

## IMPORTANT NOTICE

**THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS (AS DEFINED BELOW) LOCATED OUTSIDE OF THE UNITED STATES.**

**IMPORTANT:** You must read the following before continuing. The following applies to the Prospectus following this page and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer, the Guarantor or the Joint Lead Managers (all as defined in the Prospectus) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE ATTACHED PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE ATTACHED DOCUMENT.

**Confirmation of your representation:** In order to be eligible to view the attached Prospectus or make an investment decision with respect to the securities being offered, prospective investors must be non-U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) located outside the United States. This Prospectus is being sent to you at your request, and by accessing this Prospectus you shall be deemed to have represented to the Issuer, the Guarantor and the Joint Lead Managers that (1) you are purchasing the securities being offered in an offshore transaction (within the meaning of Regulation S) and the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia and (2) you consent to delivery of such Prospectus by electronic transmission.

You are reminded that this Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Prospectus to any other person.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The attached Prospectus may only be distributed to, and is directed at persons who have professional experience in matters relating to investments falling within article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (b) high net worth entities falling within article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within article 49(1) of the Order (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this document or any of its contents.

The attached Prospectus has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor or Joint Lead Managers, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.



## NE PROPERTY COÖPERATIEF U.A.

*(incorporated as a cooperative with exclusion of liability (coöperatie met uitgesloten aansprakelijkheid) under the laws of the Netherlands, registration number 34285470)*

**EUR 400,000,000 3.750 per cent. Guaranteed Notes due 26 February 2021  
unconditionally and irrevocably guaranteed by**

## NEW EUROPE PROPERTY INVESTMENTS PLC

*(incorporated with limited liability under the laws of the Isle of Man, registration number 001211V)*

The issue price of the EUR 400,000,000 3.750 per cent. Guaranteed Notes due 26 February 2021 (the "Notes") of NE Property Coöperatief U.A. (the "Issuer") is 99.597 per cent. of their principal amount. The Notes will be guaranteed by New Europe Property Investments PLC (the "Guarantor" or "NEPI").

The Notes will bear interest from 30 November 2015 at the rate of 3.750 per cent. per annum payable annually in arrears on 26 February in each year; the first payment of interest shall be made on 26 February 2016 in respect of the period from (and including) 30 November 2015 to (but excluding) 26 February 2016. If the rating given to the Notes is below investment grade immediately prior to an Interest Payment Date then the Interest on the Notes will be increased by 1.25 per cent. from such Interest Payment Date until the following Interest Payment Date. Payments on the Notes will be made in euro without deduction for or on account of taxes imposed or levied by the Netherlands or the Isle of Man to the extent described under "Terms and Conditions of the Notes—Taxation".

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 26 February 2021. The Notes are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Netherlands. The Notes are also subject to redemption at the option of the Issuer at a redemption price equal to the greater of the principal amount or the Optional Redemption Price. In addition, the holder of a Note may, by the exercise of the relevant option, require the Issuer to redeem such Note at 100 per cent. of its principal amount on a Change of Control Put Date. See "Terms and Conditions of the Notes—Redemption and Purchase".

This Prospectus (the "Prospectus") has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC (which includes the amendments made by Directive 2010/73/EU) (the "Prospectus Directive"). Such approval relates only to Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area. The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and European Union ("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 (the "Official List") and to trading on its main securities market (the "Market"). This prospectus constitutes a prospectus for the purposes of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations") (which implement the Prospectus Directive in Ireland). Reference in this Prospectus to being listed (and all date references) shall mean that such Notes have been admitted to trading on the regulated market of the Irish Stock Exchange.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "Securities Act") and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Joint Lead Managers (as defined in "Subscription and Sale") in accordance with Regulation S under the Securities Act ("Regulation S"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in bearer form and in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. The Notes will initially be in the form of a temporary global note (the "Temporary Global Note"), without interest coupons, which will be in new global note ("NGN") form and will be deposited on or around 30 November 2015 (the "Closing Date") with a common safekeeper for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "Permanent Global Note"), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000 each and with interest coupons attached. See "Overview of Provisions Relating to the Notes in Global Form".

The Notes will be rated Baa3 by Moody's Investors Service Ltd ("Moody's") and BBB- by Standard & Poor's Ratings Services ("S&P").

Moody's and S&P are established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation"), and appear on the latest update of the list of registered credit rating agencies (as of 27 October 2015) on the ESMA website <http://www.esma.europa.eu>. The ESMA website is not incorporated by reference into, nor does it form part of, this Prospectus.

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

### Joint Lead Managers and Bookrunners

DEUTSCHE BANK

J.P. MORGAN

Joint Lead Manager  
RAIFFEISEN BANK  
INTERNATIONAL

The date of this Prospectus is 27 November 2015

## IMPORTANT NOTICES

This Prospectus comprises a prospectus for the purposes of Article 5 of the Prospectus Directive and for the purposes of giving information with regard to the Issuer, the Guarantor and the Notes, which, according to the particular nature of the Issuer, the Guarantor and the Notes, is necessary to enable investors to make an informed assessment of the prospects of the Issuer and the Guarantor.

The Issuer and the Guarantor accept responsibility for the information contained in this Prospectus and declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus to the best of their knowledge is in accordance with the facts and contains no omission likely to affect its import.

The Issuer and the Guarantor have confirmed to the Joint Lead Managers named under "*Subscription and Sale*" below (the "**Joint Lead Managers**") that this Prospectus contains all information regarding the Issuer, the Guarantor and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer and the Guarantor are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

Neither the Issuer nor the Guarantor have authorised the making or provision of any representation or information regarding the Issuer, the Guarantor or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer or the Guarantor. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantor or the Joint Lead Managers.

Neither the Joint Lead Managers nor Deutsche Trustee Company Limited (the "**Trustee**") nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Guarantor since the date of this Prospectus. The Joint Lead Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Joint Lead Managers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Joint Lead Managers or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this

Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the European Economic Area (including the United Kingdom), see "*Subscription and Sale*".

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

Each purchaser or holder of interests in the Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain representations and agreements as set out in "*Subscription and Sale*".

**In connection with the issue of the Notes, Deutsche Bank AG, London Branch (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 price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it 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.**

The Notes are complex financial instruments and such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. 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:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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## OVERVIEW

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this overview.

<b>The Issuer:</b>	NE Property Coöperatief U.A., incorporated in the Netherlands.
<b>The Guarantor:</b>	New Europe Property Investments PLC, incorporated in the Isle of Man.
<b>Joint Lead Managers:</b>	Deutsche Bank AG, London Branch, J.P. Morgan Securities plc and Raiffeisen Bank International AG.
<b>Trustee:</b>	Deutsche Trustee Company Limited.
<b>The Notes:</b>	EUR 400,000,000 3.750 per cent. Guaranteed Notes due 26 February 2021.
<b>Issue Price:</b>	99.597 per cent. of the principal amount of the Notes.
<b>Issue Date:</b>	Expected to be on or about 30 November 2015.
<b>Use of Proceeds:</b>	General corporate purposes. See " <i>Use of Proceeds</i> ".
<b>Interest:</b>	<p>The Notes will bear interest from 30 November 2015 at a rate of 3.750 per cent. per annum payable annually in arrear on 26 February in each year; the first payment of interest shall be made on 26 February 2016 in respect of the period from (and including) 30 November 2015 to (but excluding) 26 February 2016.</p> <p>If the rating given to the Notes is below investment grade immediately prior to an Interest Payment Date then the Interest on the Notes will be increased by 1.25 per cent. from such Interest Payment Date until the following Interest Payment Date.</p>
<b>Status:</b>	The Notes are senior, unsubordinated, unconditional and (subject to Condition 3 ( <i>Negative Pledge</i> )) unsecured obligations of the Issuer.
<b>Form and Denomination:</b>	<p>The Notes will be issued in bearer form in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. The Notes will initially be in the form of a temporary global note (the "<b>Temporary Global Note</b>"), without interest coupons, which will be deposited on or around 30 November 2015 with a common safekeeper for Euroclear Bank SA/NV ("<b>Euroclear</b>") and Clearstream Banking S.A. ("<b>Clearstream, Luxembourg</b>"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "<b>Permanent Global Note</b>"), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000 each and with interest coupons attached.</p> <p>The Temporary Global Note and the Permanent Global Note are to be issued in new global note form.</p>
<b>Final Redemption:</b>	26 February 2021.

<b>Optional Redemption:</b>	<p>The Notes are subject to redemption at the option of the Issuer, at any time, at a redemption price equal to the greater of the principal amount and the Optional Redemption Price.</p> <p>In addition, the holder of a Note may, by the exercise of the relevant option, require the Issuer to redeem such Note at 100 per cent. of its principal amount on a Change of Control Put Date.</p>
<b>Tax Redemption:</b>	<p>The Notes are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Netherlands or the Isle of Man.</p>
<b>Negative Pledge:</b>	<p>The Notes will have the benefit of a negative pledge as described in Condition 3 (<i>Negative Pledge</i>).</p>
<b>Guarantee:</b>	<p>The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under its guarantee will be direct, unconditional and (subject to the provisions of Condition 3 (<i>Negative Pledge</i>)) unsecured obligations of the Guarantor and will rank <i>pari passu</i> and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.</p>
<b>Cross Default:</b>	<p>The Notes will have the benefit of a cross default as described in Condition 10 (<i>Events of Default</i>).</p>
<b>Rating:</b>	<p>The Notes will be rated Baa3 by Moody's and BBB- by S&amp;P. Moody's and S&amp;P are established in the EU and registered under the CRA Regulation.</p> <p>In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.</p>
<b>Withholding Tax:</b>	<p>All payments in respect of the Notes will be made free and clear of withholding taxes imposed by the Isle of Man or the Netherlands as provided in Condition 8 (<i>Taxation</i>) unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 8 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholder receiving such amounts as they would have received in respect of such Notes had no such withholding been required.</p>
<b>Meetings of Noteholders:</b>	<p>The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.</p>
<b>Modification, Waiver and Substitution:</b>	<p>The Trustee may, without the consent of Noteholders, agree to (i) any modification of (subject to certain exceptions), or to the waiver</p>

or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) the substitution of a wholly owned subsidiary of the Issuer or a successor company of the Issuer as principal debtor under any Notes in place of the Issuer, in each case, in the circumstances and subject to the conditions described in Conditions 9 (*Reorganisation and Substitution*), 14 (*Meetings of Noteholders, Modification and Waiver*) and 15 (*Enforcement*) of the Conditions of the Notes.

**Governing Law:**

The Notes, the Trust Deed, the Agency Agreement and the Subscription Agreement will be governed by English law.

**Listing and Trading:**

Applications have been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on the Market.

**Clearing Systems:**

Euroclear and Clearstream, Luxembourg.

**Selling Restrictions:**

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes may be sold in other jurisdictions (including Member States of the European Economic Area) only in compliance with applicable laws and regulations. See "*Subscription and Sale*" below.

**Risk Factors:**

Investing in the Notes involves risks. See "*Risk Factors*".

**Financial Information:**

See "*Selected Financial Information*" and "*Documents Incorporated by Reference*".



## **RISK FACTORS**

*Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which each of the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer or the Guarantor may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons, and neither the Issuer nor the Guarantor represents that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference in, and forming part of, this Prospectus) and reach their own views prior to making any investment decision.*

### **FACTORS RELATING TO THE GROUP**

*An investment in the Notes involves a high degree of risk. Before purchasing the Notes, you should consider carefully the specific risk factors set forth below, as well as the other information contained elsewhere in this Prospectus. Any of the risks described below could have a material adverse impact on the Group's business, prospects, results of operations and financial condition and could therefore have a negative effect on the trading price of the Notes and the Issuer's ability to pay all or part of the interest or principal on the Notes.*

*Additional risks not currently known to the Issuer or that the Issuer deems immaterial at the date of this Prospectus may also harm the Group. Prospective investors should be aware that the value of the Notes and any income from them (if any) may decrease as well as increase and that investors may not be able to realise their initial investment.*

#### **Risks related to the markets in which the Group operates**

***The markets in the CEE region are subject to greater risks than more developed markets, including significant legal, economic, fiscal and political risks that could have a material adverse effect on the Group's business***

Investors in emerging and developing markets such as the countries in which the Group has its operations or assets should be aware that these markets are subject to greater legal, economic, fiscal and political risks than mature markets and are subject to rapid and sometimes unpredictable change. In general, investing in the securities of issuers with substantial operations in emerging or developing markets such as the CEE region, involves a higher degree of risk than investing in the securities of issuers with substantial operations in the countries of Western Europe or other similar jurisdictions. Changes in economic and political situations in one emerging or developing market country may have a negative or unrelated consequential impact on the economic and political situation in other emerging or developing market countries.

The Group's operations in the CEE region are exposed to risks which are common to all regions that have recently undergone, or are undergoing political, economic and social change, including currency fluctuations, an evolving regulatory environment, inflation, economic downturns, local market disruptions, labour unrest, changes in disposable income or gross national product, variations in interest rates and taxation policies and other similar factors. Political or economic instability resulting from the occurrence of any of these risks may adversely affect the real estate market in the CEE region.

As a result, the Group's performance could be significantly affected by events in the CEE region which are beyond its control, such as a general downturn in the economy, political instability, changes in regulatory requirements and applicable laws (including in relation to taxation), the condition of financial markets and interest and inflation rate fluctuations. Such events could reduce the Group's rental income and/or the market value of its properties, which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group faces business risks stemming from central banks' monetary policy decisions. Any rise in interest rates could have material adverse effects on real estate markets and on the Group***

In recent years, central banks around the world have engaged in an unprecedented set of monetary policy measures generally referred to as quantitative easing. Such measures generally consist of central bank purchases of government and other securities held by commercial banks and other private sector entities to stimulate the economy by increasing the amount of liquidity available to banks for onward lending to businesses. By engaging in quantitative easing and pegging interest rates at historically low levels, central banks have created an environment that has affected real estate companies in a variety of ways. Among other things, this has made it easier and cheaper for the Group to raise new financing and to refinance its existing liabilities. Moreover, by contributing to a rise in asset prices, including real estate, this has supported the valuation of the Group's property portfolio. Some central banks have already reversed course and begun to gradually tighten monetary policy and others are expected to follow. Any such action is likely to eventually raise interest rates to levels that are more in line with historical averages. When that happens, the Group's business is likely to be affected in a number of ways. The cost at which the Group is able to raise new financing and refinance its existing liabilities will increase. Moreover, asset prices may decline from their current high levels, which could lead to a reduction in the value of the Group's property portfolio. Moreover, because of the dampening effect that a tighter monetary policy typically has on the general economy, private households on average are likely to have less disposable income, which may impact the performance of Group's tenants. Therefore, if central banks begin to tighten monetary policy, the Group's business activities, results of operations, net assets, financial condition or cash flow could be materially adversely affected in a variety of ways.

***The value of investments in Romania could be adversely affected by political and economic uncertainty***

Romania has undergone major changes during its recent history. Many political and economic reforms have taken place, but Romania's economy still has a number of structural weaknesses. These include a reliance on industrial sector exports, an ageing population which will require greater government expenditure on social services in the future, and, historically, a current account imbalance, as well as delayed absorption of EU funds and a lack of certain key reforms, each of which may affect Romania's creditworthiness. In addition, a series of political conflicts occurred during 2012, culminating with the impeachment of former Romanian president Traian Băsescu by the Romanian Parliament in July 2012 – a measure which was reversed when the popular referendum called to confirm his dismissal was declared invalid due to a failure to attain the legal quorum.

The political uncertainty lessened once the Social Liberal Union ("USL") won more than 67% in the parliamentary elections that took place on 9 December 2012. Since December 2012 up to 4 November 2015, Romania has been led by a USL-supported government, with Victor Ponta as the Prime Minister.

Internal struggles within the USL began to surface in February 2014 and the National Liberal Party, the second leading party in the USL, began to distance itself from the ruling coalition. The political tension inside the USL further escalated when the Social Democratic Party and the two minority parties of the USL, the Conservative Party and the National Union for the Progress of Romania, agreed to participate together in the 2014 European Parliament elections as the newly established PSD-UNPR-PC Alliance, with the National Liberal Party ultimately deciding to abandon the USL and withdraw its ministers from the Government in March 2014. In June 2015, a new party, the Reforming Liberal Party, was founded, which merged with the Conservative Party, which left the PSD-UNPR-PC Alliance, and formed the Liberal and Democratic Alliance Party. The Romanian Government led by Prime Minister Victor Ponta was supported and was formed by members of the Social Democratic Party, the National Union for the Progress of Romania and the Liberal and Democratic Alliance Party.

On 16 November 2014, presidential elections took place in Romania and Klaus Iohannis, the leader of the National Liberal Party, was elected the fifth President of Romania, winning against the Social Democratic Party-UNPR-PC Alliance candidate and Prime Minister, Victor Ponta. Klaus Iohannis won the elections with 54% of the votes. He took office on 21 December 2014, when Traian Băsescu's term ended. His presidential campaign focused on fighting corruption and on improving the justice system and he is also a supporter of a strong pro-Western foreign policy.

On 30 October 2015, a fire broke out in a club in Bucharest that led to a significant number of deaths and injuries. Many members of the public blamed poor supervision of fire safety standards by the local authorities, which they ultimately attributed to corruption affecting all levels of the local and government administration. Starting on 3 November 2015, this triggered public protests in Bucharest and several other cities across Romania against the Romanian Government and other officials. As a consequence of such protests, on 4 November 2015, Prime Minister Ponta presented his and the entire Government's resignation. After consultations with political parties, on 10 November 2015 the Romanian President appointed Dacian Cioloș as Prime Minister and his newly formed Government received a vote of confidence in the Parliament on 17 November 2015. The new Government may face difficulties in implementing its proposed reforms if it does not receive the necessary political support in the Parliament. In addition, any conflicts between the Government and the Parliament may trigger further domestic social and political turmoil, which, should it continue or intensify, may freeze policy making, or slow down Romania's economic development and institutional reforms. The elections scheduled for 2016 may further add to the political uncertainty should no parliamentary majority develop.

Considering that the majority of the Group's assets are located in Romania, the above factors may have a material adverse impact on the Group's business, prospects, results of its current and future operations, financial condition and on the Group's reputation generally.

***Hostilities with neighbouring countries and civil unrest in the CEE region may adversely affect the economies of countries in the CEE region, disrupt the Group's operations and cause its business to suffer***

CEE region countries have from time to time experienced instances of hostilities with neighbouring countries. Military activity or terrorist attacks in the future could influence the economies of CEE countries by disrupting communications, making travel more difficult and deterring inwards investment. Such political tensions could create a greater perception that investments in companies in the CEE region involve a higher degree of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Europe, could influence the economies of CEE region countries and could have a material adverse effect on the Group's business and results of operation.

Currently, Romania, Serbia and Slovakia have relatively low trade with Ukraine. However, in the event that unrest in Ukraine has an indirect negative impact on the level of trade across Europe, the Group's business and results of operations may be negatively affected.

