, and as a result is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes

and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in The Netherlands at up to a maximum rate of 25 per cent.

#### Non-resident holders

A holder of Notes which is a corporate entity and, for the purposes of Netherlands corporate income tax, is neither a resident, nor deemed to be a resident of the Netherlands, will not be subject to corporate income tax, unless such holder has an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands, a Netherlands Enterprise (*Nederlandse onderneming*), to which Netherlands Enterprise the Notes are attributable, or such holder is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable. Such holder is taxed in respect of benefits derived from the Notes at rates of up to 25 per cent.

#### **Netherlands Gift and Inheritance Tax**

Netherlands gift or inheritance taxes (*schenk- of erfbelasting*) will not be levied on the occasion of the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

1. the holder of a Note is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
2. the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

#### **Other Netherlands Taxes and Duties**

In general, no value added tax (*omzetbelasting*) will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes and no registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in The Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

#### **Residency**

A holder will not become a resident, or a deemed resident, of the Netherlands for Netherlands tax purposes by reason only of holding the Notes.



## Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (FATCA) impose a new reporting regime and potentially a 30 % withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**", or FFI (as defined by FATCA)) that does not become a Participating FFI by entering into an agreement with the U.S. Internal Revenue Service (IRS) to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "**United States account**" of the Issuer (a "**Recalcitrant Holder**"). The Issuer and the Guarantor may be classified as FFIs.

The new withholding regime has been phased in beginning 1 July 2014 for payments from sources within the United States and will apply to foreign passthru payments (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the grandfathering date, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "**Model 1**" and "**Model 2**" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States has entered into agreements with the Netherlands (the U.S.-Netherlands IGA) and Germany (the "**U.S.-Germany IGA**") based largely on the Model 1 IGA.

If the Issuer and Guarantor are treated as Reporting FIs pursuant to the U.S.-Netherlands IGA and U.S.-Germany IGA, respectively, they do not anticipate that they will be obliged to deduct any

FATCA Withholding on payments they make. There can be no assurance, however, that the Issuer or Guarantor will be treated as a Reporting FI, or that they would in the future not be required to deduct FATCA Withholding from payments they make. The Issuer, the Guarantor and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

While the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking, société anonyme (together the "ICSDs"), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Guarantor and any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. **Prospective investors should consult their tax advisors on how these rules may apply to payments they may receive in connection with the Notes.**

## REGULATORY ENVIRONMENT

The Group is subject to various laws and regulations in the countries in which it operates, and the properties in the Group Portfolio are subject to the various laws and regulations in the Portfolio Regions. The following presents an overview of selected provisions.

### Germany

#### **Civil Law**

##### General Provisions under Civil Law

The Group's business activities in Germany, e.g., the acquisition or disposal of properties, the appointment of third parties for the construction or refurbishment of buildings and the letting of properties to third parties, are generally subject to the provisions of German law, particularly of the German Civil Code (*Bürgerliches Gesetzbuch* "**BGB**") as well as special laws that have been enacted.

##### Restrictions under German Tenancy Law

Because on the Group's main business activities is the letting of its properties to third parties, the Group is subject to the restrictions set forth in German commercial tenancy law. Generally, the restrictions for commercial lease agreements are less strict than the restrictions for private lease agreements. However, certain restrictions exist, which include:

##### Written Form

As a general rule in German tenancy law, lease agreements that provide for a term of more than one year must be concluded in written form. The requirements to comply with the written form have been specified by comprehensive case law. These include, inter alia, the requirement that there is a document that contains all the material terms of the lease agreement, including all attachments and amendments, and that is signed by all parties. However, in the event of an infringement of the requirement for the written form the respective lease agreement is not invalid. Rather, it is deemed to have been concluded for an indefinite period with the consequence that it can be terminated at the earliest at the end of one year after handover of the leased property to the tenant subject to the statutory notice period (i.e., six months to the end of the quarter minus three days in the case of lease agreements for commercial premises). Certain of the Group's lease agreements may not satisfy the written form requirement. Consequently, some of the Group's tenants might attempt to invoke alleged noncompliance with these formal requirements in

order to procure an early termination of their lease. To reduce such risk of an early termination, lease agreements often contain a remediation clause (*Schriftformheilungsklausel*) which prohibits any party to the lease from invoking an early termination for reasons of a violation of the written form requirement. Under recent case law a remediation clause could only be binding if the clause expressly carves out a possible acquirer of the property who would assume the position of the landlord by operation of law. Even though remedial clauses with a carve-out are often upheld by lower courts, the German Federal Court of Justice (*Bundesgerichtshof*) has not yet opined on their validity. Further court rulings are likely and remediation clauses may be held generally invalid. Moreover, due to the evolving case law regarding the formal invalidity of lease agreements, there is a risk that lease agreements that were originally compliant with the written form no longer satisfy the requirements currently applicable and—regardless of the agreed fixed term—can be terminated at short notice. For more information, see “*Risk Factors—Legal and Regulatory Risks—The Group’s tenants in Germany could attempt to prematurely terminate their lease agreements based upon strict formal requirements under German law for long-term leases which could lead to a reduction or loss of rental income.*”

#### Operating Costs

In the area of the operating costs of commercial tenancies, most of the ongoing operating costs of the property accruing to the landlord can generally be allocated to the tenants. However, this does not apply to all kinds of operating costs. For example, a restriction exists for the costs of maintenance to the roof and structures, which cannot be allocated to the tenant in agreements that are subject to the provisions regarding general terms and conditions. The same applies for the costs of the maintenance of common areas located in the let property. In the event that the latter is set forth in general terms and conditions of the respective lease agreement (or that the lease agreement constitutes general terms and conditions itself), case law requires a contractual restriction of the amount to be allocated. It cannot be excluded that case law will impose further restrictions in this regard. In addition, if cost allocation provisions in the lease agreement are worded too broadly or are unspecific, courts can rule such allocation provisions to be invalid and, as a consequence, the landlord must bear all operating costs.

#### Cosmetic Repairs, Final Decorative Repairs

Responsibility for the maintenance and repair of let properties may generally be transferred to the tenants in commercial lease agreements. However, wherever the passing over of such responsibility is contained in general terms and conditions of the agreement (or that the lease agreement constitutes general terms and conditions itself), such terms are only valid if the tenant is not otherwise unfairly disadvantaged by them.

A trend in the case law of the German Federal Court of Justice (*Bundesgerichtshof*) is recognizable to the effect that restrictions originally developed for residential tenancy law are increasingly being transferred to commercial tenancies. This may result in provisions contained in commercial lease agreements for cosmetic repairs and final decorative repair obligations, but also for maintenance no longer being enforceable against tenants in the future under certain circumstance and the costs of follow-up refurbishment or possibly also ongoing maintenance having to be borne by the landlord. The same could apply to measures carried out by tenants if they claim back refurbishment costs paid by them based on a future adjustment of case law.

### Rent Securities/Deposits

German statutory law provides strong protection for tenant with respect to rent securities. For instance, a property seller remains liable to the tenant for the return of the rent security even if it is not recoverable from the new owner unless the tenant has consented to the transfer of the property. Furthermore, a property owner remains liable to the tenant for returning the rent security/deposit, even if the owner has not received it from the previous owner. A further general risk is that a rent security is not available at all or is not valuable/enforceable.

### Regulations on Energy Saving

As a further point, the legislation on energy saving in buildings – for instance in the EnEV – could change in the future. As of 1 May 2014, each potential buyer or tenant must be presented an energy certificate (*Energieausweis*) disclosing the property's energy efficiency prior to the conclusion of a sale and purchase or new lease agreement pursuant to the EnEV. The energy certificate must be handed over during the first viewing of the property at the latest. Should no inspection of the property take place and the energy certificate not be requested by the other party, the energy certificate must be handed over immediately after the conclusion of the respective sale and purchase or lease agreement. Additionally, in case the landlord or seller advertises the property in commercial media, the energy performance indicator reported in the existing energy certificate for the advertised property must be disclosed. An energy certificate is generally valid for ten years. The EnEV also requires structural retrofitting designed to improve the energy efficiency. Among these obligations are the insulation of top story ceilings, the replacement of certain types of heating systems and the insulation of heat conducting systems and hotwater pipes. Any non-compliance with the regulations of the EnEV is punishable by a fine. It is to be expected that the EnEV and comparable regulations will be modified further and place increasing requirements on energy consumption by buildings, particularly in the case of new buildings and modernizations. This situation is already taken into account in long term planning, so that significant changes are not expected as a result of any tightening of the legal framework.

The German Renewable Energies Heat Act (*Erneuerbare-Energien-Wärmegesetz*) is aimed at reducing the primary energy demand (*Primärenergiebedarf*) in Germany. The Act requires that part of the heat energy demand in newly constructed buildings must be covered with renewable energies.