Slovakia, in particular, is exposed to potential disruptions of its gas supply as a result of unrest in Ukraine and Europe's relationship with Russia. A major disruption to the gas supply in Slovakia could have a material adverse effect on the Group's business and results of operations.

***Legal regimes in the CEE region differ from those in Western Europe***

The legal systems of most of the countries in the CEE region have undergone dramatic changes in recent years.

In many cases, the interpretation and procedural safeguards of the new legal and regulatory systems are still being developed, which may result in the promulgation of new laws, changes in existing laws, inconsistent application of existing laws and regulations and uncertainty as to the application and effect of new laws and regulations.

Additionally, in some circumstances, it may not be possible to obtain the legal remedies provided for under relevant laws and regulations in a reasonably timely manner or at all. A lack of legal certainty or the inability to obtain effective legal remedies in a reasonably timely manner may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Romanian, Serbian and Slovakian legal systems and legislation continue to develop, which may create an uncertain environment for investments and for business activity in general***

The uncertainties relating to the Romanian, Serbian and Slovakian judicial systems could have a negative effect on the economy and thus create an uncertain environment for investment and for business activity. The court system is underfunded compared to more mature jurisdictions.

The Slovak Parliament adopted significant amendments to the Act on Bankruptcy and Restructuring and to the Commercial Code effective as of 1 January 2016. Such amendments impose more stringent rules on debt to equity ratios for companies. A company with a debt to equity ratio of less than 4 to 100 (in 2016),

6 to 100 (in 2017) and 8 to 100 (from 2018) would be viewed as being in crisis, which in turn would trigger a prohibition on repayment of shareholders' contributions, as well as imposing shareholder liability in respect of certain acts. The implementation of these provisions will trigger additional equity contributions from the Issuer to its companies in Slovakia and may also have a negative impact on the cash flows in the form of dividends from such companies.

Some of the most important pieces of legislation (which apply to the Group's business) in Romania are the Civil Code, which entered into force on 1 October 2011, and the Civil Procedure Code, which entered into force on 15 February 2013. These pieces of legislation are still untested, and there is as yet insufficient academic commentary and jurisprudence on their interpretation. As a result there is a risk that the courts and authorities may implement their provisions in a manner that is inconsistent or contradictory.

In addition, as Romania is a civil law jurisdiction of French origin, judicial decisions under Romanian law generally have no precedential effect. For the same reason, courts are generally not bound by earlier court decisions taken in the same or similar circumstances, which can result in the inconsistent application of Romanian legislation to resolve the same or similar disputes. Furthermore, to date, only a relatively small number of judicial decisions have been publicly available and, therefore, the role of judicial decisions as guidelines in interpreting applicable Romanian legislation to the public at large is generally limited. The Romanian judicial system has gone through several reforms meant to modernise and strengthen the independence of the judiciary. However, these reforms have not gone far enough to effectively tackle the problem of non-unified jurisprudence. The new procedure codes introduce a new mechanism for unifying jurisprudence, but effective measures to achieve the envisaged results are still ongoing. Such uncertainties are further fuelled by repeated and frequent changes in the law, ambiguity in the law, and inconsistent interpretation and application of norms.

Although one of the main concepts behind the applicability of legal enactments in Romania is based on the principle that a law cannot apply to former acts or matters concluded, or circumstances which occurred, prior to the entry into force of that law, there may be cases when the new laws/regulations shall apply to acts retroactively. Such a dual applicability of previous and new regulations could affect the Group's ability to conduct its business in relation to its assets.

The uncertainties pertaining to the Romanian judicial system could have a negative effect on the economy and thus on the Group's business, results of operations, financial condition and prospects.

***The Group's assets may be subject to expropriation and confiscation***

Governments may expropriate part or all of a property subject to prior fair compensation having been paid to the Group. However, there can be no certainty that such fair compensation shall equal the respective property's full market value.

Expropriation or confiscation of the companies in which the Group invests, their assets or portions thereof, potentially with inadequate compensation, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

**Risks relating to the Group's business and industry**

***The Group is dependent on economic, demographic and market developments in Romania, Serbia, Slovakia, and the CEE region***

Of the Group's property portfolio in use as at 30 September 2015, 82 per cent. is located in Romania, 15 per cent. is located in Slovakia and 3 per cent. is located in Serbia by weighted gross rental income (including joint ventures). Accordingly, due to the concentration of its portfolio, the Group is dependent on the trends in the Romanian, Slovakian and Serbian real estate markets, as well as on general economic and demographic conditions and developments in Romania, Slovakia and Serbia.

Although unemployment has remained low in Romania, in general, compared to the European average, the Group cannot guarantee that unemployment will not rise to high levels in the future. For example, the current immigration crisis in Serbia may trigger an increase in unemployment rates. In addition, negative demographic trends in Romania and Serbia may trigger an increase in the age dependency ratio in these countries. The deterioration of economic conditions in Romania, Slovakia and Serbia or globally, resulting in an increase in unemployment or a decline in real income, could lead to a worsening of the business environment. Such deterioration of the business environment could, in turn, adversely affect the financial condition of the Group's tenants and other counterparties and their ability to meet their contractual obligations towards the Group. Furthermore, a global economic downturn could lead to loss

of confidence by international investors and hence adversely affect the real estate markets, where the Group's investment policy is focused.

***The Group's capital expenditure and other construction, development and maintenance costs may be higher than expected***

The Group's investment and development programme entails significant planned expenditures. In addition, the Group will continue to undertake construction and development work on an on-going basis with respect to its properties to meet legal and market requirements and not all of such operating expenses may be passed on to the tenants. The Group is subject to a number of construction, operating and other risks relating to the completion of its investment programme and its development properties that are beyond its control, including shortages of and price inflation in respect of materials, equipment and labour, contractors' insolvency or bankruptcy, adverse weather conditions, accidents, unexpected delays and other unforeseen circumstances, any of which could result in costs that are materially higher than initially estimated by the Group. The inability to complete the construction and leasing of a property on schedule may result in increased construction or renovation costs which may result in the termination of an existing investment agreement and further result in claims by third parties for damages and termination of respective leases.

For large refurbishment or development projects, planning costs in securing the property, obtaining planning, demolition and/or construction or other permission and dealing with other third party and regulatory approvals can be significant. There is also a risk that planning or permitted use consents are not obtained, are delayed, are subject to uneconomic or unfavourable conditions or may be challenged. The Group may abandon refurbishment or development opportunities that it has started to pursue and consequently fail to recover expenses already incurred. In some cases, the refurbishment or development of properties may be subject to revaluation losses due to, for example, the Group's determination that a given refurbishment or development property is not likely to yield a desired level of net rental income or occupancy. Other write-offs relating to abandoned refurbishment or development opportunities, or revaluation losses resulting from changes in the value of a refurbishment or development properties, may occur in the future.

Laws may be introduced that may be retrospective and affect existing building consents which would restrict development in the Group's target geographies. This could have an adverse effect on the Group's business.

Acts of nature, such as earthquakes and floods may damage or delay construction of properties, in addition to the discovery of historical elements such as fossils, coins, articles of value or antiquity and structures and/or other remains of geological or archaeological interest which may also impede or delay construction of properties. See "*Earthquakes and other seismic events in Romania may adversely affect the Group's assets and disrupt the Group's business*".

Any of these circumstances could negatively affect the Group's ability to complete a development and refurbishment programme on schedule or within the estimated budget. Even if the Group is successful in doing so, the Group may not be able to recoup its investments. Any failure by the Group to complete an investment and development programme or to otherwise undertake appropriate construction or refurbishment work could adversely affect the rental revenue earned from the affected real estate.

***The Group is exposed to certain risks relating to real estate investments***

Investing in real estate is generally subject to various risks, including the following:

- adverse changes in national or international economic conditions;
- adverse local market conditions;
- the financial conditions of the retail sector (including tenants, buyers and sellers of real estate);
- the availability of debt financing;
- changes in interest rates, real estate tax rates and other operating expenses;
- environmental and operational laws and regulations, planning laws and other governmental rules and fiscal policies;

- environmental claims arising in respect of properties acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established;
- energy prices;
- ownership restitution risks, property ownership uncertainty and related litigation;
- changes in the relative popularity of real estate types and locations leading to an oversupply of space or a reduction in demand for a particular type of real estate in a given market; and
- risks and operating problems arising out of the presence of certain construction materials.

These factors could cause fluctuations in rental income or operating expenses, which in turn would have a negative effect on the operating returns derived from, and the value of, properties. The value of properties may also be significantly diminished in the event of a downturn in real estate prices or the occurrence of any of the other factors mentioned above. Such a decrease in value or decrease in rental income or the increase in operating expenses would have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The real estate sector is susceptible to fraud***

Certain activities in the real estate sector have, from time to time, been subject to allegations of embezzlement of cash in connection with arranging large scale real estate transactions. Although the Group is currently not aware of any such fraud taking place within its business and has taken precautionary measures to reduce the risk as much as possible, it may become the target of fraud or other illicit behaviour in any of the markets in which it operates. This may have a material adverse effect on the Group's reputation and may affect the Group's business, financial condition, prospects and results of operations.

***The Group is exposed to risks related to the safety of consumers and tenants in shopping centres and other properties, including acts of terrorism and violence***

The Group promotes the security and safety of consumers and tenants in its properties. However, due to high visibility and the presence of large numbers of people, the Group's properties may be targets for terrorism and other forms of violence. Any terror or violent attack on a property of the Group or a similar property owned by someone else may harm the condition of its tenants and may, apart from any direct losses, directly or indirectly affect the value of its properties and its development land. Moreover, any of these events could lower consumer confidence and spending in the Group's retail centres or increase volatility and uncertainty in the worldwide financial markets and economy, particularly in the event that there are further terrorist attacks across the globe following the recent attacks in Paris and the security concerns in Brussels. Adverse economic conditions resulting from these types of events (including as a result of the continuing border control issues surrounding the migration of Syrian refugees) could reduce demand for space in the Group's properties and thereby reduce the value of these properties and rental income and as a result could have a material adverse effect on its business, financial condition, prospects and results of operations.

***The Group is exposed to risks related to the modernisation and maintenance of its properties***

In order to sustain demand for its properties and to generate adequate revenue in the long term, the Group must maintain or improve the condition of its properties to a standard that meets market demand. The Group has the primary responsibility for ensuring the maintenance of its properties, it bears the responsibility of meeting the contractual deadlines agreed in the contracts with its suppliers and is liable for the payment of services, regardless of whether it is able to recover these charges from the tenants.

Although the Group constantly reviews the condition of its properties and has established a reporting system to monitor and budget the necessary maintenance and modernisation measures, numerous factors may generate substantial unbudgeted costs for maintenance and modernisation. The Group could underestimate the amount to be invested for the targeted modernisation and maintenance of its properties as modernisation costs may be increased due to various factors, such as increased costs of materials, increased labour costs, increased energy costs, bad weather conditions, unexpected safety requirements or unforeseen complexities emerging on building sites.

The Group could also be exposed to risks due to delays in the implementation of maintenance or modernisation works in connection with its properties, delays in obtaining the necessary permits for planned modernisation works, lack of qualified employees, bad weather conditions or if a contractor or subcontractor does not comply with the agreed time schedule or becomes insolvent during the maintenance or modernisation project.

Higher expenditures than planned or unforeseen additional expenses for modernisation and maintenance that cannot be passed on to the tenants and/or a delay in the modernisation of its properties might therefore negatively affect the business, net assets, cash flows, financial condition and results of operations of the Group.

***There can be no assurance that the Group will be successful in implementing its strategy or achieving its financial targets or investment objectives***

The Group is focused on expanding its portfolio of regionally dominant or potentially regionally dominant retail assets in Romania, Slovakia, Serbia and other recent or potential EU member countries through the acquisition of retail assets that meet its investment criteria. No assurance can be given that the implementation of the Group's strategy, and achieving its financial targets and investment objectives, will be successful under current or future market conditions. The Group's approach may be modified and altered from time to time. It is therefore possible that the approach adopted to implement its strategy and to achieve its investment objectives and financial targets in the future may be different from that presently expected to be used and disclosed in this Prospectus.

The availability of potential investments that meet the Group's investment criteria will depend on the state of the economy and financial markets in Romania, Slovakia, Serbia and other countries in the CEE region. The supply of real estate assets might be limited for example due to fewer sales of real estate assets by sellers. Constriction of supply could further increase competition for acquisitions of properties that would be suitable for the Group and could also motivate potential sellers to sell properties in an auction process. All this may result in an increase in the price of properties. Competition from larger real estate companies, which may have easier access to funding in the markets in which the Group intends to expand its business, combined with the entry of new international investors in the markets where the Group is already present, may make it more challenging for the Group to acquire new properties and could weaken its market share and growth possibilities.

As a result, it could be more difficult for the Group to compete and successfully acquire properties, which could limit its ability to grow its business effectively and could have an adverse effect on the future business, cash flows, financial condition and results of operations of the Group.

***A decreased demand for, or an increased supply of, or a contraction of the market for, properties in the CEE region, could adversely affect the business and financial condition of the Group***

Changes in supply and demand for real estate, or a contraction of the property market in any of the countries in which the Group has its operations or assets may negatively influence the occupancy rates of the Group's properties, the rental rates, the level of demand and ultimately the value of such properties. Similarly, the demand for rental space at the Group's existing properties may decrease as a result of poor economic conditions, an increase in available space and heightened competition for stronger and better performing tenants. This could result in lower occupancy rates, higher capital expenditure required to contract or retain tenants, lower rental income owing to lower rental rates, as well as, shorter lease periods. All of these risks if realised could have a negative impact on the business, financial condition, prospects and results of operations of the Group.

***The Group's focus on shopping centres increases its exposure to trends in consumer behaviour***

The Group's focus is on shopping centres that meet the everyday needs of consumers. A downturn in consumer preference for shopping centres may have a more pronounced negative effect on the Group's revenues and profitability than if it had further diversified its investments into different types of properties. This strategy makes the Group vulnerable to changes in trends in the behaviour of consumers.

Lower consumer confidence due to economic downturns, and a shift in consumer preference towards alternative shopping channels, such as mail order companies, discount stores and internet-based retailers may have an effect on consumer spending levels at shopping centres which could, among other things, result in lower occupancy rates, with a direct negative impact on the Group's business, financial

condition, prospects and results of operations.

***Increasing use of online retail providers may have an adverse effect on shopping centre sales and decrease demand for commercial retail premises***

The retail industry is undergoing a transformation as e-commerce grows and consumers become increasingly comfortable with internet and mobile shopping. Shopping centres will need to adapt their services and tenant offerings to meet changing consumer behaviour and demand to continue to attract customers in the future. A significant increase in internet shopping could decrease shopping centre sales, demand for commercial retail premises and the value of properties, which could have a material adverse effect on the Group's business, results of operations and financial condition.

***The success of the Group's retail properties is dependent on its ability to attract and retain anchor tenants***

The Group relies on the presence of anchor tenants in its retail centres. Anchor tenants play an important part in generating consumer traffic and making a retail centre a desirable location for other tenants. The failure to renew the lease of an anchor tenant, the termination of an anchor tenant's lease, or the insolvency or economic decline of an anchor tenant can have a material adverse effect on the economic performance of the retail centres. There can be no assurance that, if the anchor tenants were to close or fail to renew their leases, the Group would be able to replace such anchor tenants in a timely manner or that it could do so without incurring material additional costs and being subject to adverse economic effects. The expiration of an anchor tenant's lease may make the refinancing of such a retail centre, if required, difficult. Furthermore, the deterioration of the Group's relationships with any of its anchor tenants may negatively impact on the Group's ability to secure anchor tenants for its future projects. Any of the above risks, if realised, could have an adverse effect on the business, financial condition, prospects and results of operations of the Group.

***The financial performance of the Group relies on its ability to attract and retain tenants***

The Group faces competition from other owners, operators and developers of retail real estate. One of the primary areas of focus for the Group is the active management of its portfolio by diversifying its tenant mix and by striking a balance between retaining existing tenants and re-letting rental space to new tenants. The Group competes with local real estate developers, private investors, property funds and other retail property owners for tenants. Some of the Group's competitors may have properties that are newer, better located or in superior condition to its properties or could have a better cost structure, portfolio management or conclude acquisitions of real estate assets at more attractive pricing and, therefore, achieve higher profit margins than the Group.

The dominance of a shopping centre in a particular area is an important factor that determines the shopping centre's ability to compete for tenants. If the Group misjudges the desirability of a property's location or its intended use, it may not be able to fully rent properties or rent them at the levels it had planned. If there are several centres in the same area, competition is more intense and thus the Group may experience increased competition for tenants. The competition for tenants may negatively affect the Group's ability to optimise its tenant mix, by attracting new tenants and retaining existing tenants, and may also negatively influence the terms of its lease agreements, including the amount of rent that the Group charges and the incentives that it provides to tenants, thereby adversely affecting the business, financial condition, prospects and results of operations of the Group.

***Retail and office developments are susceptible to the risk of competition and fluctuations in the economy***

Retail and office developments are susceptible to competition from newer developments, which may offer lower rents, better facilities or layouts, and lower initial maintenance costs. Such competition could reduce rents in, or reduce the attractiveness of, the existing retail centres and/or offices managed by the Group.

The demand for retail and office space in Romania is in part driven by the Romanian government's interest in foreign direct investment, including the availability of favourable government policies and/or subsidies. Changes in government policies or subsidies may therefore lead to a reduction in foreign direct investment and/or retail and/or office demand. The demand for retail and office space is also driven by economic conditions both locally and globally (as a result of a large mix of international tenants), and therefore any unfavourable developments in the macroeconomic climate, or any other causes that may



lead to a reduction in economic activity, including the withdrawal of international companies from Romania, could have a material adverse impact on the Group.

***The Group is subject to the counterparty risk of its tenants***

The Group is subject to the counterparty risk of its tenants as the net revenue generated from the Group's properties depends on the financial stability of its tenants and the commercial relationships with them. The creditworthiness of a tenant can decline over the short or medium term, leading to a risk that the tenant will become insolvent or be otherwise unable to meet its obligations under the lease. Although the Group receives and holds advance deposits, such deposits may be insufficient and the amounts payable to the Group under its lease agreements with tenants that are not secured (by deposits, bank guarantees or corporate guarantees) bear the risk that these tenants may be unable to pay such amounts when due. While the Group has a diversified tenant base, it may suffer from a decline in revenues and profitability in the event that a number of its significant tenants are unable to pay rent owed when due or seek bankruptcy protection. The Group is not insured against this credit risk. If a tenant seeks insolvency protection, the Group may be subject to delays in receipt of rental and other contractual payments, if it is able to collect such payments at all. The Group may not be able to secure vacant possession of the property without the consent of the relevant insolvency official, thus preventing the Group from re-letting that property to a new tenant. The Group may not be able to limit its potential loss of revenues from tenants who are unable to make their lease payments. The tenants may have the right to terminate their lease agreements in certain circumstances which are not covered by the Group's business interruption insurance. In some cases, large tenants also have the right to terminate the lease agreements in case their sales decrease under a certain level or in case the occupancy rate of the relevant shopping centre decreases under certain agreed ratios. If a lease is terminated, the Group may be unable to re-let the property for the rent previously received, or at all. If any of these risks are realised, this could affect the Group's business, financial condition, prospects and results of operations.