### Encroachments (*Überbau*)

In some cases, buildings owned by the Group may encroach upon neighboring properties. Under German civil law, the legal consequences of an encroachment depend on whether such an encroachment has been undertaken intentionally or grossly negligently or neither intentionally nor grossly negligently. In the case of an intentional or grossly negligent encroachment, an affected neighbor is generally not obligated to tolerate such encroachment. In such case the neighbor can demand the demolition of the part of the building encroaching upon his property and is entitled to compensation for losses resulting from the encroachment. In addition, the neighbor becomes the legal owner of the part of the building that is encroaching upon his property and can therefore demand from the owner of the encroaching building the pro-rata benefits earned by using or letting the building. If the encroachment was not undertaken intentionally or as a result of gross negligence, the owner of the neighboring property is obligated to tolerate the encroachment unless he promptly (*unverzüglich*) objected to it. However, as compensation, the neighbor is entitled to a yearly rent.

## **Public Law**

### Land-use Planning by Municipalities

In Germany, municipalities may determine in the context of land-use planning how the areas in their municipal territory are to be used. For this purpose, the German Building Code (*Baugesetzbuch*) provides for the instruments of the zoning plan (*Flächennutzungsplan*) and the development plan (*Bebauungsplan*). Zoning plans and development plans are to be established where necessary for urban development and order.

Depending on the requirements, municipalities may therefore establish a zoning plan that broadly outlines the nature of the land use for the entire municipal territory based on the intended urban development and likely needs of the municipality. The zoning plan may for example restrict the use of land to special types of use and may earmark land for utility facilities or for precautionary measures against hazardous effects on the environment. The zoning plan neither creates nor affects any individual rights.

In a second step, the municipality may specify in binding form the land use in individual parts of the municipal territory by way of development plans. The development plans must take into

account the applicable zoning plans. For example, development plans may include restrictions with respect to the types and dimensions of building use, the areas in which buildings may be erected or the size of building plots. A development plan may also designate land as being reserved for public purposes or social housing, as well as traffic areas or as spaces to be kept free of buildings.

Although municipal planning authorities have a considerable amount of discretion (*Ermessensspielraum*) in exercising their planning competence, they are obligated to take into account private interests in their assessment and are required by law to pursue a number of objectives the most important of which include sustainable urban development and the protection of natural resources.

Where no development plan exists, the question whether a building project is permissible depends on whether the building project should be realized within or outside urban areas. In the first case, the permissibility basically depends on the building project's compatibility with the existing buildings in the vicinity and their specific use. Outside urban areas, projects are only permissible subject to very narrowly-defined requirements which are generally not met by buildings designated for office use.

### *Building Law Regulations*

The building-law regulations of the German Federal States are very extensive and contain numerous provisions, e.g., in respect of permissible building products, proper workmanship, stability, parking spaces, heating and ventilation, fire safety, means of evacuation and escape in case of emergency, noise abatement and requirements for buildings that are suited to the needs of the disabled. Further, the local building authorities are entitled to issue individual orders and obligations related to the safety of the building and to ensure compliance with applicable law.

### *Protection of Existing Buildings*

Owners of buildings which have been constructed and are used in line with a non-appealable (*bestandskräftig*) building permit in principle enjoy constitutional protection of property with respect to such buildings. This means that the building supervisory authority must, as a rule, tolerate the respective existing building and its use, even where the building permit is unlawful or where, following the granting of the permit, the circumstances in terms of planning law or the legal situation in general have changed.

Nevertheless, as an exception to this general rule, the competent authority may demand alterations to protected existing buildings on grounds of safety or health risks from a property. Although the mere fact that a building does not comply with prevailing regulations does not

constitute sufficient grounds for such action, the occurrence of concrete safety or health risks with respect to users of the building or the general public, however, allows the competent authority to demand immediate action from the owner. Relevant risks in this regard include fire risks, risks of collapse and health risks from injurious building materials such as asbestos. Some of the materials used for the construction of some of the Group buildings may contain substances, e.g. asbestos, which need special treatment in the event of refurbishments.

The protection of existing buildings does not cover any alterations to such buildings or changes in type of use. In such cases, a new building permit is generally required which must take into account the current circumstances in terms of planning law and current building-law provisions. The conversion of office or retail space into residential space or vice versa generally requires a construction permit.

### Monument Protection

In Germany, the protection of historic monuments is provided for in the monument protection laws of the Federal States. Monument protection extends not only to buildings that are monuments, but also to buildings that are part of a so-called monument area or ensemble (*Denkmalbereich* or *Ensemble*), without being monuments themselves.

Some buildings owned by the Group may be subject to monument protection. The owner of a building subject to monument protection is obligated to preserve the building using reasonable efforts. Partial or total demolition or any change in the appearance of a protected building generally require the consent of the authority for protection of monuments. In some Federal States, such consent is also required for any change of the building's purpose. In particular, changes to the room layout of a building or space allocation may be prohibited even if the layout or allocation in question does not meet contemporary market requirements.

In some Federal States, the owner of a building subject to monument protection is in addition required to notify the competent authority of an intended sale of the property. In some Federal States, the municipality has a pre-emption right inter alia with respect to protected buildings.

In some Federal States, a building is only deemed a monument if specified in a list of monuments; in other States, an entry in such a list does not have constitutive effect. Buildings may also be subject to restrictions under monument protection laws if located in the vicinity of a monument (the "protection of surrounding areas (*Umgebungsschutz*)"). In this case, any alterations to buildings in the vicinity of a monument are, as a rule, subject to authorization if suited to impair the appearance of the monument.



## Improvement and Development Charges and Connection to the Sewer System

Municipalities levy development charges (*Erschließungsbeiträge*) for the provision of infrastructure and the first connection to infrastructure facilities, e.g. roads. These charges will be levied as one-off payments following completion of the infrastructure facilities and must not be levied repeatedly. In the event of subsequent measures, such as the extension or improvement of infrastructure facilities, municipalities levy improvement charges (*Ausbaubeiträge*). Improvement charges may be levied repeatedly, e.g. each time after an expansion, improvement or reconstruction is carried out.

In principle, the charges for the expansion and provision of infrastructure are imposed on the property owners whose properties are developed by means of these infrastructure facilities or who benefit from the expansion or improvement of their properties. As a rule, these are the adjacent owners. In deviation from this rule, however, some state laws provide that the municipalities may introduce so-called recurring road charges (*wiederkehrende Straßenbeiträge*). In this case, the municipal territory is usually divided into sub-districts. Then, it is not only the adjacent owners affected by the infrastructure facility, but all property owners in the respective sub-district who come under the obligation to make contributions; this is intended to evenly distribute the costs among those who enjoy the benefit of being able to use a traffic facility in that particular sub-district. These contributions are generally charged annually. Corresponding provisions apply for instance in the Federal States of Hesse, Rhineland-Palatinate and Thuringia.

On the basis of municipal statutes, municipalities may also levy charges for the connection to the sewer network, i.e. charges for connecting buildings and properties to waste water disposal or utility lines and for expanding and modifying such lines.

## Public Easements

According to the building codes (*Bauordnungen*) of the German Federal States, with the exception of Bavaria and Brandenburg, owners of properties may be obligated by public easement (*Baulast*) to perform, tolerate or refrain from certain acts relating to their property. Public easements ensure compliance with public-law provisions. For example, public easements ensure adherence to the minimum spacing prescribed by law. They are entered in the register of public easements (*Baulastenverzeichnis*) and are also binding on any legal successors. Public easements only expire if the building supervisory authority issues a written waiver that is to be recorded in the register of public easements, and they may limit the use of properties. Public easements may in particular restrict future changes to the type of use of the property and may thus impair the property value.

### Special Urban Construction Law

With the instruments of special urban construction law (*Besonderes Städtebaurecht*) municipalities may counteract deficits or promote certain developments in urban construction. The instruments of special urban construction law include, for example, the designation of refurbishment areas (*Sanierungsgebiete*), conservation (*Erhaltungsgebiete*) areas or development areas (*Entwicklungsgebiete*). Properties in areas to which special urban construction law applies may be subject to certain restrictions. In particular the following acts may require the municipality's approval: (i) the construction, alteration and change of use of structural facilities; (ii) the conclusion or extension of agreements on the use or the utilization of a property for a definite period of more than one year (e.g., lease agreements); (iii) the disposal of a property; or (iv) the creation of a right encumbering the property (e.g., mortgages). In areas to which special urban construction law applies the municipality may also have a pre-emption right when the property is sold. In addition, the property owners may have to make financial contributions to certain measures. Some of the buildings owned by the Group may be situated in areas to which special urban construction law applies.