***The financial performance of the Group is subject to the Group's ability to secure initial tenants, rent renewals or re-lettings and manage lease expiries***

The financial performance of the Group is subject to the Group's ability to secure initial tenants, rent renewals or re-lettings and manage lease expiries which are reflected in the occupancy rates of the Group's properties. The ability to manage occupancy of the Group's properties depends in large part on the condition of the markets in countries in which the Group has its operations or assets. A negative change in any of the factors affecting the property market and its occupancy rates, including the economic situation, may adversely affect the business, financial condition, prospects and results of operations of the Group. The ability of the Group to manage occupancy rates is also dependent upon the remaining terms of the current lease agreements, the financial position of current tenants and the attractiveness of its properties to current and prospective tenants. As of 30 September 2015, the weighted average remaining lease term was 5.8 years. The corresponding term as at 31 December 2014 was 5.2 years. In order to retain current tenants or attract new tenants the Group may be required to offer lease incentives such as reductions in rent, capital expenditure programmes and other terms in its lease agreements that make such leases less favourable to the Group. Some of the Group's lease agreements with anchor tenants, which typically have a duration of up to thirty years, provide for break clauses after an initial tenancy period of ten years. It is possible that some of the tenants may choose to exercise their rights under the respective break clauses and terminate their leases early. The Group may also not be successful in maintaining or increasing occupancy rates or successfully negotiating favourable terms and conditions in relation to its lease agreements. A failure to do so could have a material adverse effect on the business, financial condition, prospects and results of operations of the Group.

***The ability of the Group to increase rents in line with market fluctuations may be restricted by terms of the Group's lease agreements***

The Group may be restricted in its ability to raise rents in line with market fluctuations owing to certain terms in its lease agreements. Rental levels and market value for properties are generally affected by overall conditions in the economy. Both rental income and property values may also be affected by factors specific to the real estate market, including: (i) rent reviews with anchor tenants may not be agreed at the estimated rental values; (ii) rents are tied at least in part to their turnover—thus, as the turnover of such tenant fluctuates, the rent is also subject to fluctuations; and (iii) most lease agreements to which the Group is a party include clauses which provide for partial or full indexation of rent, which, in most cases, is indexed in line with a consumer price index. Consequently, the increase in the rental proceeds from such leases is dependent not only on general economic developments or market conditions, but also on

future rates of inflation. Each of these factors may restrict the Group's ability to increase rents in line with market fluctuations and could therefore have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may be unable to be reimbursed by tenants for increases in operating and administrative expenses***

The Group's operating and administrative expenses, as well as increasing repair and maintenance costs related to the gradual ageing of the Group's properties, could increase without a corresponding increase in turnover or tenant reimbursements, mainly owing to reimbursement caps which may be included in various lease agreements or other legal restrictions. Further, there may be expenses which are not recoverable from tenants. Factors which could increase operating and administrative expenses include, amongst others, increases relating to the rate of inflation, payroll expenses, legal expenses, property taxes and other statutory charges, energy costs and the costs of services provided by third party providers; movements in foreign exchange rates; increases in insurance premiums; increase in maintenance costs and increases in capital expenditure which arise as a result of defects relating to the properties needing to be rectified. Such increases, if not reimbursed, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The risk of litigation is inherent in the Group's operations***

Legal actions, claims against the Group and arbitrations involving the Group may arise in the ordinary course of business. The Group may be subject to litigation from contractors, suppliers, tenants or third parties, including visitors to properties owned by the Group.

In addition, under Romanian law, the contractor of a construction benefits from a statutory lien over the construction, as security for payment of the outstanding amounts owed by the beneficiary under the construction contract. To the extent the Group fails to pay contractors on time, such contractors may enforce the statutory lien which may trigger significant costs and losses to the Group.

The publicity associated with, and the outcome of, such claims, arbitrations and legal proceedings could have a material adverse effect on the Group's business, financial condition and results of operations.

***There is a risk of delays in evicting tenants that are in default***

Evicting a tenant that defaults on a lease can be costly and time consuming. Under Romanian law, the time it takes to evict a defaulting tenant is not prescribed by law and varies on a case by case basis. Additionally, obtaining a date for a court hearing can take four to eight months, or longer. The loss of rental revenues from any of the tenants that are in default and the inability to replace such tenants may have a material adverse effect on the Group's business, financial condition and results of operations.

***There is a general risk of restitution in Romania and the Group may become involved in other disputes in relation to its property rights***

Under Romanian law, former owners of land and/or buildings that were dispossessed by the Romanian state during the communist regime may recover their ownership rights under certain conditions. If claims of former owners are successful, such claims will result in the loss of property. In view of this, the practice in Romania is to investigate the title historically, going back, if possible, to the initial owner or even prior to any abusive takeover by the Romanian State. A complete set of ownership documentation dating back to the initial owner may not always be identified as most of the time such documents have not been properly kept. Therefore, the majority of real estate transactions in Romania face issues relating to missing documentation. As a result, the legal analysis of title and ownership is typically focused on the risks associated with such issues and the level of defence a purchaser can have against potential claims. Any successful restitution claims may have a material adverse effect on the Group's business, financial condition and results of operations

***The Group may become involved in disputes in relation to its property rights and permits may have been obtained in breach of applicable laws***

Certain acquisitions or sales of property may be rendered void under applicable local law provisions as a result of insolvency, fraud, lack of consideration, gross undervaluation, avoidance of creditors, defrauding of creditors or as a result of other technical requirements in the conveyance of property (for example, flaws in the transacting parties' contractual will, lack of proper authentication by the notary public, lack of corporate capacity, corporate authority or improper representation of the parties for the transfer, etc).

Further, there may be a risk of legal disputes with neighbouring land owners, architects, project managers and suppliers, with respect to the Group's refurbishment/construction projects.

The Group may acquire investments where the Group has only a leasehold interest in the land (but ownership of any building on it). Where there are no structures owned by the Group on the land, the land lease may be terminated early in various circumstances; ordinarily this would be in the event of breach of the land lease provisions, but there may be other circumstances provided for in the relevant lease. In addition, the land lease may not contain renewal rights. Even if ultimately settled or decided in the Group's favour, the Group may not be able to recover its costs incurred in relation to the dispute. Any termination of a lease, challenges to ownership, delays to or cancellations of the development of projects or any other dispute could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, there can be no assurance that all permits necessary to legally own, develop or operate the properties have been obtained in compliance with all applicable laws. While the Group conducts detailed due diligence to identify any issues related to such permits and takes all steps necessary to remedy any defects, there can be no assurance that this can be achieved on time and that regulators will not impose the suspension of the relevant properties' operation.

If the Group's ownership interests over its property or permits are successfully challenged, this could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may be exposed to potential claims relating to its leasing, selling, refurbishment or development of real estate***

The Group may be subject to claims due to defects in quality relating to the leasing, selling, refurbishment or repositioning of its properties. This liability may apply to defects that arise from the actions or omissions of third parties, and are unknown to the Group but could have, or should have, been discovered. Although the Group may have rights against the building contractor/professional team in connection with such defects and/or recourse to insurance in place for the project in question, there can be no assurance that the Group will be able to enforce its rights and fully recover the costs arising from any claim against the Group. In addition, the Group may be exposed to substantial undisclosed or unascertained liabilities embedded in real estate assets that were incurred or which arose prior to the completion of the acquisition of such real estate assets.

These liabilities could include, but are not limited to:

- where the Group has acquired the entity which owned the real estate assets, liabilities (including tax liabilities and other liabilities, to state entities) to existing tenants, to creditors or to other persons involved with the real estate assets prior to the acquisition;
- indemnity claims by parties claiming to be entitled to be indemnified by the former owners of the real estate assets; and
- an obligation to pay deferred consideration for the real estate assets if certain events occur (for example, the grant of planning permission or completion of the construction works).

Although the Group may have obtained contractual protection against such claims and liabilities from the seller, there can be no assurance that such contractual protection will always be successfully obtained, or that it would be enforceable or effective if obtained under contract.

Such potential liabilities, if realised, could have a material adverse effect on the returns realised on the real estate assets.

Any claims for recourse which the Group may have against parties from which the Group has purchased such real estate assets may fail due to the expiry of warranty periods, the statute of limitation, lack of proof that the previous seller knew or should have known of the defect, the insolvency of the previous seller, or for other reasons. The Group may also be subject to claims by purchasers of its real estate assets as a result of representations and warranties about those real estate assets provided by the Group at the time of disposal. The Group's representations and warranties could pertain to, among other things, title to the real estate assets, environmental liabilities, and liabilities for the payment of tax. The Group may become party to claims, disputes or litigation concerning such representations and warranties and may be required to make payments to third parties as a result. In addition, following the disposal of any real estate assets, the Group is obliged by law, and may be obliged by contract, to retain certain liabilities or

potential liabilities that exist in respect of such assets. The costs of any such claims, disputes or litigation (to the extent that they materialise) would reduce the Group's available cash flow and could have an adverse effect on the Group's returns on investments.

With respect to refurbishment or development of real estate assets by the Group, claims may be brought against the Group by (among others) tenants or buyers as a result of delays, construction defects or other factors. The Group may not perform the refurbishment or development itself but rather may use the services of design and construction companies. Any claim for recourse against such design and construction companies could fail due to the expiry of the statute of limitation, the claim being uncollectible, or for other reasons.

***The Group may incur significant costs complying with property laws and regulations***

The Group and its real estate assets will be required to comply with a variety of laws and regulations of local, regional, national and European Union authorities, including planning, zoning, environmental, health and safety, tax and other laws and regulations. If the Group or any of its real estate assets fails to comply with these laws and regulations, the Group may have to pay penalties or private damages awards. In addition, changes in existing laws or regulations, or their interpretation or enforcement, could require the Group to incur additional costs in complying with those laws or regulations, altering the investing strategy, operations or accounting and reporting systems, leading to additional costs or loss of revenue.

The Group's properties must have the requisite planning consent and permits for commercial activities of the type intended for their development. In instances where the existing planning is not suitable or in which the planning is yet to be determined, the Group will need to apply for the required classifications. This procedure may be protracted, particularly where the bureaucracy is cumbersome and inefficient. The Group cannot be certain that the process of obtaining proper planning will be completed with sufficient speed and cost to enable the property to be developed ahead of competing businesses without delays, or at all. Opposition by local residents and/or non-governmental organisations to building planning applications and permits may also cause considerable delays. In addition, arbitrary changes to applicable planning may jeopardise projects which have already commenced. Therefore, if the Group does not receive planning approvals or if the procedures for the receipt of such planning approvals and/or building consents are delayed, the Group's costs will increase which may have an adverse effect on its business, financial condition and results of operations.

***The Group may incur environmental liabilities or costs***

The environmental laws of certain countries in which the Group has its operations or assets impose actual and potential obligations to conduct remedial action on sites contaminated with hazardous or toxic substances. In such circumstances, the owner's liability is generally not limited under such laws and the costs of any required removal, investigation or remediation can be substantial. The presence of such hazardous or toxic substances on, or in, any of the Group's properties, or the liability for failure to remedy property contamination from such substances, could adversely affect the Group's ability to let or sell such property or to borrow funds using such property as collateral, which could have an effect on its generation of rental income or return on investment. Furthermore, the Group may be required to comply with stricter environmental, health and safety laws or enforcement policies or become involved in claims and lawsuits relating to environmental matters. Meeting stricter compliance standards or defending potential actions may have a significant negative impact on its results of operations. If the relevant authorities in a country where the Group has its operations or assets discover violations of applicable environmental laws, the Group may be subject to fines and other penalties. Any of these matters could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***Earthquakes and other seismic events in Romania may adversely affect the Group's assets and disrupt the Group's business***

Romania is situated in an area of seismic activity and has in the past experienced devastating and deadly earthquakes. While Romania has specific regulations covering seismic risks in respect of the design and execution of construction works, the consequences of an earthquake will vary greatly depending upon the circumstances surrounding the quake. While no one can predict with any certainty what the impact might be, a seismic event may adversely affect the Group's assets, disrupt its operations and adversely affect its business, results of operations and financial position.

***Changes in laws could adversely affect the Group's properties***

Various laws and regulations, including fire and safety requirements, environmental regulations, land

disposal, rental laws, urban planning, construction codes, use restrictions and taxes affect the Group's properties. The implementation of laws or regulations in the countries in which the Group currently operates, or may operate in the future, and in particular any laws or regulations promulgated by the European Union, or the interpretation or enforcement of, or change in, existing laws or regulations, may require the Group to incur additional costs or otherwise adversely affect the management of its real estate portfolio, which could have a material adverse effect on the Group's business, financial condition and results of operations. Even if the Group's business is conducted in accordance with its interpretation of the current laws and regulations, there can be no assurance that the Group's interpretation of such laws and regulations is correct, or that that interpretation will not change in the future.

For example, further to the events of 30 October 2015, when a significant number of people were killed or injured in a fire that broke out in a club in Bucharest and to the social turmoil triggered by this incident, significant changes in Romanian legislation and authorities' practice are expected in relation to fire and safety requirements. Some changes have already been implemented by the Government through Government decisions and emergency ordinances in the aftermath of the incident, providing for stringent property operation requirements and broader powers for the Emergency Situations Inspectorate (the "ESI") to impose sanctions where breaches of fire and safety rules are identified, including suspension of operations and in severe cases, closing down of premises. The Group is at various stages in the process to obtain all relevant fire authorisation certificates for newly completed properties and to confirm all relevant fire authorisation certificates for existing properties. Fire authorisation certificates require renewal from time to time in the ordinary course of business, including when tenants are replaced. Furthermore, the Group has implemented additional preventive fire and safety measures over and above those required by Romanian legislation. However, there is uncertainty as to how the ESI will interpret and apply the newly enacted regulations.

The Group's future activities may not be in full compliance with all applicable rules and regulations at all times, with new rules and regulations that may be enacted or with existing rules that may be amended or more stringently applied, and any of these risks could limit or curtail the Group's future development. In particular, the Group may be subject to EU standards regarding property specifications in its portfolio that would potentially require it to upgrade certain of the buildings in its real estate portfolio, and the Group may not be able to meet these standards.

If the Group's properties do not comply with any of these requirements, the Group may incur governmental fines, private damage awards or may even face suspension or the closing of certain properties, which in turn could lead to loss of revenue. New or amended laws, rules, regulations or ordinances could require significant unanticipated expenditures or impose restrictions on the development, construction or sale of properties. Such laws, rules, regulations or ordinances may also adversely affect the Group's ability to operate or resell properties.

***The valuation of investment property for which market quotations may not be readily available will require the Group and/or the independent appraisers to make assumptions which may prove to be inaccurate***

The Group anticipates that substantially all of the investments that the Group will make will be in the form of investments for which market quotations are not readily available. The valuation of investment property is inherently subjective due to, among other factors, the individual nature of each property, its location, the expected future rental revenues from that particular property and, in the case of development land, the expectations as to the cost and timing of that development and its ability to attract tenants. As a result, the valuations of investment property, which account for the vast majority of the Group's assets, will be subject to a degree of uncertainty and will be made on the basis of assumptions, which may not prove to be accurate, particularly in periods of volatility or low transaction volume in the real estate property market, as has recently been the case. The Group and/or an independent appraiser may be required to make good faith determinations as to the fair value of this investment property on an annual basis in connection with the preparation of its consolidated financial statements in accordance with international financial reporting standards ("IFRS") and net asset value determinations.

There is no single valuation standard for determining fair value in good faith and, in many cases, fair value is best expressed as a range of fair values from which a single estimate may be derived. Fair values may be established using various approaches, such as discounted cash flow, a market comparable approach that is based on a specific financial measure (such as rental income, net operating income, value per square metre or other metrics) or, in some cases, a cost basis or liquidation analysis. Valuations, and

in particular valuations of real estate opportunistic investments for which market quotations are not readily available, are inherently uncertain. Valuations may therefore fluctuate over short periods of time and may be based on estimates, determinations of fair value may differ materially from the values that would have resulted if a liquid market had existed. Even if market quotations are available for the Group's investments, such quotations may not reflect the value that the Group would actually be able to realise because of various factors, including the illiquidity of the underlying assets, the speculative nature of investment property, future market price volatility or the potential for a future loss in market value based on poor real estate market conditions. There can also be no assurance that these valuations will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income will prove to be attainable.

***The Group's consolidated statement of financial position and statement of comprehensive income may be significantly affected by fluctuations in the fair value of the Group's investment property***

In accordance with IFRS the Group's investment property is measured at fair value. It is determined at each reporting date based on valuations performed by external independent appraisers semi-annually and any increase or decrease in the fair value of this property is recorded as a fair value adjustment in the consolidated statement of comprehensive income for the period during which the revaluation occurs. As a result, the Group may have significant non-cash gains or losses from period to period depending on the change in fair value of the Group's investment property, whether or not such property is sold. For example, if market conditions and the rent for comparable commercial investment property in the same condition and place continue to be unfavourable, fair value decreases from the revaluation of the investment property may occur and continue in the future. If the Group has incurred debt, in the longer term, such fair value decreases could lead to noncompliance with covenants under the debt obligations of the Group. A substantial decrease in the fair value of the investment property, over the longer term, could have a material adverse effect on the business, financial condition and results of operations of the Group.

Moreover, the Group's use of borrowings or other leverage may increase the volatility of such financial performance, and amplify the effect of any change in the valuation of the real estate assets on the Group's financial position and results of operations.

***The Group may be exposed to losses in respect of legacy or inherited liabilities relating to predecessors-in-title***

The Group has acquired a number of its assets from third parties who may have undertaken to carry out certain actions in respect of such assets. If the aforementioned actions of such third parties are challenged or claimed to be a basis for third party claims against the Group, the Group may not be able to defend such challenges or claims successfully, including because the applicable provisions of the laws in the relevant jurisdiction may be subject to several different interpretations. Such actions and claims, if successfully pursued, could result in the imposition of liabilities on the Group.

Official information in the land registers of some of the countries in which the Group has its operations or assets may not be accurate and complete. Thus, although the Group may have to rely upon the information contained in land registers, it may not have effective redress against the authorities of the relevant country if the information upon which the Group relied on in deciding whether or not to make an investment was inaccurate, misleading or incomplete.

Any challenges to, invalidation of, or termination of, any such transactions or actions or imposition of any such liability could, individually or in the aggregate, have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may be subject to litigation and potential fines related to the breach of competition regulations***

In certain cases the Group (or third parties from whom the Group acquires its assets) may have failed to obtain the clearances required from the relevant regulatory or competition authorities relating to acquisitions or other actions concerning the Group's assets. As a result of such failure, the applicable regulatory authorities in the relevant jurisdiction may challenge such actions in court if they conclude that such actions have led or may have led to a limitation of competition and may impose administrative fines on the Group and/or its officers.