### Contamination and Harmful Soil Alterations

Where a property is affected by existing contamination (*Altlasten*) and/or harmful soil alterations (*schädliche Bodenveränderungen*), various measures such as investigation, containment or remediation measures can become necessary. The competent Soil Conservation Agency (*Bodenschutzbehörde*) may order these measures in accordance with the German Federal Soil Protection Act (*Bundes-Bodenschutzgesetz*). Such an order may be addressed in particular to the perpetrator of the contamination, its legal successor, the current owner of the contaminated property and the party in actual control of the property (e.g., a tenant or the beneficiary of a hereditary building right). In addition, the previous owner of the relevant property may be held liable if the title was transferred after 1 March 1999 and the previous owner was aware of or must have been aware of the contamination. The decision which of these parties is to be held liable is made at the discretion of the authority. When making its decision, the authority will generally consider which of the parties is likely to be most effective with the remediation of the existing contamination or harmful soil alteration. The party held liable by the authority may have a claim for indemnification against the other responsible parties. Unless no contractual arrangements provide otherwise, the indemnification obligation and amount depend on the extent to which the threat or damage is attributable to the respective parties. The liability is not based on fault, i.e., the competent authority has to prove neither negligence nor intent on the part of the parties held liable.

### Contamination in Buildings

In particular in older buildings, building materials may contain various hazardous substances such as asbestos, polychlorinated biphenyl ("PCB"), pentachlorophenol ("PCP"), dichlorodiphenyltrichloroethane ("DDT") and lindane.

Where buildings contain asbestos, a remediation may be required under certain circumstances. According to the asbestos regulations (*Asbest-Richtlinien*) of the German Federal States, a remediation obligation depends on the presence of a health threat. In this respect, a distinction must be made between friable asbestos, which is capable of releasing asbestos fibers in the air as it ages or is broken, and nonfriable asbestos, from which asbestos fibers are usually not released. The latter only poses a limited risk to health. For this reason, except in the event of structural alterations, there is generally no obligation to remove non-friable asbestos. Friable asbestos, however, entails a higher risk. It is generally found in construction materials that provide fire safety, noise abatement, moisture protection, heat insulation and thermal protection. The asbestos regulations of the Federal States set out criteria for assessing the urgency of remediation. Under certain circumstances, removal and replacement of hazardous substances contained in building materials may be required. In the event of a contamination with asbestos, tenants may have a right to rent reduction. Furthermore, tenants may claim compensation if the defect was already present at the time the lease agreement was concluded. Also, personal injuries may be asserted if the contamination is severe or poses a health risk.

The existence of PCB, DDT, PCP and lindane in buildings may under certain circumstances entitle the tenant to reduce the rent or assert personal injuries. Moreover, remediation measures may be required where PCB, DDT, PCP or lindane concentrations exceed certain thresholds.

Some of the materials used for the construction of some of the Group's buildings contain such hazardous substances, including asbestos. In case of future construction activities or future damage to materials that contain hazardous substances (such as asbestos), special health and safety measures could apply to the removal of such materials; the Issuer's management is not aware of any current obligation to remove or replace building materials in existing buildings. However, the replacement and disposal of materials containing hazardous substances could entail significant costs and expenses.

### Refrigerants in Air Conditioning Equipment

In the European Union, refrigerants used in air conditioning equipment are subject to numerous regulations. For example, under Regulation (EC) No 1005/2009 the use of certain fluorocarbons for the maintenance or servicing of existing refrigeration and air conditioning equipment has been prohibited since 1 January 2015. For this reason, equipment in which these refrigerants (e.g. the

widely used refrigerant R22) are used must be retrofitted or replaced as soon as maintenance and servicing work require a refill of the refrigerant. In addition, Regulation (EC) No 517/2014 on fluorinated greenhouse gases requires a gradual reduction of the quantities of certain fluorinated greenhouse gases that can be placed on the European Union market. In the long run, this will lead to a shortage of these gases which may require the air conditioning equipment using these gases (e.g. the refrigerant R410a) to be retrofitted or replaced.

### Maintaining Waste Water Systems

The German Water Resources Act (*Wasserhaushaltsgesetz*) provides that all waste water systems may only be installed, operated and maintained in keeping with the generally accepted standards of technology. For real estate owners this means, for example, that they have to monitor the condition, functionality, servicing and operation of the waste water system as well as the type and quantity of waste water and the substances contained therein. Tests are performed at intervals that are stipulated in the provisions of the individual German Federal States and may also depend on whether the property in question is located in a water conservation area. Should defects be detected, the property owners must repair the waste water system. The German Water Resources Act authorizes the Federal Government to issue a legal ordinance, with the approval of the German Bundesrat, in which the above-mentioned duties in respect of waste water systems are stipulated. On 3 January 2012, the Federal Government stated that no specific date was envisaged on which the legal ordinance will be issued. Until the relevant legal ordinance is issued, the Federal States are free to issue their own ordinances as regards these duties.