***The Group is exposed to risks arising from the illiquidity of its portfolio***

The market for the types of properties the Group owns or may acquire in the future is generally illiquid. Were the Group required to liquidate parts of its portfolio on short notice for any reason, including raising funds to support its operations or repay outstanding indebtedness, the Group may not be able to sell any portion of its portfolio on favourable terms or at all. In the case of an accelerated sale, there may be a significant shortfall between the fair value of the property and the price at which the Group could sell such property. In planned disposals in the ordinary course of business, an illiquid market may result in a sales price that is lower than anticipated or in a delay of the sale. Any such shortfall could have a material adverse effect on the business, financial condition or results of operations of the Group. In addition, the Group may be subject to restrictions on its ability to sell properties pursuant to covenants and pledges limiting asset disposals in the Group's credit agreements.

***The Group is exposed to foreign exchange risk***

The rents payable to the Group under the various lease agreements with tenants are denominated in euro. However, tenants mostly have their income denominated in the local currency of the relevant country in which they are based, such as the Romanian Leu. The occupancy cost ratio, which reflects the tenants' rental cost as a proportion of their turnover, can be severely affected by fluctuations of the euro, the currency in which the rent is based or payable, against the relevant local currency in which the tenant generates turnover. Accordingly, a weakening of the local currency against the euro could result in the Group's properties becoming less attractive, or over-rented. Such fluctuations could also result in such rent becoming unsustainable with respect to the concerned tenant leading to a demand for discounts or even default by the respective tenants. These risks if realised could adversely affect the Group's business, financial condition, prospects and results of operations.

***The Group may be affected by shortages in raw materials and qualified employees***

The building industry may from time to time experience fluctuating prices and shortages in the supply of raw materials as well as shortages of qualified employees and other materials. The inability to obtain sufficient amounts of raw materials and to retain qualified employees on terms acceptable to the Group may result in delay in the construction of a project and costs exceeding the project's budget and, consequently, may have a material adverse effect on the Group's results of operations.

***The Group is exposed to risks regarding development projects***

The Group is active in property development and is exposed to numerous development risks relating to the construction, project design, project management, use of external professionals and other matters associated with development projects. The main development risks are commercial (such as letting risks, for example, the availability of tenants for new developments), financial (such as foreign exchange rate fluctuations), technical (such as design, construction and environmental risks), procedural (such as project management) and legal (such as permitting). The Group's property development projects are subject to the risks usually attributable to construction projects, such as delays in construction work, in obtaining the necessary permits or other unforeseen delays, changes to planning laws, increases in the cost of construction and construction materials, cost overruns and disputes with third parties (including third party contractors and local authorities). In particular, given that in Romania the obtaining of permits can be a lengthy process, there can be significant delay between the time when the land is acquired and the time when all necessary permits and authorisations for developing a project are obtained, this can have a material adverse effect on the Group's cash flow.

When considering development project investments and development risks, the Group needs to make an estimate of the economic and market conditions that will prevail in the market where the project is located at the time the project is completed and becomes operational, and there is uncertainty at the beginning of a development project about the economic and market conditions at the time of completion of the project. Such estimates are difficult to make since it takes a considerable time before development projects are completed and become operational. During this time, economic conditions can change unfavourably and lower the Group's expected return on the investment. For example, a given market may experience an oversupply of retail properties at the time of a project's completion, leading to lower occupancy rates. As a result, the Group may incorrectly time its development project investments and adopt an inappropriate business strategy. The realisation of any of these development risks could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group depends on contractors and subcontractors to refurbish or construct its projects***

The Group relies on contractors and subcontractors for all of its refurbishment and construction activities. If the Group cannot enter into construction agreements and/or subcontracting arrangements on acceptable terms (or at all) the Group will incur additional costs which may have an adverse effect on its business.

The competition for the services of quality contractors and subcontractors may cause delays in construction, exposing the Group to a loss of competitive advantage. Contracting and/or subcontracting arrangements may be on less favourable terms than would otherwise be available, which may result in increased development and construction costs. By relying on contractors and/or subcontractors, the Group becomes subject to a number of risks relating to these entities, such as quality of performance, varied work ethics, performance delays, construction defects and the financial stability (including potential insolvency) of the subcontractors. A shortage of workers would also have a detrimental effect on the Group's contractors and/or subcontractors and, as a result, on the Group's ability to conclude the construction phase on time and within budget.

***The Group may face claims for defective construction, which could have an adverse effect on its generation of rental income***

The construction of properties is subject to the risk of claims for defective construction, corrective or other works and associated adverse publicity. Any claim brought against the Group, and the surrounding negative publicity concerning the quality of its properties or projects, irrespective of whether the claim is successful, or an inability to complete the construction of a project on schedule or on budget, could also have a material adverse effect on how its business, properties and projects are perceived by target tenants.

Where a construction company or subcontractor used on a development becomes insolvent it may prove impossible to recover compensation for defective work or materials. In addition, the Group may incur losses as a result of repairing defective work or paying damages to persons who have suffered losses as a result of such defective work. Potential damage related to construction and consequent liabilities may affect the profitability of the Group's business and lower the fair value of affected properties owned by the Group. Furthermore, these losses and costs may not be recovered by the Group's professional liability insurance, the construction company or the subcontractor.

This could negatively affect the Group's ability to market and lease its properties in the future, which could have a material adverse effect on its generation of rental income and, thereby, its business, financial condition, prospects and results of operations.

***The Group is exposed to the counter-party risk of its partners***

Some of the Group's properties are held and operated or may be proposed to be developed through co-ownership or co-operation arrangements (including, among others, joint venture arrangements) with third parties who operate units within premises in which the Group is present. In addition, to a limited extent, title to certain of the Group's properties is shared. The Group has co-ownership agreements with certain of the Group's largest tenants. Such arrangements may result in the Group sharing control of such assets with third parties. As a result, certain decisions relating to those assets within such arrangements may depend upon the consent or notification of the Group's relevant partners. Disputes may arise between the Group and the relevant partners in respect of an arrangement, which could mean that the Group is not able to manage or deal with a particular asset or property as it sees fit. These risks are higher where the Group shares title to properties as part of a joint venture. Specific risks arising from such co-ownership/co-operation arrangements and title sharing which are not present in relation to projects that are wholly-owned include risks that, (i) the Group's relevant partners may have different objectives from the Group, including with respect to the appropriate timing and pricing of any sale or refinancing of a development held as part of a co-ownership arrangement; (ii) the Group's relevant partners may take action contrary to the Group's instructions or requests, policies or objectives, or frustrate its actions; (iii) the Group's relevant partners might become bankrupt or insolvent; and (iv) with respect to co-title and development projects the Group may be required to provide additional financing to make up for any shortfall due to the Group's relevant partner(s) failing to provide such finance or to furnish any required collateral to the financing banks.

Disputes or disagreements with any of the Group's partners may result in significant delays and increased costs associated with the development or redevelopment of the Group's properties. Even where the Group has a controlling interest, certain major decisions (such as whether to sell, refinance or enter into a lease or contractor agreement and the terms on which to do so) may require the partner's or other third party's



approval. Failure to reach or maintain agreement with the Group's partners or other third parties on the matters relating to the financing, disposals, development and operation of the relevant properties could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may not be able to realise its expected rates of return on its projects if the real estate market in the CEE region becomes saturated***

Prior to the onset of the global financial crisis, the real estate market in the CEE region was characterised by a continued increase in investment activity from both domestic and international investors and in the number of projects that were planned. If the real estate market in the CEE region recovers from the economic downturn and the level of investment activity increases, it may reach saturation if the supply of commercial properties exceeds demand. Saturation or perceived over-supply of lettable commercial space in the real estate market would result in a decrease in occupancy rates and/or a decrease in market rental rates and sale prices. If occupancy rates fall and/or market rental rates decrease, the Group may not be able to realise its expected rates of return on its properties and development projects or may be unable to let its properties at all, which could have a material adverse effect on its business, financial condition, prospects and results of operations.

***The Group's insurance coverage may be inadequate***

The Group's insurance policies may not cover all losses and, as a result, the Group's insurance may not fully compensate it for losses associated with damage to its real estate assets. In addition, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war, that may be uninsurable or that are not economically insurable. Other factors might also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed, such as inflation, taxation, changes in building codes and ordinances and environmental considerations. The Group may incur significant losses or damage to its assets or business for which it may not be compensated fully or at all. In addition, its insurance policies may not cover the current aggregate market value of its portfolio, particularly where the market value of its portfolio increases. As a result, it may not have sufficient coverage against all losses that it may experience. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, it could be liable to repair damage caused by uninsured risks. The Group may also remain liable for any debt or other financial obligation related to that damaged property.

Additionally, no assurance can be given that material losses in excess of insurance coverage limits will not occur in the future. Any uninsured losses or losses in excess of insured limits could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group relies on certain qualified personnel the loss of whom could have an adverse impact on its business***

The Group competes with other real estate companies specifically, and other Romanian employers generally, for qualified personnel. The success of the Group's property development and operating activities depends, among other things, on the expertise of the Board and the Group's executive management and other qualified personnel in identifying appropriate opportunities and managing such activities, as well as on the local level management teams of the Group companies. The loss of some or all of these individuals or an inability to attract, retain and maintain additional personnel could prevent the Group from implementing its business strategy and could adversely affect the Group's business and future financial condition or results of operations. There can be no assurance that the Group will be able to retain all of its existing senior personnel or to attract additional qualified personnel when needed which, in turn, could adversely affect the Group's business, financial condition, prospects and results of operations.

***Changes in effective tax rates, tax legislation or changes in the interpretation of such legislation may have an adverse effect on the Group's results***

The Group's future effective tax rates may be adversely affected by a number of factors, including changes in the valuation of the Group's deferred tax assets and liabilities, increases in expenses not deductible for tax purposes, changes in share based compensation expenses, the outcome of any potential discussions with relevant tax authorities, changes in relation to taxation laws or tax rates or the interpretation of such taxation laws and changes in generally accepted accounting principles. Any significant increase in the Group's future effective tax rates, including following the ongoing initiatives in relation to changes in the fiscal legislation at international level, such as the Action Plan on Base Erosion

and Profit Shifting of the Organisation for Economic Co-operation and Development, could adversely impact the net results for such future periods and, as a result, could adversely affect the Group's business, financial condition, prospects and results of operations.

#### ***There are uncertainties in the Romanian taxation system***

The Group's operations are affected by the tax rules in force from time to time in the jurisdictions where the Group conducts operations or has assets. These rules include corporate tax, real estate tax, value added tax, rules regarding tax-free disposals of shares, other governmental or municipal taxes and interest deductions and subsidies. The Group's tax situation is also affected by transactions conducted intra-Group and by transactions between the Group and residential co-operatives that are considered to be priced on market terms. Although the Group's business is conducted in accordance with its interpretation of applicable tax laws and regulations, and in accordance with advice the Group has received from its tax advisors, the possibility that the Group's interpretation is incorrect, or that such laws and regulations change, possibly with retroactive effect, cannot be excluded. Furthermore, future changes in applicable laws and regulations may affect the conditions of the business of the Group. In particular, starting with 1 January 2016 a New Fiscal Code and a New Fiscal Procedural Code will enter into force. Although the changes they bring are generally beneficial, there may initially be issues in interpreting and applying the new codes, particularly because secondary legislation clarifying them has not yet been approved.

The taxation system in Romania is not as well-established, compared to those in more developed economies and is under constant change as referenced above. The lack of established jurisprudence and case law may result in unclear or non-existent regulations, decrees and explanations of the taxation laws and/or views on interpretations thereof. Taxation laws (including case law) in Romania may, as a result, be more likely to be subject to changes, which can result in unusual complexities and more significant tax risks for the relevant Group companies and the business of the Group generally and these could adversely affect the Group's business, financial condition, prospects and results of operations.

#### ***Operational risk***

Despite the Group's internal control (including risk management control) systems, the Group faces the risk of reputational damage due to human error, fraud or inadequate processes across its operations, including treasury operations. Depending on the nature and scale of such error, fraud or inadequate processes, the losses to the Group may be significant.

#### **Risks related to the financial condition of the Group**

##### ***The Group may not be able to finance its future investments or may fail to meet the obligations and requirements under its loan agreements***

Although the Group intends to refinance part of its existing borrowings from the proceeds of the Notes, it may finance its future investments with either equity, debt or a combination of both. However, there can be no assurance that the Group will be able to generate or raise sufficient funds to meet future capital expenditure requirements in the longer term, or be able to do so at a reasonable cost. The terms and conditions on which future funding or financing may be made available may not be acceptable or funding or financing may not be available at all. Moreover, if debt is raised in the longer term, the Group may become more leveraged and subject to additional restrictive financial covenants and ratios. The Group's inability in the longer term to procure sufficient financing for these purposes could adversely affect its ability to expand its business and meet its performance targets and may result in the Group facing unexpected costs and delays in relation to the implementation of its project developments.

In addition, there can be no assurance that, in the event of unforeseen changes, the Group's cash flows will be sufficient for repayment of the Group's future indebtedness. A failure to make principal and/or interest payments due under the Group's future loan agreements or breach of any of the covenants contained in the Group's loan agreements could result in the forfeiture of its mortgaged assets or the acceleration of its payment obligations or could make future borrowing difficult or impossible. In these circumstances, the Group could also be forced in the long term to sell some of its assets to meet its debt obligations. Any of the events described above could have a material adverse effect on the Group's business, financial condition, prospects and results of operations. See "*The Group's consolidated statement of financial position and statement of income may be significantly affected by fluctuations in the fair market value of the Group's properties*".

***The Group must observe financial ratios and covenants under the terms of its indebtedness***

All the Group's major credit facilities contain restrictive covenants that require compliance with certain financial ratios and covenants. Whilst the Group believes that the financial ratios and covenants contained in the Group's credit facilities allow sufficient flexibility for the Group to continue to conduct its business in the normal course and to meet its debt servicing obligations, the need to observe these financial ratios and covenants nevertheless could hinder the Group's ability to incur additional debt and grow its business.

Any deterioration in the Group's operating performance, including due to any worsening of prevailing economic conditions, or any financial, business or other factors, many of which are beyond its control, may materially adversely affect its cash flow and hinder its ability to service its indebtedness and result in covenant breaches under the Group's credit facilities. While the Group is currently in compliance with all its credit facilities, if, in the future, the Group does not generate sufficient cash flow from operations in order to meet its debt service obligations or if it breaches covenants which are not waived by its lenders, the Group may have to refinance or restructure its debt, reduce or delay its planned development activities or sell some of its properties in order to avoid default and acceleration of its debt by lenders. Waivers by the Group's lenders may trigger higher interest rates or waiver fees. Some of the ratios and financial covenants in the Group's borrowings are calculated on the basis of the fair value of its properties. Therefore, fluctuations in the fair value of the Group's properties could have an adverse impact on its compliance with relevant financial ratios and covenants. The Group cannot guarantee that any refinancing or additional financing would be available at all or on acceptable terms in such a situation. If the Group defaults under one or more of its credit facilities and its lenders accelerate the debt, the Group may forfeit the property securing the indebtedness and its income may be substantially reduced. Any failure to meet its debt service obligations, to obtain waivers of covenant breaches or to refinance its debt on commercially acceptable terms in such a situation could lead to serious consequences for the Group, including the sale of properties to repay lenders and substantial retrenchment of its business.

***The Group may be unable to raise the financing that it requires or refinance existing debt at maturity***

The Group primarily uses, and has used in the past, debt and equity issuances, together with cash flows from operations, to finance the Group's acquisition of property.

Any delay in obtaining, or a failure to obtain, suitable or adequate debt financing from time to time (including suitable terms on which the banks or other lenders may agree to lend) may impair the Group's ability to invest in suitable property investments (including developments). Any delay in refinancing, or the inability to refinance on commercially acceptable terms, debt falling due in accordance with the maturity schedule of the Group's indebtedness may result in an acceleration of such debt, and enforcement of any pledged assets in support of such debt, against the relevant Group entity. The factors that affect the availability of financing and financing costs, including the maintenance of the Guarantor's investment grade credit ratings, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Traditionally, the main shareholders of the Group are and have been based in South Africa and the Group's equity issuances are, and have in the past been, primarily focused on South African investors. All transfers of money out of South Africa require the approval of the South African Reserve Bank (the "SARB"). Failure to obtain the SARB's approval for, or an increase in the restrictions imposed by the SARB on, the repatriation of funds out of South Africa may impair the Group's ability to raise adequate equity financing and to invest in suitable property investments (including developments). In addition, South African market conditions and economic cycles may differ from time to time from those in the countries where the Group operates, which may also affect the availability of equity financing and could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***Interest rate risks may reduce the Group's net return***

Changes in interest rates can affect the Group's profitability by affecting the spread between, among other things, the income on its assets and the expense of its interest-bearing liabilities, the value of any interest-earning assets, its ability to make acquisitions and its ability to realise gains from the sale of its assets. In the event of a rising interest rate environment and/or economic downturn, loan defaults may increase and result in credit losses that may be expected to affect the Group's liquidity and operating results adversely. Interest rates are highly sensitive to many factors, including the expected inflation rate, governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal

deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the Group's control.

The Group may finance its investments with both fixed and floating rate debt. The performance of an investment may be affected adversely if the Group fails to limit the effects of changes in interest rates on its operations by employing an effective hedging strategy, including engaging in interest rate swaps, caps, floors or other interest rate contracts or buying and selling interest rate futures or options on such futures. There can, however, be no assurance that such arrangements will be entered into or available at all times when the Group wishes to use them or that they will be sufficient to cover the risk.

The Group will also be exposed to the credit risk of the relevant counterparty with respect to relevant payments in connection with such arrangements.

A substantial increase in interest rates may increase the Group's interest expense and ability to refinance at the same rates. In addition, an increase in interest rates may also affect private consumption or the ability of the Group's tenants to pay rents or may lead to a decrease in occupancy rates.

Tightening regulation of the banking and insurance sector may contribute to higher costs of financing for the banks, which may again result in an increase in the price of the Group's new debt financing and the Group's average interest rate level. Furthermore, over the next few years, the Group will have to refinance loan agreements and bonds. The cost of refinancing such loans and bonds, or the cost of related derivatives, may increase. Such a rise in loan margins is likely to push the Group's average interest rate upwards in the future, even if market interest rates remained largely unchanged.

Any increase in interest rates, the Group's interest expense or credit margins could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may be exposed to risks relating to changes in applicable tax laws including those relating to the tax residency of the Issuer and other Group companies***

The Issuer and the Group have been structured with a view to being tax efficient. There can be no assurance that the Issuer or the Group has been or will continue to be successful in conducting its business or in structuring itself or the management of its affairs in the most tax efficient manner, and that the structure or management of the affairs of the Issuer or any other Group company will not result in other adverse tax consequences for the Issuer or any other Group company.