Regarding drinking water and fire-fighting water systems, the German Federal Drinking Water Ordinance (*Trinkwasserverordnung*) as well as the technical DIN-rules oblige building owners to strictly separate drinking water from fire-fighting water by establishing and maintaining separate lines for these systems. This applies to new buildings but also to a large extent to existing or older buildings.

### Legionella Testing

Pursuant to the German Federal Drinking Water Ordinance (*Trinkwasserverordnung*), the owners of specified centralized heated drinking water supply facilities for commercial use are required to test the drinking water for legionella by no later than 31 December 2013 and to repeat the test every three years.

### German Law on Property Purchases

Any property purchase in Germany is principally liable to the German Real Estate Transfer Tax Act (*Grunderwerbsteuergesetz* or "**GrEStG**"). The payable GrESt currently amounts to 3.5% to

6.5% of the purchase price. Although the legal framework of the real estate transfer tax is provided for in the GrEStG, the GrESt rate is determined at the level of the Federal States.

For more information, see *“Risk Factors—Tax Risks—The Group is exposed to real estate transfer taxes and value added taxes.”*

## SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated 6 December 2016 (the "**Subscription Agreement**") among the Issuer, the Guarantor and the Manager, the Issuer has agreed to sell to the Manager, and the Manager has agreed, subject to certain customary closing conditions, to purchase, the Notes on 13 December 2016. The Issuer has furthermore agreed to pay certain commissions to the Manager and to reimburse the Manager for certain expenses incurred in connection with the issue of the Notes. Commissions may be payable by the Manager to certain third party intermediaries in connection with the initial sale and distribution of the Notes.

The Subscription Agreement provides that the Manager under certain circumstances will be entitled to terminate the Subscription Agreement. In such event, no Notes will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Manager against certain liabilities in connection with the offer and sale of the Notes.

The Manager or its affiliates, including parent companies, engage, and may in the future engage, in investment banking, commercial banking (including the provision of loan facilities) and other related transactions with the Issuer and the Guarantor and their affiliates and may perform services for them, for which the Manager or its affiliates have received or will receive customary fees and commissions, in each case in the ordinary course of business.

There are no interests of natural and legal persons involved in the issue, including conflicting ones, which are material to the issue.

### Selling restrictions

#### **General**

The Manager has acknowledged that no action is taken or will be taken by the Issuer or the Guarantor in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of any offering material relating to them, in any jurisdiction where action for that purpose is required.

The Manager has represented and agreed that it will comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes any offering material relating to them.

## **United States of America**

The Manager understands that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to any other exemption from the registration requirements of the Securities Act. The Manager represents, warrants and agrees that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. The Manager also represents, warrants and agrees that it has offered and sold the Notes, and will offer and sell the Notes (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the distribution compliance period), only in accordance with Rule 903 of Regulation S under the Securities Act. The Manager agrees that, at or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the Securities Act), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

## **United Kingdom**

The Manager has represented and agreed that:

- a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **Cyprus**

The Manager represents, warrants and agrees that it will not be providing from or within Cyprus any "investment services", "investment activities" and "non-core services" (as such terms are defined in the Cyprus Investment Services Law) in relation to the Notes or will be otherwise providing investment services, investment activities and ancillary services to residents or persons domiciled in Cyprus and will not be concluding in Cyprus any transaction relating to such investment services, investment activities and non-core services in contravention of the Cyprus Investment Services Law and/or any applicable regulations adopted pursuant thereto or in relation thereto.

## **Israel**

The Manager represents, warrants and agrees that, within Israel, it has not made and will not make any offers of Notes other than to investors of the type listed in the first Supplement (the **Supplement**) of the Israeli Securities Law of 1968, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters purchasing for their own account, venture capital funds, entities with shareholders' equity in excess of 50 million Israeli new shekels, and high net worth individuals who meet the qualifications specified in the law, each as defined in the Supplement (as it may be amended from time to time, collectively referred to as **Eligible Investors**). Eligible investors are required to submit written confirmation that they fall within the scope of the Supplement.

## **The Netherlands**

The Notes are not being offered and may not be offered in the Netherlands other than to persons or entities who or which are qualified investors as defined in Section 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

## **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), the Manager represents and agrees that it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may make an offer of Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;



(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

*provided that* no such offer of Notes referred to in (a) to (c) above shall require the Issuer or the Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision:

- the expression an **offer of Notes** to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State

## GENERAL INFORMATION

### Documents available

For as long as Notes are outstanding, copies of the following documents will be available free of charge, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the office of each paying agent. In addition, this Prospectus (together with any supplement, if any) will be available in electronic form on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)):

1. the articles of association of the Issuer;
2. the articles of association of the Guarantor;
3. this Prospectus;
4. the agency agreement relating to the Notes between the Issuer, the Guarantor and The Bank of New York Mellon, London Branch as Principal Paying Agent;
5. trust deed relating to the Notes between the Issuer and Prudential Trustee Company Limited as Trustee, which includes the terms and conditions of the Guarantee; and
6. the documents specified in the chapter "*Information Incorporated by Reference*".

### Authorisation

The creation and issue of the Notes has been authorised by resolution of the Board of Directors of the Issuer dated 6 December 2016.

The granting of the Guarantee was authorised by resolution of the Board of Directors of the Guarantor dated 6 December 2016.

### Legend on Global Notes

Each Global Note will bear the following legend:

"THIS GLOBAL CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY STATE SECURITIES LAWS AND THE ISSUER HAS NOT BEEN REGISTERED AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940,

AS AMENDED (THE 1940 ACT). NEITHER THIS GLOBAL CERTIFICATE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND UNDER CIRCUMSTANCES WHICH DO NOT REQUIRE THE ISSUER TO REGISTER UNDER THE 1940 ACT.”

#### Listing and Admission to Trading

Application has been made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on the Main Securities Market. Such application does not include any Further Single Series F Bonds (as defined in the Terms and Conditions) that may be issued in the future pursuant to Condition 16.1 of the Terms and Conditions and be consolidated and form a single series with the Notes, the listing and admission to trading of which will be subject to a separate application for such listing and admission to trading being made to the Irish Stock Exchange at the relevant time. The total expenses related to the admission of the Notes to trading on the Irish Stock Exchange’s regulated market are expected to amount to approximately €5,000.

The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as Irish listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

#### Indication of Yield

The yield in respect of the Notes at the Issue Date is 2.299% p.a., calculated on the basis of the issue price of the Notes. Such yield is calculated in accordance with the ICMA (International Capital Markets Association) Method.

#### Notices to Noteholders

All notices regarding the Notes will be published (so long as the Notes are listed on the Irish Stock Exchange) on the website of the Irish Stock Exchange on [www.ise.ie](http://www.ise.ie). The Issuer will be entitled to deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders.

### Clearing Systems and Security Codes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number (ISIN) is XS1532877757 and the Common Code is 153287775. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

## FINANCIAL INFORMATION OF THE ISSUER

# ATF Netherlands B.V.

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Financial statements as at September 30, 2016

2016

(Date of incorporation)

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# ATF Netherlands B.V.

Financial statements as at September 30, 2016  
(Date of incorporation)

2016

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## INDEPENDENT AUDITORS' REPORT

To: the shareholders of ATF Netherlands B.V.

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ATF Netherlands B.V. ("the Company") on pages 5 to 7 which comprise the statement of financial position as at September 30, 2016 (date of incorporation), and a summary of significant accounting policies and other explanatory information.

### *BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS*

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Dutch companies, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *AUDITORS' RESPONSIBILITY*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**OPINION**

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at September 30, 2016 in accordance with International Financial Reporting Standards as adopted by the European Union.

Without modifying our opinion, we draw attention to the notes, which describe the special purpose of the financial statements and the notes, including the basis of accounting. The financial statements are prepared for the purpose of inclusion in this prospectus. As a result, the financial statements may not be suitable for another purpose. This independent auditor's report is required by the Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that Regulation and for no other purpose.

Amsterdam, 6 October 2016

MAZARS PAARDEKOOPEL HOFFMAN N.V.



F.D.N. Walta RA

## ATF NETHERLANDS B.V.

**STATEMENT OF FINANCIAL POSITION**

		<u>September 30, 2016</u>
	Note	<u>In euro</u>
<b><u>Assets</u></b>		
Receivables from shareholders	3	<u>10</u>
<b>Total assets</b>		<b><u>10</u></b>
<b><u>Equity</u></b>		
Share capital	4	<u>10</u>
<b>Total equity</b>		<b><u>10</u></b>

The Board of Directors of ATF Netherlands B.V. authorized these financial statements for issuance on October 6, 2016.

  
 .....  
 Dorsha B.V.  
 Director

  
 .....  
 Jelena Afxentiou  
 Director

The notes on pages 6 to 7 form an integral part of these financial statements.