The Issuer is incorporated in the Netherlands and aims to manage its affairs in such a manner that it does not become resident for tax purposes or create other adverse tax consequences for itself in any jurisdiction other than the Netherlands. There is a risk that the Issuer may become resident for tax purposes in one or more other jurisdictions. The same risk applies to the tax residency of any other Group company. Any such residency of the Issuer or a Group company, if unintended, may have an adverse effect on the Group's business, financial condition, prospects and results of operations.

**RISKS RELATED TO THE NOTES GENERALLY**

***The Issuer is a holding, financing, licensing and an advisory and support company and its ability to pay interest and/or principal depends upon the ability of its subsidiaries to advance funds***

The Issuer is a holding, financing, licensing and an advisory and support company and its ability to pay interest and/or principal depends upon the ability of its subsidiaries to pay dividends, interest, royalties and advisory and support fees and advance funds to it.

All real estate assets are owned by and the large majority of revenues are generated by the Issuer's subsidiaries. Because the Issuer conducts its business through the Group's subsidiaries, its ability to pay interest and/or principal under the Notes, and on any other of its borrowings, depends on the earnings and cash flow of the Group's subsidiaries and their ability to pay the Issuer dividends, interest, royalties and advisory and support fees and to advance funds to it. The Group's subsidiaries are legally separated from the Issuer and have no obligation to make payments to the Issuer of any surpluses generated from their business. Other contractual and legal restrictions applicable to the Group's subsidiaries could also limit the Issuer's ability to obtain cash from them. Furthermore, the Issuer's right to participate in any distribution of its subsidiaries' assets upon their liquidation, reorganisation or insolvency would generally be subject to prior claims of the subsidiaries' creditors, including lenders and trade creditors, to contractual provisions under its loan agreements limiting its ability to recover claims in favour of its creditors and to obligations that may be preferred by provisions of law that are mandatory and of general application.

Thus, the Notes are structurally subordinated to the claims of all holders of debt securities and other

creditors, including trade creditors, of the Issuer's subsidiaries and structurally and/or effectively subordinated to the extent of the value of collateral to all the Issuer's and the Issuer's subsidiaries' secured creditors. There can be no assurance that the Group and its assets would be protected from any actions by the creditors of any subsidiary, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries could result in the obligation of the Issuer to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.

***The Notes will be effectively subordinated to any of the Issuer's or the Guarantor's existing secured and future secured indebtedness***

The Notes and the Guarantee are (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and the Guarantor, respectively. The Notes are effectively subordinated to the Issuer's or the Guarantor's existing secured indebtedness and future secured indebtedness. Accordingly, holders of the Issuer's or the Guarantor's secured indebtedness will have claims that are superior to the claims of Noteholders to the extent of the value of the assets securing such other indebtedness. In the event of a bankruptcy, liquidation or dissolution of the Issuer or the Guarantor, the assets that serve as collateral for any secured indebtedness of the Issuer or the Guarantor would be available to satisfy the obligations under the secured indebtedness before any payments are made on the Notes. Other than as set out in Condition 3 (*Negative Pledge*) and Condition 4 (*Financial Covenants*), the Conditions do not prohibit the Issuer or the Guarantor from incurring and securing future indebtedness.

To the extent that the Issuer or the Guarantor were to secure any of its future indebtedness, to the extent not required to secure the Notes or the Guarantee in accordance with the terms of the Trust Deed governing the Notes, the Issuer's and the Guarantor's obligations, in respect of the Notes and the Guarantee, would be effectively subordinated to such secured indebtedness to the extent of the value of the security securing such indebtedness.

***The Notes will constitute unsecured obligations of the Issuer***

The Issuer's obligations under the Notes will be unsecured. Accordingly, any claims against the Issuer under the Notes would be unsecured claims. The Issuer's ability to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate cash flows, which could be affected by (inter alia) the circumstances described in these risk factors. Any such factors could affect the Issuer's ability to make payment of interest and principal under the Notes.

***The Issuer may redeem the Notes prior to maturity***

The Terms and Conditions of the Notes (the "**Conditions**") provide that the Issuer may redeem the Notes prior to maturity. Such redemption may take place at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and/or may forego a capital gain in respect of the Notes that would have otherwise arisen but for such redemption.

***The Conditions of the Notes contain provisions which may permit their modification without the consent of all investors***

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, amend the Conditions insofar as they apply to the Notes to correct a manifest error or where the amendments are of a formal, minor or technical nature.

***The EU Savings Directive may result in certain holders not receiving the full amount of interest***

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), EU Member States are required to provide to the tax authorities of other EU Member States details of payments of interest or certain other types of income paid or secured by a person within its jurisdiction to,

or collected by such a person for, an individual resident in another EU Member State or certain limited types of entity established in another EU Member State.

However, for a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments, deducting tax at rates rising over time to 35% (subject to a procedure whereby on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, including Switzerland, and certain dependent or associated territories of certain EU Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in an EU Member State. In addition, the EU Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Savings Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

However, on 10 November 2015 the Council of the European Union adopted a directive which repeals the Savings Directive with effect from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The adopted directive also notes that EU Member States will not be required to apply the new requirements of the Amending Directive.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

***The value of the Notes could be adversely affected by a change in English law or administrative practice***

The Conditions of the Notes 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 to such law or administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of the Notes.

***Investors who purchase Notes in denominations that are not an integral multiple of EUR 100,000 may be adversely affected if definitive Notes are subsequently required to be issued***

The denomination of the Notes is EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. Therefore, it is possible that the Notes may be traded in amounts in excess of EUR 100,000 that are not integral multiples of EUR 100,000. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than EUR 100,000 will not receive a definitive Note in respect of such

holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more denominations.

If definitive Notes are issued, holders should be aware that definitive Notes, which have a denomination that is not an integral multiple of EUR 100,000 or its equivalent, may be illiquid and difficult to trade.

#### ***Eligibility of the Notes for Eurosystem Monetary Policy***

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are upon issue deposited with one of the international central securities depositories as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem ("**Eurosystem Eligible Collateral**") either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations (including the provision of further information) as specified by the European Central Bank from time to time. The Issuer and Guarantor do not give any representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral. Any potential investor in the Notes should make their own conclusions and seek their own advice with respect to whether or not the Notes constitute Eurosystem Eligible Collateral.

#### **RISKS RELATED TO THE MARKET GENERALLY**

***An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes***

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the Issuer's results of operations. Although application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on its Market, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a material adverse effect on the market value of the Notes.

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

The Notes will be represented by Global Notes. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Notes 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 Notes. In addition, the Issuer has no responsibility for the proper performance by Euroclear and Clearstream, Luxembourg or their participants of their obligations under their respective rules and operating procedures.

Further, holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

***If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes***

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee of the Notes in euro. This presents certain risks relating to currency conversions if an investor'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 significantly change (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 (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

***The value of the Notes may be adversely affected by movements in market interest rates***

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

***Credit ratings may not reflect all risks***

In addition to the ratings on the Notes to be provided by S&P and Moody's, one or more other independent credit rating agencies may assign credit ratings to the Notes. The credit ratings assigned to the Notes may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above and other factors that may affect the value of the Notes. Credit ratings assigned to the Notes do not necessarily mean that they are a suitable investment. A credit rating is not a recommendation to buy, sell or hold Notes and may be revised, suspended or withdrawn by the rating agency at any time. Similar ratings on different types of notes do not necessarily mean the same thing. The initial ratings by S&P and Moody's will not address the likelihood that the principal on the Notes will be prepaid or paid on the scheduled maturity date. Such ratings will also not address the marketability of investments in the Notes or any market price. Any change in the credit ratings of the Notes or the Issuer could adversely affect the price that a subsequent purchaser will be willing to pay for investments in the Notes. The significance of each rating should be analysed independently from any other rating.

***Inflation risk***

The value of future payments of interest and principal may be reduced as a result of inflation as the real rate of interest on an investment in the Notes will be reduced at rising inflation rates and may be negative if the inflation rate rises above the nominal rate of interest on the Notes.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Notes.

Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.



## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with the sections identified in the cross-reference list below (the "**Cross-Reference List**") of the following documents:

- the unaudited condensed consolidated financial results of NEPI and its subsidiaries (the "**Group**") as of and for the nine months ended 30 September 2015 (the "**Interim Unaudited Condensed Consolidated Financial Results**");
- the audited consolidated financial statements of the Group as of and for the year ended 31 December 2014 (the "**2014 Annual Audited Consolidated Financial Statements**"); and
- the audited consolidated financial statements of the Group as of and for the year ended 31 December 2013 (the "**2013 Annual Audited Consolidated Financial Statements**", and together with the 2014 Annual Audited Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**").

The Interim Unaudited Condensed Consolidated Financial Results have been prepared in accordance with the recognition and measurement criteria of the International Financial Reporting Standards ("**IFRS**") and its interpretations adopted by the International Accounting Standards Board ("**IASB**"), the Johannesburg Stock Exchange ("**JSE**") listing requirements, specifically, International Accounting Standard 34, *Interim Financial Reporting* ("**IAS 34**"). However, the Interim Unaudited Condensed Consolidated Financial Results do not fully comply with IAS 34 as they omit certain disclosures required by IAS 34. The Interim Unaudited Condensed Consolidated Financial Results have not been audited or reviewed by independent auditors.

The Audited Consolidated Financial Statements have been prepared in accordance with IFRS and applicable Isle of Man law. See "*Presentation of Certain Information – Changes in Accounting Policies – Share-based Payments*".

The Audited Consolidated Financial Statements together with the related independent auditor's report and the Interim Unaudited Condensed Consolidated Financial Results have been previously published and filed with the JSE, the Alternative Investment Market of the London Stock Exchange ("**AIM**") and the Bucharest Stock Exchange ("**BVB**"). Such documents are incorporated in, and form part of this Prospectus as set out below, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modified or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The Issuer has in the past relied on Article 2:396 of the Dutch Civil Code (the "**DCC**"), which provides for certain small companies a lighter regime in respect of the content, publication and audit of its individual statutory annual accounts. This regime exempts relevant companies from the requirement to follow detailed content requirements for accounting items in their statutory balance sheet and profit and loss account. Such balance sheet and profit and loss account may therefore be made up in summarised form, and such accounts are not required to be audited by an external auditor. The DCC's requirement to publish individual annual statutory accounts with the Chamber of Commerce applies only in respect of a short-form balance sheet and explanatory notes thereto. The published explanatory notes may omit further particulars in respect of the profit and loss account.

The Issuer has in the past also relied on Article 2:408 of the DCC, which exempts it from the requirement to prepare consolidated financial statements. Instead, the Issuer has confirmed that it would file with the Chamber of Commerce in Amsterdam the fully consolidated financial statements of its parent company NEPI.

Neither of the above exemptions will be available to the Issuer following the issuance of its securities on a regulated market in the European Economic Area, and therefore the Issuer intends to prepare and file its annual consolidated financial statements prepared in accordance with IFRS next year, following the issuance of the Notes.

Copies of documents incorporated by reference in, and forming part of, this Prospectus may be obtained from the registered offices of the Issuer and the Guarantor, as set out on the last page of this Prospectus and the website of the Group (<http://www.nepinvest.com/company-reports>).

The Cross-Reference List below sets out the sections of the Group's annual reports for 2014 and 2013 which contain the Audited Consolidated Financial Statements which are incorporated by reference in and form part of this Prospectus.

The information incorporated by reference, that is not included in the Cross-Reference List, is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) No 809/2004 ("**Prospectus Regulation**"). Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

### Cross-Reference List

1.	<b>The Interim Unaudited Condensed Consolidated Financial Results:</b> <a href="http://www.nepinvest.com/pdf/nepi-results-q3-2015-en.pdf">http://www.nepinvest.com/pdf/nepi-results-q3-2015-en.pdf</a>	Entire document
2.	<b>The Group's Annual Report 2014:</b> <a href="http://www.nepinvest.com/pdf/nepi-annual-report-2014.pdf">http://www.nepinvest.com/pdf/nepi-annual-report-2014.pdf</a> Consolidated financial statements: Directors' responsibility for the annual financial statements..... Independent auditor's report ..... Statement of financial position ..... Statement of comprehensive income ..... Statement of changes in equity ..... Statement of cash flows ..... Notes to the financial statements .....  Schedule of properties .....	   Page 70 Page 71 Page 72 Page 73 Pages 74-75 Page 76 Pages 77-126  Page 133
3.	<b>The Group's Annual Report 2013:</b> <a href="http://www.nepinvest.com/pdf/nepi-annual-report-2013.pdf">http://www.nepinvest.com/pdf/nepi-annual-report-2013.pdf</a> Consolidated financial statements: Directors' responsibility for the annual financial statements..... Independent auditor's report ..... Statement of financial position ..... Statement of income ..... Statement of comprehensive income ..... Statement of changes in equity ..... Statement of cash flows ..... Notes to the financial statements .....  Schedule of properties .....	   Page 60 Page 61 Page 62 Page 63 Page 64 Pages 65-66 Page 67 Pages 68-127  Page 128

## PRESENTATION OF CERTAIN INFORMATION

### The Issuer and the Group Companies

In this Prospectus, unless expressed otherwise, references to the "**Group**" are to the Guarantor and its consolidated subsidiaries which include the Issuer and references to "**Group companies**" are to the members of the Group.

### Changes in Accounting Policies – Share-based Payments

In 2014, the Group changed its accounting policy with respect to the equity classification of the Current Share Scheme as defined in Note 18 of the 2014 Annual Audited Consolidated Financial Statements and applied this policy in the preparation of the 2014 Annual Audited Consolidated Financial Statements.

In particular, the Group recognised loans given to participants in the Current Share Scheme as share capital and share premium directly, instead of recognising them in the share-based payment reserve. The effect of this change in accounting policies is presented in Note 17 to the 2014 Annual Audited Consolidated Financial Statements.

The financial information presented in this Prospectus as of 31 December 2013 and for the year then ended reflects this change in accounting policies, therefore it is not directly comparable with the 2013 Annual Audited Consolidated Financial Statements. The Audited Consolidated Financial Statements are incorporated by reference in, and form part of, this Prospectus (see "*Documents Incorporated by Reference*").

### Non-IFRS measures

This Prospectus includes certain financial measures that are not measures of financial performance under IFRS or other generally accepted accounting principles, including distributable earnings and distributable earnings per share (together the "**Non-IFRS measures**"). The Group's management uses the Non-IFRS measures to assess the Group's operating performance because it believes that the Non-IFRS measures are important supplemental measures of the Group's performance. In addition, the Group's management believes that the Non-IFRS measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies that operate in its industry. The Non-IFRS measures are not presentations specifically defined by IFRS and the Group's use of the terms that comprise the Non-IFRS measures may vary from others in its industry due to differences in accounting policies or differences in the calculation methodology of these terms by others in the Group's industry. The Non-IFRS measures have limitations as analytical tools, and should not be considered in isolation, or as substitutes for financial information as reported under IFRS. The Non-IFRS measures should not be considered as alternatives to profit before tax or any other performance measures derived in accordance with IFRS or as alternatives to cash flow from operating activities or as measures of its liquidity. Such measures as presented in this Prospectus may not be comparable to similarly titled measures of performance presented by other companies, and they should not be considered as substitutes for the information contained in the Interim Unaudited Condensed Consolidated Financial Results and the Audited Consolidated Financial Statements, which are incorporated by reference in, and form part of, this Prospectus (see "*Document Incorporated by Reference*").

The Group presents distributable earnings per share, in accordance with its distribution policy.

The Group defines distributable profit for the period as profit for the period attributable to equity holders plus/less deferred tax expense/income, less/plus fair value increases/decreases, less/plus capital gains/losses on disposal, plus interest due from participants in the first share purchase scheme of NEPI and other adjustments that the Board of Directors may consider necessary.

Distributable earnings per share are calculated by the Group by dividing the distributable profit for the period by the number of shares in issue which are entitled to distribution at the end of the period.

Some of the limitations of the Group's distributable earnings and distributable earnings per share as a financial measure exist, therefore, undue reliance should not be placed on the non-IFRS measures presented in this Prospectus.

For a reconciliation of the Group's profit for the period attributable for the equity holders to its distributable earnings for the period, see "*Selected Financial Information*".

### **Real estate data**

In this Prospectus, references to Gross Lettable Area ("**GLA**") are references to the total area of a property used and occupied by tenants or currently vacant, excluding all common areas such as restrooms, corridors, kiosks etc. References to occupancy by GLA are references to the total GLA that is used and occupied by the tenants compared to the total GLA of the given property (including GLA that is currently vacant) expressed as a percentage.

The property data and the lettable square metre totals included in this Prospectus, as well as the square metre figures used as a basis for the calculation of property data, originate from the Group. They are not included in the Audited Consolidated Financial Statements or in the Interim Unaudited Condensed Consolidated Financial Results, which are incorporated by reference in, and form part of, this Prospectus (see "*Documents Incorporated by Reference*").

References to market value of the Issuer's portfolio are to the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

### **Certain Jurisdictions**

In this Prospectus, all references to:

- "**BVI**" are to the British Virgin Islands;
- "**Central and Eastern Europe**" or "**CEE**" are to Albania, Bosnia and Herzegovina, Bulgaria, the Czech Republic, Croatia, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia;
- "**Ireland**" are to the Republic of Ireland;
- "**Serbia**" are to the Republic of Serbia;
- "**Slovakia**" are to the Slovak Republic;
- "**U.S.**" are to the United States of America;
- "**U.K.**" are to the United Kingdom;
- "**EU**" are to the European Union and its member states as of the date of this Prospectus; and
- "**EEA**" are to the European Economic Area and its member states as of the date of this Prospectus.

### **Currencies**

In this Prospectus, all references to "**EUR**", "**€**" and "**euro**" are to the lawful currency of the participating member states in the third stage of the Economic and Monetary Union of the Treaty establishing the European community, all references to "**RON**", "**Romanian Leu**" and "**Leu**" are to the lawful currency of Romania, all references to "**GBP**" are to the lawful currency of the United Kingdom.

### **Rounding**

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 that precede them.

**Third Party Information**

Any information sourced from third parties contained in this Prospectus has been accurately reproduced and, as far as the Issuer and the Guarantor are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## SELECTED FINANCIAL INFORMATION

The following tables contain selected historical consolidated financial information for the Group as of the dates and the periods indicated. The selected consolidated statement of comprehensive income data, the selected consolidated statement of cash flows and reconciliation of profit for the period to distributable earnings for the years ended 31 December 2014 and 2013, and the selected consolidated statement of financial position data as of 31 December 2014 and 2013 have been derived from the 2014 Audited Consolidated Financial Statements and the 2013 Audited Consolidated Financial Statements with adjustments for the effect of changes in accounting policies (see "*Presentation of Certain Information – Changes in Accounting Policies – Share-based Payments*"), respectively. The Audited Consolidated Financial Statements are incorporated by reference in, and form part of, this Prospectus (see "*Documents Incorporated by Reference*").

The selected consolidated statement of comprehensive income data, the selected consolidated statement of cash flows data and reconciliation of profit for the period to distributable earnings for the nine months ended 30 September 2015 and 30 September 2014, and the selected consolidated statement of financial position data as of 30 September 2015 have been derived from the Interim Unaudited Condensed Consolidated Financial Results, which are incorporated by reference in, and form part of, this Prospectus (see "*Documents Incorporated by Reference*"). Prospective investors should not rely on interim results as being indicative of results that the Group may expect for the full year.

Prospective investors should read the following selected consolidated financial information in conjunction with the information contained in "*Risk Factors*", "*Presentation of Certain Information*", the Interim Unaudited Condensed Consolidated Financial Results and the Audited Consolidated Financial Statements, which are incorporated by reference in, and form part of, this Prospectus (see "*Documents Incorporated by Reference*").

**SELECTED CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION DATA**

**As at  
30 September 2015**

**As at  
31 December 2014**

**As at  
31 December 2013**

*All amounts are in €'000*

**ASSETS**

Investment property	<u>1,663,399</u>	<u>1,269,299</u>	<u>807,465</u>
<i>Investment property at fair value</i>	<i>1,497,501</i>	<i>978,980</i>	<i>703,811</i>
<i>Investment property under development</i>	<i>165,898</i>	<i>208,246</i>	<i>103,654</i>
<i>Advances paid for investment property</i>	-	<i>82,073</i>	-
Goodwill	25,240	17,639	16,218
Investments in joint ventures	9,826	13,241	5,055
Loans granted to joint ventures	34,612	30,395	37,064
Other long-term assets	31,630	37,444	29,828
Financial assets at fair value through profit or loss – non current	114	175	2,410
Trade and other receivables	56,440	40,469	28,036
Financial investments at fair value through profit or loss - current	-	-	61,079
Cash and cash equivalents	63,727	108,236	52,492
Investment property held for sale	27,143	27,360	1,561
<b>Total assets</b>	<b><u>1,912,131</u></b>	<b><u>1,544,258</u></b>	<b><u>1,041,208</u></b>

**EQUITY AND LIABILITIES**

Share capital <sup>1</sup>	2,837	2,746	1,999
Share premium <sup>1</sup>	1,083,693	1,074,310	632,296
Share-based payment reserve <sup>1</sup>	4,797	4,127	3,453
Currency translation reserve	(1,229)	(1,229)	(1,229)
Accumulated profit	236,064	167,133	76,595
Non-controlling interest	3,651	(5,798)	(878)
<b>Total equity attributable to equity holders</b>	<b><u>1,329,813</u></b>	<b><u>1,241,289</u></b>	<b><u>712,236</u></b>
Loans and borrowings – non-current	239,502	171,071	173,568
Deferred tax liabilities	90,143	57,517	50,678
Other long-term liabilities	14,675	9,171	4,059
Financial liabilities at fair value through profit or loss	2,465	3,586	3,955
Trade and other payables <sup>2</sup>	57,176	38,365	32,246
Loans and borrowings - current	178,357	23,259	64,466
<b>Total liabilities</b>	<b><u>582,318</u></b>	<b><u>302,969</u></b>	<b><u>328,972</u></b>
<b>Total equity and liabilities</b>	<b><u>1,912,131</u></b>	<b><u>1,544,258</u></b>	<b><u>1,041,208</u></b>

<sup>1</sup> In 2014, the Group changed its accounting policy in respect of the Current Share Scheme (see "*Presentation of Certain Information – Changes in Accounting Policies – Share-based Payments*"). Consequently, the financial information provided with respect to 31 December 2013 above has been presented similarly to the financial information as of 31 December 2014 and 30 September 2015 and is not directly comparable with the 2013 Annual Audited Consolidated Financial Statements, which are incorporated by reference in, and form part of, this Prospectus (see "*Documents Incorporated by Reference*").

<sup>2</sup> In 2014, the Group started to present tenant deposits as part of trade and other payables. Consequently, the financial information provided with respect to 31 December 2013 above has been presented similarly to the financial information as of 31 December 2014 and 30 September 2015 and is not directly comparable with the 2013 Annual Audited Consolidated Financial Statements, which are incorporated by reference in, and form part of, this Prospectus (see "*Documents Incorporated by Reference*").

SELECTED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME DATA	Nine months ended 30 September		Year ended 31 December	
	2015	2014	2014	2013
	<i>All amounts are in €'000</i>			
Net rental and related income	73,339	42,935	61,749	41,420
<i>Contractual rental income and expense recoveries</i>	104,993	60,052	87,017	55,322
<i>Property operating expenses</i>	(31,654)	(17,117)	(25,268)	(13,902)
Administrative expenses	(3,499)	(1,897)	(2,839)	(2,180)
Acquisition fees	(743)	(826)	(2,357)	(4,986)
Fair value adjustments of investment property	77,167	-	27,980	19,787
Fair value gains on financial investments at fair value through profit or loss	-	2,307	1,299	970
Net result on sale of financial investments	-	-	-	586
Dividends received from financial investments	-	2,417	2,417	2,906
Share-based payment expense	(670)	(665)	(675)	(955)
Foreign exchange gain/(loss)	53	(72)	(241)	(238)
Gain on acquisition of subsidiaries	-	1,400	1,400	5,547
Gain on disposal of investment property	-	-	619	527
Impairment of goodwill	-	-	-	(816)
<b>Profit before net finance income/ (expense)</b>	<b>145,647</b>	<b>45,599</b>	<b>89,352</b>	<b>62,568</b>
Net finance income/(expense)	3,211	(168)	1,412	1,784
<i>Finance income</i>	7,179	5,283	7,315	7,514
<i>Finance expense</i>	(3,968)	(5,451)	(5,903)	(5,730)
Share of (loss)/profit of joint ventures	(3,414)	(1,447)	4,148	1,241
<b>Profit before tax</b>	<b>145,444</b>	<b>43,984</b>	<b>94,912</b>	<b>65,593</b>
Deferred tax expense	(16,531)	(1,727)	(637)	(9,007)
<b>Profit after tax</b>	<b>128,913</b>	<b>42,257</b>	<b>94,275</b>	<b>56,586</b>
Non-controlling interest	(9,449)	3,097	4,920	878
<b>Profit for the period attributable to equity holders</b>	<b>119,464</b>	<b>45,354</b>	<b>99,195</b>	<b>57,464</b>



RECONCILIATION OF PROFIT FOR THE PERIOD TO DISTRIBUTABLE EARNINGS	Nine months ended 30 September		Year ended 31 December	
	2015	2014	2014	2013
	<i>All amounts are in €'000, unless otherwise stated</i>			
<b>Profit for the period attributable to equity holders</b>	<b>119,464</b>	<b>45,354</b>	<b>99,195</b>	<b>57,464</b>
Unrealised foreign exchange loss	(131)	37	350	256
Acquisition fees	743	826	2,357	4,986
Share-based payment expense	670	665	675	955
Accrued interest on share-based payments	103	425	542	563
Fair value adjustments of investment property	(77,167)	-	(27,980)	(19,787)
Fair value gains of financial investments at fair value through profit or loss	-	(2,307)	(1,299)	(970)
Fair value adjustment of financial assets and liabilities	(1,061)	2,241	1,866	(1,157)
Amortisation of financial assets	(1,874)	(550)	(708)	(476)
Net result on sale of financial investments	-	-	-	(586)
Dividends received from financial investments	-	(2,417)	(2,417)	(2,906)
Accrued dividend for financial investments	-	2,041	2,304	4,364
Gain on disposal of investment property	-	-	(619)	(527)
Gain on acquisition of subsidiaries	-	(1,400)	(1,400)	(5,547)
Deferred tax expense	16,531	1,727	637	9,007
Impairment of goodwill	-	-	-	816
Shares issued <i>cum</i> distribution	500	2,445	6,870	3,577
<i>Adjustments related to joint ventures</i>				
Fair value adjustments of investment property	(1,252)	-	(7,247)	(126)
Fair value adjustment of financial assets and liabilities	(269)	609	1,016	(883)
Deferred tax expense/(benefit)	4,647	113	930	(1,271)
<i>Adjustments related to non-controlling interest</i>				
Fair value adjustments of investment property	19,353	-	-	1
Deferred tax expense	(3,542)	-	-	(108)
Acquisition fees	-	-	-	(275)
<b>Distributable earnings for the period</b>	<b>76,715</b>	<b>49,809</b>	<b>75,072</b>	<b>47,370</b>
Distribution from reserves	-	1,593	6,659	1 574
Less: distribution declared	(51,304)	(33,475)	(81,731)	(48,944)
<i>Interim distribution</i>	<i>(51,304)</i>	<i>(33,475)</i>	<i>(33,475)</i>	<i>(20,594)</i>
<i>Final distribution</i>	<i>-</i>	<i>-</i>	<i>(48,256)</i>	<i>(28,350)</i>
<b>Earnings not distributed</b>	<b>25,411</b>	<b>17,927</b>	<b>-</b>	<b>-</b>
Number of shares entitled to distribution	283,775,750	240,161,543	278,138,240	204,544,236
<b>Distributable earnings per share for the period (euro cents)</b>	<b>27.03</b>	<b>21.63</b>	<b>29.69</b>	<b>25.79</b>
Distribution from reserves per share (euro cents)	-	0.71	2.53	1.00
Less: Distribution declared per share (euro cents)	(18.17)	(14.87)	(32.22)	(26.79)
<i>Interim distribution per share (euro cents)</i>	<i>(18.17)</i>	<i>(14.87)</i>	<i>(14.87)</i>	<i>(12.93)</i>
<i>Final distribution per share (euro cents)</i>	<i>-</i>	<i>-</i>	<i>(17.35)</i>	<i>(13.86)</i>
Earnings per share not distributed (euro cents)	8.86	7.46	-	-

SELECTED CONSOLIDATED STATEMENT OF CASH FLOWS DATA	Nine months ended 30 September		Year ended 31 December	
	2015	2014	2014	2013
	<i>All amounts are in €'000</i>			
Cash flows from operating activities	83,449	38,895	50,295	26,823
Cash flows from financing activities	100,579	135,989	378,517	293,677
Cash flows used in investment activities	(228,537)	(82,941)	(373,068)	(353,288)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(44,509)</b>	<b>91,943</b>	<b>55,744</b>	<b>(32,788)</b>
Cash and cash equivalents brought forward	108,236	52,492	52,492	85,280
<b>Cash and cash equivalents carried forward</b>	<b>63,727</b>	<b>144,435</b>	<b>108,236</b>	<b>52,492</b>

## INTRODUCTION TO THE GUARANTOR AND THE GROUP

NEPI is a commercial property investor and operator. The Group owns and operates a property portfolio consisting of retail assets and office buildings in Romania, Slovakia and Serbia which generates earnings from long-term, triple-net leases (i.e. in addition to rent, tenants pay property taxes, insurance, property management, utilities and other common area costs).

NEPI's business strategy entails:

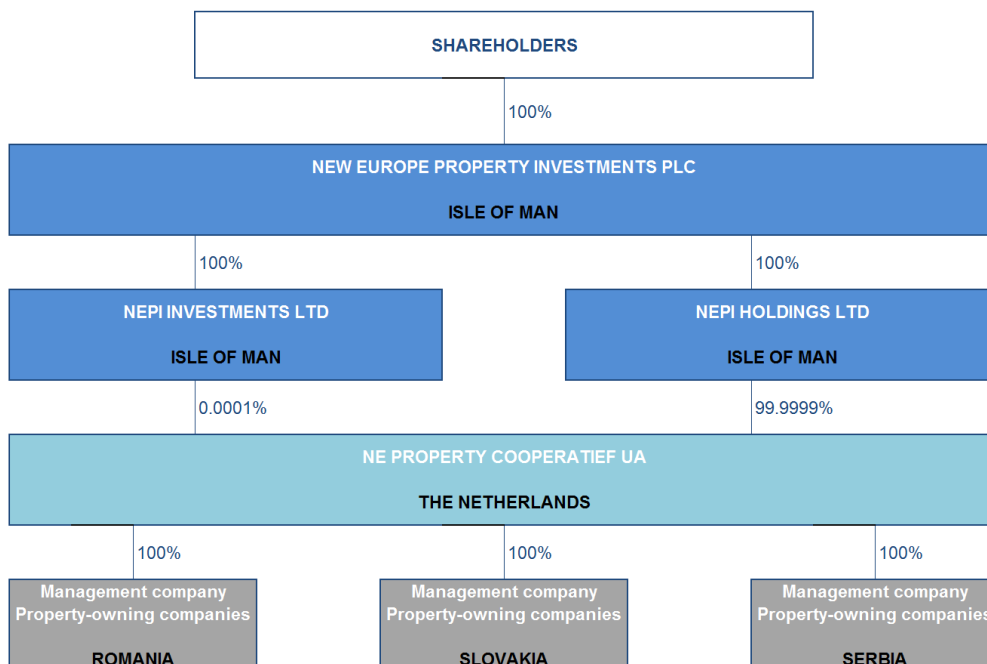
- investing in dominant or potentially dominant retail assets in Central and Eastern Europe, via a combination of acquisitions and low-risk developments;
- opportunistically investing in offices in large cities with significant multi-national tenant demand;
- active management of its portfolio, focusing on asset growth and constant improvement of the retail assets to maintain their dominant position;
- active re-positioning of its portfolio by disposing of non-core and lower growth assets when opportune;
- benefitting from reduced funding costs due to continued increase in scale; and
- following a conservative financial policy, based on low gearing and strong liquidity.

The Group is internally managed by an extensive team of professionals combining investment, development, asset management, property management, leasing and financial expertise. Executive management is overseen by the Board of Directors, comprising a majority of independent non-executive directors (see "*Directors of the Guarantor and Group Executive Management*").

NEPI's shares are listed on the Main Board of the JSE (share code NEP), the regulated market of the BVB (share code NEP) and the AIM (share code NEPI). The shares are transferable among the three registers. As at the date of this Prospectus, a total number of 298,590,564 ordinary shares are in issue (see "*Major Shareholders*").

The Group companies comprise real estate holding companies and management companies in Romania, Slovakia and Serbia and intermediate holding companies established in other jurisdictions. The Guarantor and the Issuer are holding and service companies and do not own properties directly.

The Group's summarised holding structure is presented below.



## **DESCRIPTION OF THE GUARANTOR**

NEPI was incorporated in the Isle of Man on 23 July 2007 as a company with limited liability under the Isle of Man Companies Act 2006. Its registered number is 001211V. NEPI's registered office is at 2<sup>nd</sup> Floor, Anglo International House, Lord Street, Douglas, Isle of Man IM1 4LN, with telephone number: +44 2031 801 547. The articles of association of NEPI were adopted on 14 August 2007 and amended and restated on 24 August 2012 and on 18 May 2015. NEPI was incorporated for an indefinite duration.

NEPI is the holding company of the Group and its main functions include the determination of the Group strategy, the review and adoption of business plans within the context of the Group strategy, the overall coordination of the activities of the Group companies, the allocation of resources amongst Group companies and accounting for and monitoring of the Group's activities.

NEPI has irrevocably and unconditionally guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes.

## DESCRIPTION OF THE ISSUER

The Issuer was incorporated on 22 October 2007 as a cooperative with exclusion of liability (*coöperatie met uitgesloten aansprakelijkheid*) under the laws of the Netherlands and registered with the Trade Register of the Dutch Chamber of Commerce under number 34285470. The Issuer's registered office is Paulus Potterstraat 32, 2<sup>nd</sup> Floor, 1071 DB Amsterdam, the Netherlands with telephone number +31 629 16 96 42. The articles of association (*statuten*) of the Issuer were adopted on 22 October 2007 and amended and restated on 10 September 2014. The Issuer has been incorporated for an indefinite period of time.

The Issuer is a holding company which also performs the treasury, financing, management, advisory and group support activities for its subsidiaries. The Issuer is indirectly wholly owned by NEPI as set out in the Group's summarised holding structure presented in "*Introduction to the Guarantor and the Group*". The Issuer is the direct or indirect parent of all property-owning companies of the Group in Romania, Slovakia and Serbia.

### Board of Managing Directors

The Issuer's Board of Managing Directors (the "**Managing Board**") consists of three managing directors (the "**Managing Directors**") who are:

<u>Name</u>	<u>Function</u>	<u>Position held since</u>
Eugeniu Barba	Managing Director	9 September 2014
Bogdan Mihai Voinescu	Managing Director	9 September 2014
Mirela Florenta Covasa	Managing Director	4 November 2015

The business address of the Managing Directors is the Issuer's office at Paulus Potterstraat 32, 2<sup>nd</sup> Floor, 1071 DB Amsterdam, the Netherlands. The Issuer currently has four full-time employees in the Netherlands, two of which are Managing Directors.

### Potential Conflicts of Interests

There are no potential conflicts of interest between the duties of the Managing Directors towards the Issuer and their private interests or other duties.

## DESCRIPTION OF THE GROUP'S OPERATIONAL ACTIVITIES

### Business model

The Group's main objective is to invest in and manage retail assets which are dominant or potentially dominant in their catchment areas, and are located in countries which have recently entered, or which are in the process of being admitted to, the European Union. NEPI has built a portfolio in Romania and is also pursuing a selective retail expansion programme in other Central and Eastern European countries. In the last two years, it has acquired two retail centres in Slovakia and a retail centre in Serbia with a view to consolidate its position in these new markets. Additional expansion will be pursued gradually, while at the same time consolidating the Group's position in the markets where it is already present. Development activities are currently limited to Romania. However, development options are also being analysed for Slovakia and Serbia. Land for future investments has been acquired in Romania and Slovakia.

Although focused on expanding its portfolio of retail assets, the Group also invests opportunistically in offices in prime locations in cities with significant multi-national tenant presence. The Group currently owns A-grade offices located in the three largest business districts of Romania, an A-grade office extension of its shopping centre in Kosice, which is the second largest city in Slovakia, and also a small portfolio of office buildings held for sale.

The Group is managed with a focus on sustainable cash flow generation and aims to maintain its financial position by lowering its overall cost of finance and improving its balance sheet efficiency through a combination of corporate Eurobond issues and unsecured revolving bank facilities. The Group's liquidity is closely monitored in conjunction with profitability targets and acquisition plans. Most cash is held in euro and can be accessed immediately.

### Asset management

The Group's asset management approach is focused on active property management, preventive maintenance, direct and regular contact with tenants and marketing. Property management teams operate centrally and at property level. Property management teams build relationships with incumbent tenants and provide insight into the local requirements and market dynamics relevant to the particular assets. The Group's management team includes 212 professionals in Romania, 28 in Slovakia, 7 in Serbia and 4 in the Netherlands; it does not provide services to third parties.