**ATF NETHERLANDS B.V.**

Notes to the financial statements  
as at September 30, 2016

**1. GENERAL****Incorporation and principal activities**

ATF Netherlands B.V. ("the Company") was incorporated on September 30, 2016 as a private limited liability company under the Dutch Civil Code, having its corporate seat in Amsterdam, the Netherlands and address at Krijn Taconiskade 430, 1087 HW Amsterdam, the Netherlands.

The Company is fully held by Arountown Property Holdings PLC, a public limited company, organized and existing under the Cyprus Companies Law, Cap. 113. Its registered and business office at 54B Artemidos Avenue & Nikou Demetriou, 6027 Larnaca, Cyprus.

The main objects of the Company are to issue bonds, debentures or other securities, to borrow, including the lending and raising of funds, and to enter into related agreements, as defined in Article 3 of the Company's deed of incorporation from September 30, 2016.

**2. BASIS OF PREPARATION****Statement of compliance**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, and for the purpose of inclusion within a prospectus of the Company. The primary statements of comprehensive income, change in shareholders equity and cash flows are not included in this set of financial statements due to their unnecessary role with presenting the opening balances of the Company.

These financial statements were authorized to be issued by the Board of Directors on October 6, 2016.

**ATF NETHERLANDS B.V.**

Notes to the financial statements  
as at September 30, 2016

**3. RELATED PARTY TRANSACTIONS**

Receivable amount from shareholders

<b>September 30, 2016</b>	
<b>In euro</b>	
	<b>10</b>

**4. EQUITY**

**A. Share capital**

	<b>September 30, 2016</b>	
	<b>Number of shares</b>	<b>In euro</b>
<b>Authorized</b>		
Ordinary shares of euro 0.01 each	<u>1,000</u>	<u>10</u>
<b>Issued</b>		
Incorporation on September 30, 2016	<u>1,000</u>	<u>10</u>

**B. Issued capital**

Upon incorporation (September 30, 2016), the total authorized and issued ordinary share capital amounted to 1000 units with a par value of euro 0.01 each. The full payment of the shares was done on October 6, 2016.

**5. COMMITMENTS**

The Company had no significant commitments as at September 30, 2016.

**6. CONTINGENT ASSETS AND LIABILITIES**

The Company had no significant contingent assets and liabilities as at September 30, 2016.

**7. EVENTS AFTER THE REPORTING PERIOD**

On October 6, 2016, the ordinary shares were fully paid.

Names and Addresses

**REGISTERED OFFICE OF THE ISSUER**

**ATF Netherlands B.V.**

Krijn Taconiskade 430  
1087 HW Amsterdam  
The Netherlands

**REGISTERED OFFICE OF THE GUARANTOR**

**Aroundtown Property Holdings plc**

54B Artemidos & Nikou Dimitriou  
Scanner Avenue Tower, 4th floor  
6027 Larnaca  
Cyprus

**PRINCIPAL PAYING AGENT**

**The Bank of New York Mellon, London Branch**

One Canada Square  
London E14 5AL  
United Kingdom

**IRISH LISTING AGENT**

**The Bank of New York Mellon SA/NV, Dublin Branch**

Hanover Building  
Windmill Lane  
Dublin 2  
Ireland

**MANAGER**

**Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
EC4A 2BB London  
United Kingdom

## LEGAL ADVISERS TO THE ISSUER AND THE GUARANTOR

*As to Dutch law:*

**BWK Partners**  
Oosteinde 27  
1017 WT Amsterdam  
The Netherlands

*As to English law:*

**Taylor Wessing LLP**  
5 New Street Square  
London EC4A 3TW  
United Kingdom

*As to Cyprus law:*

**Koushos Korfiotis**  
**Papacharamlambous LLP**  
20 Costi Palama Street  
Aspelia Court, 2<sup>nd</sup>-4<sup>th</sup> floors  
Nicosia 1096, Cyprus

## LEGAL ADVISERS TO THE MANAGER

*As to English law:*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD  
United Kingdom

*As to Cyprus law:*

**Harneys, Aristodemou**  
**Loizides Yiolitis LLC**  
313, 28th October Avenue,  
Omrania Centre, 3105 Limassol,  
Cyprus

## INDEPENDENT AUDITORS

*To the Issuer:*

**Mazars Paardekooper**  
**Hoffman N.V.**  
Delflandlaan 1,  
1062 EA Amsterdam  
The Netherlands

*To the Guarantor:*

**KPMG Limited**  
Millenium Lion House  
P.O. Box 40075  
6300 Larnaca  
Cyprus