Preventive maintenance decreases long-term capital expenditure, service charge levels and non-recoverable expenses, while active asset management contributes to the Group's low non-recovery rates (less than 1 per cent. of revenues not recovered during each of 2012, 2013, 2014 and the nine months ended 30 September 2015). Collection procedures are strictly followed by a dedicated team, including the daily monitoring of receivables, sending notifications and late-payment penalties, executing guarantees and initiating legal actions. In addition, traffic numbers and trading densities are monitored on an ongoing basis and assets are actively managed to improve retail offerings with a view to establishing regional dominance. Weak retailers are actively replaced with better performers. Active management also includes increasing income from adjacent income streams, such as electricity trading and marketing.

In January 2014, the Group migrated its property management and accounting functions onto Yardi Voyager, a leading global ERP platform for property and asset management companies.

### Investment strategy and the acquisition process

The Group is focused on expanding its portfolio of regionally dominant or potentially regionally dominant retail assets in Romania, Slovakia, Serbia and other recent or potential EU member countries through the acquisition of retail assets that meet its investment criteria. The investment strategy is focused on Central and Eastern European countries due to the region's growth potential and the relatively limited competition, considering also the Group's performance to date in this region. Investment decisions are forward looking and sustainability of income is of paramount importance to the Group.

Acquisitions of properties are initiated by the Group's acquisition team, which identifies, reviews and analyses investment opportunities by leveraging on the Group's wide contact network in the retail and real estate industries. The due diligence process commences if an opportunity meets the Group's investment criteria and Investment Committee (as defined in "*Directors of the Guarantor and Group Executive Management*") approval is obtained. Assuming a favourable due diligence outcome (such due

diligence may be outsourced to a third party provider) and that the commercial terms are agreed, the Investment Committee recommends the acquisition to the Board for approval. Once Board approval has been obtained, the acquisition is executed primarily by the acquisition team.

To meet the Group's investment criteria, a retail asset must be or have the potential to be dominant within the relevant region. In assessing this, the Group considers a number of factors and their interplay, including catchment, macroeconomic specifics of the relevant region or city, size, tenant mix (product and service offering), potential for extension, growth potential, design, specifications, location, access and visibility. For example, adequate size is critical to dominance within the relevant region by enabling the most comprehensive tenant mix in the region, whereas the potential for future extension secures long-term dominance and reduces the threat of significant future competition. The optimal tenant mix usually comprises a large proportion of food and fashion anchor tenants with a substantial leisure offering.

Office buildings must have a central location, excellent access to public transport, up-to-date technical specifications, large floor areas, high efficiency rates and high parking ratios.

The Group has a track record of acquisitions and developments, funded through equity issues and moderate amounts of debt.

### **Development process**

Development, re-development and expansion opportunities are identified in regions with commercial potential and low levels of retail stock. Careful consideration is given to achieving dominance within the relevant region. The Group commits to development costs in a phased manner to limit risk. Land is acquired after a due diligence process and the completion of feasibility studies. Construction costs are committed to on a gradual basis following the obtaining of the required permits and the agreed pre-leasing targets being met.

The Group currently limits its retail development exposure to Romania and has only embarked on limited retail developments in Romania due to a lack of availability of regional assets which meet its investment criteria. The Group's experience in the Romanian retail market and its strong relationship with anchor tenants ensures that interest in a particular project can be assessed at a very early phase, before land is acquired, thus minimising development risk. All existing developments and extensions were finalised on time and were substantially leased on opening. The ongoing developments also benefit from high pre-leasing percentages.

The Group's in-house expertise and the development team's ability to supervise and undertake project management responsibilities with respect to the initiation of a project, vetting and appointment of contractors and monitoring the progress of a project, ensures greater control over such developments. The Group enters into construction agreements with contractors who have proven financial and professional capabilities in addition to a track record of completing projects of a similar scope on time and within budget.

The development cash-flows are closely monitored on an on-going basis to ensure that finance is available in a timely manner for all developments.

The Group's track record of completing developments within budget, on time and with high percentages of occupancy illustrates its ability to manage development risk and to be disciplined in applying its investment criteria. The Group will continue to commit to limited low-risk development, redevelopment and extension opportunities in a non-speculative phased manner, in Romania and in other markets where it has established an operating presence.

### **Description of the portfolio**

As at 30 September 2015, the Group owned and operated 30 income producing properties and it had five developments under construction (of which three were extensions of existing properties), four developments under permitting and pre-leasing (of which two were extensions of existing properties) and land held for future extensions and developments. In addition, the Group had a street retail portfolio, and a portfolio of regional office buildings, held for sale.

The fair value of the investment property is determined annually by external, independent appraisers, who are members of the Royal Institute of Chartered Surveyors, with appropriate and recognised

qualifications. The valuation of the property portfolio as at 31 December 2014 and as at 30 June 2015 was performed by DTZ Echinox Consulting in Romania and Jones Lang LaSalle in Slovakia and in Serbia.

As at 30 September 2015, the Group's portfolio of property in use was (by weighted gross rental income) located as follows: 82 per cent. in Romania, 15 per cent. in Slovakia and 3 per cent. in Serbia (including joint ventures).

#### SCHEDULE OF PROPERTIES AS AT 30 SEPTEMBER 2015

Property name	Year opened/ acquired	Type	Location	GLA m <sup>2</sup>	Weighted by ownership		Occupancy	
					GLA	Valuation/ Cost to date‡		Passing rent*
					m <sup>2</sup>	€m		€m
<b>TOTAL PROPERTIES</b>				<b>1,085,661</b>	<b>957,485</b>	<b>1,762.3</b>	<b>136.9</b>	
<b>INCOME PRODUCING PROPERTIES</b>				<b>814,348</b>	<b>704,472</b>	<b>1,559.1</b>	<b>118.2</b>	<b>97.8 %</b>
<b>RETAIL</b>				<b>663,478</b>	<b>564,239</b>	<b>1,275.6</b>	<b>95.8</b>	<b>98.1 %</b>
Mega Mall**	2015	Mall	Romania	75,000	75,000	240.7	17.2	98.7 %
Promenada Mall	2013/2014	Mall	Romania	40,300	40,300	156.9	10.0	98.0 %
Aupark Kosice Mall	2011/2014	Mall	Slovakia	34,000	34,000	140.1	9.1	95.0 %
Iris Titan Shopping Center	2008/2015	Mall	Romania	44,730	44,730	86.0	7.9	99.4 %
City Park	2008/2013	Mall	Romania	29,284	29,284	93.2	7.4	99.1 %
Aupark Zilina	2010/2013	Mall	Slovakia	25,127	25,127	101.7	7.2	99.3 %
Braila Mall	2008/2009	Mall	Romania	54,850	54,850	73.4	5.4	98.2 %
Shopping City Deva	2007/2013	Mall	Romania	52,950	52,950	62.3	5.6	97.0 %
Vulcan Value Centre	2014	Value centre	Romania	24,700	24,700	51.2	3.7	95.5 %
Shopping City Galati	2013	Mall	Romania	27,206	27,206	51.3	3.7	97.6 %
Pitesti Retail Park	2007/2010	Value centre	Romania	^39,868	24,836	41.7	3.7	100.0 %
Kragujevac Plaza	2012/2014	Mall	Serbia	21,870	21,870	39.4	3.4	93.7 %
Ploiesti Shopping City***	2012	Mall	Romania	46,436	23,218	40.9	3.0	98.8 %
Shopping City Targu Jiu	2014	Mall	Romania	26,800	26,800	38.9	3.0	99.6 %
Severin Shopping Center	2009/2013	Mall	Romania	16,546	16,546	19.8	1.5	98.5 %
Aurora Shopping Mall	2008/2014	Mall	Romania	17,959	17,959	7.5	1.5	100.0 %
Regional value centres	2007-2014	Value centre	Romania	^85,852	24,863	30.6	2.5	100.0 %
<b>OFFICE</b>				<b>123,028</b>	<b>112,391</b>	<b>267.0</b>	<b>20.6</b>	<b>95.9 %</b>
Floreasca Business Park	2009/2010	Office	Romania	36,240	36,240	102.0	7.4	96.9 %
The Lakeview	2010/2013	Office	Romania	25,564	25,564	67.1	5.1	100.0 %
City Business Centre	2007/2012	Office	Romania	27,151	27,151	57.1	4.7	98.3 %
The Office - Phase I***	2014	Office	Romania	21,273	10,636	20.7	1.6	96.5 %
Aupark Kosice Tower	2012/2014	Office	Slovakia	12,800	12,800	20.1	1.8	100.0 %
<b>INDUSTRIAL</b>				<b>27,842</b>	<b>27,842</b>	<b>16.5</b>	<b>1.8</b>	<b>98.6 %</b>
Rasnov Industrial Facility	2007	Industrial	Romania	23,040	23,040	11.9	1.3	98.3 %
Otopeni Warehouse	2006/2010	Industrial	Romania	4,802	4,802	4.6	0.5	100.0 %
<b>DEVELOPMENTS UNDER CONSTRUCTION</b>				<b>113,900</b>	<b>104,200</b>	<b>100.3</b>	<b>17.1</b>	
Shopping City Timisoara		Mall development	Romania	55,900	55,900	48.1	7.6	-
City Park extension		Mall extension	Romania	20,500	20,500	18.5	4.0	-
Severin Shopping Center extension		Mall extension	Romania	9,700	9,700	5.1	1.0	-



Property name	Year opened/ acquired	Type	Location	Weighted by ownership				
				GLA	GLA	Valuation/ Cost to date‡	Passing rent*	Occupancy
				m <sup>2</sup>	m <sup>2</sup>	€m	€m	
Victoriei Office		Office development	Romania	8,400	8,400	21.0	3.0	-
The Office - Phase II***		Office extension	Romania	19,400	9,700	7.6	1.5	-
<b>DEVELOPMENTS UNDER PERMITTING AND PRE-LEASING</b>				<b>120,200</b>	<b>111,600</b>	<b>75.8</b>		
Promenada Mall extension		Mall/Office extension	Romania	51,000	51,000	29.9	-	-
Shopping City Piatra Neamt		Mall development	Romania	25,000	25,000	10.6		-
Shopping City Satu Mare		Mall development	Romania	27,000	27,000	5.3		-
The Office - Phase III***		Office extension	Romania	17,200	8,600	1.5		-
Land held for extensions and developments				-	-	28.5	-	-
<b>NON-CORE PROPERTIES</b>				<b>37,213</b>	<b>37,213</b>	<b>27.1</b>	<b>1.6</b>	<b>-</b>

\* Estimated rental value for developments.

\*\* The Group holds a 70% interest in Mega Mall. Mega Mall is accounted for as 100% in the IFRS financial statements and a corresponding 30% non-controlling interest is included in Equity.

\*\*\* The Group holds a 50% interest in Ploiesti Shopping City (in partnership with Carrefour Property) and The Office, Cluj-Napoca (in partnership with Ovidiu Sandor, an experienced Romanian office developer). The Group's policy is to limit its exposure to joint ventures.

‡ Valuation presented for income-producing properties; cost to date presented for developments.

^ The respective retail centres are part of larger retail schemes. The remaining balance of the GLA is owned by third parties.

The total investment property of the Group (including investment property at fair value, investment property under development, and investment property held for sale, each restated to include property held through joint ventures, on a pro rata basis), was approximately EUR 874 million in 2013 and EUR 1,362 million in 2014.

Based on the definitions included in the Conditions of the Notes, the Adjusted EBITDA of the Group for the twelve months ended 30 September 2015 was EUR 94 million and the Consolidated Interest Expense for the same period was EUR 13 million, resulting in a Consolidated Coverage Ratio of 7.1 times. The Solvency Ratio as at 30 September 2015 was 26 per cent. As at 30 September 2015, the Group held Unsecured Consolidated Total Assets of EUR 1,299 million, and the ratio of Unsecured Consolidated Total Assets to Unsecured Consolidated Total Indebtedness was 523 per cent.

### **Recent developments**

On 5 October 2015, the Group announced an accelerated book build which resulted in a capital increase of approximately EUR 130 million. The equity raise was completed as part of a vendor consideration placing for an amount of approximately EUR 86 million (in respect of the acquisition of Iris Titan Shopping Center, completed on 26 August 2015) and under the NEPI's general authority to issue shares for cash approved by NEPI's shareholders at NEPI's annual general meeting held on 18 May 2015 (for the remaining amount). A total of 14,814,814 new shares were issued on 5 October 2015, and the total issued share capital of NEPI increased to 298,590,564 ordinary shares with voting rights.

On 15 October 2015 the Group completed Phase I of the Severin Shopping Center extension, consisting of 4,500 square metres of GLA (including a six-screen Cinema City and other entertainment facilities).

### ***Leasing and tenant profile***

The Group's leasing professionals have a track record of keeping occupancy levels of all properties generally close to 100 per cent. (the weighted occupancy rate as at 30 September 2015 was 97.8 per cent.). Concentration risk is limited and the tenants' credit risk profiles are actively monitored and managed.

The Group employs a range of strategies to improve the attractiveness of each retail asset and increase footfall, trading densities and occupancy. The retail offering is constantly monitored and adjusted to consumer needs in each specific location with an emphasis on the fashion, leisure and food segments. The Group maintains strong relationships with anchor tenants and has significant insight in relation to their trading performances and expansion plans. The leasing team determines sustainable retail rents as a function of trading densities; the tenants' expected sales are accurately estimated based on consultations, market studies and the Group's retail portfolio database.

The Group aims to maintain the attractiveness of office space for existing and potential tenants through high standards of maintenance and services. The negotiations for lease extensions and re-lettings start in advance of contract expiry. The Group targets multinational tenants with strong track records. The creditworthiness of potential tenants is reviewed and parent company guarantees are obtained from those multinationals whose local subsidiaries are perceived to be insufficiently established.

The top ten retail tenants account for 27.7 per cent. of the total annualised gross rental income as at 30 September 2015 and include multinational retail anchor tenants such as Auchan, C&A, Carrefour, H&M, Inditex, Kingfisher and Metro Cash & Carry. The top ten office tenants account for 7.5 per cent. of the total annualised gross rental income as at 30 September 2015 and include Alcatel-Lucent, Holcim, Huawei, Lenovo, L'Oreal, Novartis, PricewaterhouseCoopers, Regus, Visma and Wipro.

Net rental and related income of the Group was EUR 61.7 million for the year ended 31 December 2014, compared with EUR 41.4 million for the year ended 31 December 2013, which amounts to an increase of EUR 20.3 million or 49 per cent. For the nine months ended 30 September 2015, net rental and related income for the Group was EUR 73.3 million compared with EUR 42.9 million for the nine months ended 30 September 2014, which amounts to an increase of EUR 30.4 million or 71 per cent.

### ***Lease terms***

The investment strategy is biased towards long-term leases in euro with strong corporate covenants. As at 30 September 2015, the weighted average remaining lease duration was 5.8 years.

The main lease terms include: a minimum term of ten years for hypermarkets, do it yourself stores ("**DIYs**") and cinemas, and five years for other tenants; all leases are negotiated in euro and the large majority are triple-net leases (i.e. in addition to rent, tenants pay property taxes, insurance, property management, utilities and other common area costs); the majority of retail leases include turnover clauses in addition to the base rent (the tenant pays the higher of the two); rent and marketing charges are adjusted annually in line with EU inflation; cash or parent company guarantees are received from tenants; limited incentives (fit-out contributions and rent free periods) are provided to retail anchor tenants and large office tenants.

## Lease expiry schedule as at 30 September 2015

	<b>Percentage of total rental income</b>
2015.....	0.7
2016.....	4.2
2017.....	10.4
2018.....	13.4
2019.....	14.3
2020.....	17.6
>2020.....	39.4
<b>Total</b> .....	<b>100.0</b>

Typically, the Group has lease agreements with longer durations of up to 30 years with some of its anchor tenants. Given these longer lease periods, the relevant lease agreements are typically subject to break clauses which usually come into effect ten years after the commencement of the lease period under such lease agreements. The above lease expiry schedule takes into consideration such break options that may be contained in the respective lease terms.

### **Weighted occupancy rates**

The following table sets out the Group's weighted occupancy rate (non-core properties are excluded):

	<b>As at 31 December 2013</b>	<b>As at 31 December 2014</b>	<b>As at 30 September 2015</b>
Weighted occupancy rate (%)	97.7	98.2	97.8

### **Finance**

NEPI has developed a strong following amongst institutional and private shareholders on the JSE in addition to the continued support that it has from strategic shareholders. With more than 12,000 shareholders, the JSE is the main equity market for NEPI (holding more than 98 per cent. of NEPI's share register, while AIM holds less than 2 per cent. and BVB holds less than 1 per cent.) and the Guarantor is included in all relevant JSE indices.

NEPI favours private placings over rights issues and all placings via book building have been significantly oversubscribed.

NEPI has raised the following amounts of equity over the course of the last seven years up to the date of this Prospectus:

	<b>Equity raised (€m)</b>
2009	25
2010	91
2011	75
2012	147
2013	302
2014	498
2015 up to the date of this Prospectus	179
<b>Total</b>	<b>1,317</b>

The Group also continues to monitor the market and, if opportunities are identified, it may raise further equity from time to time.

The Group maintains a conservative and balanced business and financial risk approach in terms of its capital structure, liquidity and investment policies, conservative use of derivative instruments and track

record of covenant compliance as well as compliance with stock exchange requirements in three different jurisdictions.

The Group's strategy is to maintain a strong financial position, lower its overall cost of finance and improve its balance sheet efficiency via a combination of corporate bond issues and unsecured revolving bank facilities. The Group retains high levels of liquidity, to cover at least 12 months of committed cash outflows. The Group has a target debt ratio of 30 per cent., subject to an upper limit of 35 per cent.

Note 19 to the 2014 Annual Audited Consolidated Financial Statements provides a description of the loans and borrowings outstanding as of 31 December 2014. The 2014 Annual Audited Consolidated Financial Statements are incorporated by reference in, and form part of, this Prospectus (see "*Documents Incorporated by Reference*").

The table below provides a description of the outstanding principal amount of the loans and borrowings of the Group's subsidiaries and joint ventures as of 30 September 2015:

<u>Borrower</u>	<u>As of 30 September 2015</u>	
	<u>Outstanding principal amount of loans and borrowings</u>	<u>Available for drawdown</u>
	<i>All amounts are in €'000</i>	
NE Property Cooperatief UA .....	143,800	-
AUPARK Kosice spol. s.r.o and AUPARK Tower Kosice s.r.o.....	80,839	-
Floreasca Business Park SRL .....	48,767	-
AUPARK Žilina spol sro.....	47,925	-
NE Property Cooperatief UA (revolving).....	30,000	50,000
Lakeview Office Building SA .....	26,131	-
Galati Shopping City SRL.....	17,855	-
Ploiesti Shopping City SRL *.....	16,608	-
Retail Park Pitesti SRL.....	10,181	-
Cluj Business Centre SRL*.....	8,768	-
Timisoara Office Building SA.....	6,874	-
Nepi Ten Development Solutions SRL .....	5,003	-
Nepi Bucharest One SRL.....	2,700	3,000
Nepi Bucharest Two SRL and Otopeni Warehouse and Logistics SRL .....	-	9,500
<b>Total.....</b>	<b>445,451</b>	<b>62,500</b>

\*Joint venture companies

### **Risk Management**

Management considers that the main risks of the Group relate to property and finance. The Group's overall approach to risk can be described as conservative. There are inherent risks determined by the nature of the business, such as fluctuations in the value of assets, vacancies, volatility in market rents or risks associated with development activities. Key risks are assessed by ranking exposure on the basis of probability and magnitude. Analysis of sensitivity to these key risks is conducted at Group level. Other risks, notably those regarding interest rate and exchange rate, are closely managed and actively hedged. Re-financing risks are considered to be limited. Risks of potential breaches of loan covenants are managed through a conservative financing policy and a close review of compliance indicators.

The Group has appropriate internal risk management and control systems. Key elements of the internal control systems are: a management structure designed to enable effective decision making; monthly review of key performance indicators, such as retail tenants' turnovers, vacancies, rent collection, arrears and doubtful debtors, and review of performance against budgets; internal audit and cost control functions. Strict procedures are also observed for the periodic production of monthly, quarterly and annual figures on the basis of the adopted policies. There are clearly defined guidelines and approval limits for capital and operating expenditure and other key business transactions and decisions.

The internal management reporting system is designed to identify fluctuations in the value of investments, income and expenses. Capital projects, major contracts and business property acquisitions are reviewed in

detail and approved by the Investment Committee and/or the Board where appropriate, in accordance with delegated authority limits.

The Group makes use of electronic data processing within automated information systems. Offsite data back-up and recovery measures are in place.

Notes 6 and 7 to the 2014 Annual Audited Consolidated Financial Statements contain a further discussion of risk management. The 2014 Annual Audited Consolidated Financial Statements are incorporated by reference in, and form part of, this Prospectus (see "*Documents Incorporated by Reference*").

### ***Subsidiaries and joint ventures comprising the Group***

A list of subsidiaries and joint ventures comprising the Group as at 30 October 2015, including NEPI's percentage ownership (direct or indirect) in each such subsidiary and joint venture is shown below:

<b>Subsidiary/joint venture</b>	<b>Incorporation/date became subsidiary or joint venture</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Effective interest (%)</b>
AUPARK Žilina SC as	Oct 2008/ Aug 2013	Slovakia	Services	100
AUPARK Žilina spol sro	Dec 2003/ Aug 2013	Slovakia	Property-owning	100
AUPARK Kosice SC s.r.o	Nov 2008/Dec 2014	Slovakia	Services	100
AUPARK Kosice spol. s.r.o	Jan 2004/Dec 2014	Slovakia	Property-owning	100
AUPARK Tower Kosice s.r.o	Nov 2008/Dec 2014	Slovakia	Property-owning	100
Aurora Mall Buzau SRL	Oct 2012	Romania	Property-owning	100
Braila Promenada Mall SRL	Sep 2009	Romania	Property-owning	100
Brasov Shopping City SRL	Jun 2011	Romania	Property-owning	100
Cluj Business Centre SRL	Jul 2012	Romania	Property-owning	50
Degi Titan SRL	Apr 2005/Sep 2015	Romania	Property-owning	100
Retail Park Pitesti SRL	Jan 2010	Romania	Property-owning	100
ELJ Vatra SRL	Feb 2007/ Aug 2013	Romania	Property-owning	70
Everest Investitii si Consultanta SRL	Feb 2005/ Nov 2013	Romania	Property-owning	100
ECP Security Holdings Limited	Feb 2015	Isle of Man	Services	100
FDC Braila BV	Sep 2009	Netherlands	Holding	100
Floreasca Business Park SRL	Dec 2010	Romania	Property-owning	100
Floreasca City Center SRL	Oct 2005/Oct 2014	Romania	Property-owning	100
Floreasca Center SRL	Apr 2011/Nov 2014	Romania	Property-owning	100
Galati Shopping City SRL	Jun 2012	Romania	Property-owning	100
General Building Management SRL	Aug 2004/ Jan 2008	Romania	Property-owning	100
General Investment SRL	Mar 2003/ Jan 2008	Romania	Property-owning	100
Ingen Europe BV	Dec 2010	Netherlands	Holding	100
INLOGIS VI s.r.o	Jun 2011/Dec 2014	Slovakia	Property-owning	100
Lakeview Office Building SA	Jul 2004/ Jan 2013	Romania	Property-owning	100
Marketing Advisers SRL	Apr 2014	Romania	Services	100
Mercureal SRL	Jul 2005/ Aug 2013	Romania	Property-owning	100
NE Property Coöperatief UA	Oct 2007	Netherlands	Holding	100
NEPI Bucharest One SRL	Sep 2007	Romania	Property-owning	100
NEPI Bucharest Two SRL	Dec 2007	Romania	Property-owning	100
Nepi Three Building Management SRL	Mar 2013	Romania	Property-owning	100
Nepi Four Real Estate Solutions SRL	Mar 2013	Romania	Property-owning	100
Nepi Five Property Development SRL	Mar 2013	Romania	Property-owning	100
NEPI Six Development SRL	May 2012	Romania	Property-owning	100

<b>Subsidiary/joint venture</b>	<b>Incorporation/date became subsidiary or joint venture</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Effective interest (%)</b>
NEPI Seven Business Management SRL	Jun 2012	Romania	Property-owning	100
NEPI Eight Development & Management SRL	Jun 2012	Romania	Property-owning	100
NEPI Ten Development Solutions SRL	Jun 2012	Romania	Property-owning	100
Nepi Fourteen Management Solutions SRL	Jan 2014	Romania	Property-owning	100
Nepi Fifteen Real Estate Administration SRL	Jan 2014	Romania	Property-owning	100
Nepi Sixteen Real Estate Investment SRL	Jul 2014	Romania	Property-owning	100
Nepi Seventeen Land Development SRL	Jul 2014	Romania	Property-owning	100
NEPI Real Estate Development d.o.o	Nov 2014	Serbia	Services	100
NEPI Investment Management Ltd (BVI)*	Jul 2007/Jun 2010	British Virgin Islands	Holding	100
NEPI Investment Management Ltd*	Aug 2007/Jun 2010	Cyprus	Holding	100
NEPI Investment Management SRL	Jun 2010	Romania	Services	100
Nepi Investments Ltd	Apr 2012	Isle of Man	Holding	100
Nepi Holdings Ltd	Apr 2012	Isle of Man	Holding	100
Nepi Slovak Centres One a.s.	Jul 2014	Slovakia	Services	100
NEPIOM Ltd	Sep 2012	Isle of Man	Services	100
New Energy Management SRL	Jan 2014	Romania	Services	100
New Europe Property (BVI) Ltd	Jul 2007	British Virgin Islands	Holding	100
New Europe Property NV*	Sep 2007	Netherlands Antilles	Holding	100
Otopeni Warehouse and Logistics SRL	Sep 2010	Romania	Property-owning	100
Ploiesti Shopping City SRL	Dec 2010/Feb 2012	Romania	Property-owning	50
Real Estate Asset Management SRL	Jul 2014	Romania	Services	100
Satu Mare Real Estate Investment SRL	Aug 2014	Romania	Property-owning	100
SEK d.o.o.	Jul 2007/Oct 2014	Serbia	Property-owning	100
Severin Shopping Center SRL	Oct 2012	Romania	Property-owning	100
Sofia Commercial Centre EOOD	Dec 2013	Bulgaria	Property-owning	100
Targu Jiu Development SRL	Oct 2012	Romania	Property-owning	100
Timisoara City Business Center One SRL	Jan 2012	Romania	Property-owning	100
Timisoara Office Building SA	Jan 2012	Romania	Property-owning	100
Victoriei Office Building SRL	Aug 2011	Romania	Property-owning	100
Vulcan Value Centre SRL	Apr 2012/ Sep 2013	Romania	Property-owning	100
Žilina Shopping City sro	Jun 2013/ Aug 2013	Slovakia	Services	100

\* Dormant companies

### **Insurance**

The Group insures all income-producing properties with all-risk property insurance at reconstruction cost, business interruption (revenues for 24 months) and third party liability insurance. Some properties are also insured against terrorist acts. Properties under development have construction all-risk insurance.

Insurance is contracted from reputable international firms such as AIG and Allianz.

## DIRECTORS OF THE GUARANTOR AND GROUP EXECUTIVE MANAGEMENT

### Corporate governance

The Group is fully compliant with the King III Report on Corporate Governance in South Africa as is required for companies listed on the main board of the JSE.

NEPI has a balanced Board structure, with a majority of independent non-executive Directors, and Board committees comprising an investment committee (the "**Investment Committee**"), audit committee, risk committee, remuneration committee and nomination committee. The Board provides oversight and acts as a final decision making body in appropriate areas.

NEPI applies best practices in terms of a code of ethics and compliance and has regular, consistent and transparent communication with shareholders and debt holders. The Group's strategic plan is developed in detail and reflected in an advanced business plan, which is reviewed and approved by the Board on a quarterly basis.

The Group maintains a conservative and balanced business and financial risk approach in terms of its capital structure, liquidity and investment policies. The Group uses derivative instruments conservatively, and maintains a track record of covenant compliance as well as compliance with the requirements of all three stock exchanges on which NEPI is listed.

### Board of Directors

NEPI's Board of Directors (the "**Board**") consists of nine directors of the Board ("**Directors**"). On 7 August 2015, the Guarantor announced the resignation of Martin Slabbert, CEO, and Victor Semionov, COO. Their positions and roles have been filled by existing members of the management team who continue to pursue and uphold the Group's strategy, financial policy and ownership structure. At the date of this Prospectus, the Board consists of the following:

<u>Name</u>	<u>Function</u>	<u>Position held since</u>
Alexandru Morar	CEO	7 August 2015
Mirela Florenta Covasa	Finance Director	10 February 2015
Tiberiu Smaranda	Executive Director	25 September 2013
Dan Pascariu	Independent Non-Executive Chairman	30 March 2009
Desmond de Beer	Independent Non-Executive Director	21 October 2008
Dewald Joubert	Independent Non-Executive Director	23 July 2007
Jeffrey Zidel	Independent Non-Executive Director	11 November 2009
Michael Mills	Independent Non-Executive Director	13 August 2007
Nevenka Pergar	Independent Non-Executive Director	10 February 2015

There is a strong long-term alignment of interests between the Group management and NEPI's shareholders achieved through material shareholding in the business (3.93 per cent. of the total number of NEPI's ordinary shares in issue (see "*Major Shareholders*")). The execution and operational skills of management are proven by the Group's track record of generating growth, raising capital and reducing leverage.

The roles of Chairman of the Board and CEO are clearly separated to ensure a balance of power and prevent any director from exercising unfettered powers of decision making.

The following are short profiles of the members of the Board:

*Alexandru Morar* graduated with a dual degree in finance and information systems from Stern School of Business, New York University, and began his career as an analyst at Julius Baer Investment Bank. He later joined the financial advisory practice of Deloitte Romania where he spent two years working on an energy related project as well as various M&A transactions. He joined NEPI upon its founding in 2007 and has since contributed to all aspects of the business. Until his appointment as CEO, Mr Morar had focused on the investments and acquisitions programme, with a view to expanding NEPI's portfolio throughout the Central Eastern Europe region.

*Mirela Florenta Covasa* joined NEPI in February 2012 as Finance Manager and was responsible for financial reporting. Ms Covasa graduated with a finance degree from the Bucharest Academy of Economic Studies and is a member of the Association of Chartered Certified Accountants (ACCA) and the Chamber of Financial Auditors of Romania (CAFR). She has worked in accounting and auditing for thirteen years. Prior to working for NEPI, she was senior manager at PricewaterhouseCoopers, where she spent eight years performing audit assignments in Romania, Slovenia and India.

*Tiberiu Smaranda* graduated with a degree in management and marketing, and started his career at Flamingo Group (Flanco), one of Romania's leading electronics and white goods retailers. At Flamingo Group, he was involved in retail management, development and expansion for nearly eight years, and was responsible for the company's expansion into Bulgaria, Croatia, Hungary, Macedonia, Moldova and Serbia. He joined NEPI in 2009 as Leasing Manager, and is now responsible for leasing, retail developments, asset management and maintaining relationships with key tenants.

*Dan Pascariu* is a prominent figure in Romanian banking. His career started at the Romanian Bank for Foreign Trade in 1973, where he held the position of Chairman and CEO. Mr Pascariu is a non-executive Chairman of the Supervisory Board of Unicredit Bank, Romania. The founder and first President of the Romanian Banking Association, as well as a co-founder and associate professor at the Romanian Banking Institute, Mr Pascariu is currently on the board of directors at various financial institutions in Romania and abroad.

*Desmond de Beer* has significant experience in property investment and management. He spent several years in the banking industry, first at Barclays Bank, South Africa, where he was Bond Manager at the Barclays Trust. Subsequently, he was appointed General Manager, Corporate Equity and became a member of the Executive Committee at Nedcor Investment Bank. Mr de Beer has been the Managing Director of Resilient Property Income Fund ("**Resilient**"), since its listing on the JSE in 2002.

*Dewald Joubert* has extensive experience in international tax planning for corporations, transaction structuring and corporate governance. Formerly a lawyer, his professional career began at Arthur Andersen, South Africa, and subsequently he was appointed partner at the Maitland Group, Isle of Man. Mr Joubert is joint managing director of a private equity group and acts as an independent non-executive director on the boards of various listed companies and significant subsidiaries of listed multi-national businesses, such as the investment holding structure of the Oppenheimer Family Business, Anglo Gold Ashanti and Nampak.

*Jeffrey Zidel* is a successful property developer and investor, and has been involved in many aspects of the property industry for over 40 years. He is currently the Chairman of Fortress Income Fund ("**Fortress**"), and was one of the co-founders of Resilient. Mr Zidel is Vice President of the South African Council of Shopping Centres and director of the South African Property Owners Association.

*Michael Mills* is an experienced public company chairman and managing director with significant operating and financial experience across a range of sectors, including technology, engineering, service and distribution, paper and packaging, food and textiles. A chartered accountant, he has held senior financial roles in a number of multinational companies, a private equity house and held lead roles in restructuring, and refinancing listed companies. His recent experience includes Chairman or CEO roles on the boards of UK listed companies operating in the finance sector, software development, healthcare services and manufacturing and a US based distribution business.

*Nevenka Pergar* is the owner and director of NP Consulting, an independent advisory company that offers legal and business consultancy, mainly to foreign investors in Slovenia. She also acts as a local partner of PwC Czech Republic. Ms Pergar has acquired a wide experience in public services serving in Slovenia's Ministry of Economy and she was member of two Slovenian governments, first as a Secretary General of the Government and then as a Junior Minister for Public Administration. She is currently a member of AmCham and The Managers' Association of Slovenia.

The business address of the Directors is NEPI's office at 2<sup>nd</sup> Floor, Anglo International House, Lord Street, Douglas, Isle of Man IM1 4LN.

Note 36 to the 2014 Annual Audited Consolidated Financial Statements provides details of the annual remuneration of the Directors for the year ended 31 December 2014. The 2014 Annual Audited



Consolidated Financial Statements are incorporated by reference in, and form part of, this Prospectus (see "*Documents Incorporated by Reference*").

**Potential Conflicts of Interests**

There are no potential conflicts of interest between the duties owed by the Directors to NEPI and their private interests or other duties.

## MAJOR SHAREHOLDERS

NEPI's share capital authorised for issue is of 600,000,000 ordinary shares. The shares are governed by the laws of the Isle of Man.

The following table sets forth the ownership of NEPI's shares, as at the latest practicable date prior to the publication of this Prospectus, in so far as it is known to NEPI. As at the date of this Prospectus, a total number of 298,590,564 ordinary shares are in issue, of which 139,913,277 ordinary shares (46.86 per cent. of the issued ordinary shares) are held by the five largest shareholders, the Directors and the employees and associates.

Major shareholders	Ordinary shares owned at the latest practicable date (number of shares)	Share of total number of ordinary shares in issue (percentage)
Public Investment Corporation.....	30,531,852	10.23
Resilient Property Income Fund.....	27,943,359	9.36
Fortress Income Fund.....	27,237,486	9.12
Capital Property Fund.....	24,606,712	8.24
Investec Asset Management	17,435,984	5.84
Directors, employees and associates.....	12,157,884	3.93
More than 12,000 public shareholders.....	158,677,287	53.28
<b>Total.....</b>	<b>298,590,564</b>	<b>100.0</b>

Established in 1911, the Public Investment Corporation Limited ("**PIC**") is an investment manager in Africa, which, according to its annual report for 2015, manages assets of approximately EUR 120 billion and still growing. The PIC, a registered financial services provider, is wholly owned by the South African Government, with the Minister of Finance as shareholder representative. (Source: *Public Investment Corporation Integrated Annual Reported 2015*).

Resilient is a South-African Real Estate Investment Trust, which has been listed on the JSE since December 2002. It owns a portfolio of dominant regional malls and shopping centres.

Fortress is a property fund established in 2009 and listed on the JSE that invests directly and indirectly in property, with earnings derived from rentals and the distributions from a portfolio of listed property securities. The direct property portfolio is predominantly focused on retail centres serving the commuter market.

Capital Property Fund was established in 1984. It is listed on the JSE and is differentiated by its industrial and commercial focus.

Investec Asset Management was established in South Africa in 1991 and has been built from a small start-up into an international business. According to Investec Asset Management, it managed, as of 30 September 2015, approximately EUR 106 billion for clients based all over the world. (Source: <http://www.investecassetmanagement.com/en/about-us/our-story/>).

All NEPI's shareholders hold equal voting rights for each held share.

NEPI is not directly or indirectly owned or controlled by another corporation. NEPI does not know of any arrangement that may result in a change of control.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used for the refinancing of part of the existing secured and unsecured debt and for general corporate purposes including acquisitions, as and when identified.

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes (the "**Conditions**") which (subject to completion and amendment) will be endorsed on each Note in definitive form:

The EUR 400,000,000 3.750 per cent. Guaranteed Notes due 26 February 2021 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 16 (*Further Issues*) and forming a single series therewith) of NE Property Coöperatief U.A. (the "**Issuer**") are subject to, and have the benefit of, a trust deed dated 30 November 2015 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer, New Europe Property Investments plc (the "**Guarantor**") and Deutsche Trustee Company Limited as trustee (the "**Trustee**", which expression includes all persons from time to time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated 30 November 2015 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the registered office for the time being of the Trustee, being at the date hereof Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom and at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 1. **Form, Denomination and Title**

The Notes are serially numbered and in bearer form in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000, with Coupons attached at the time of issue. Notes of one denomination will not be exchangeable for Notes of another denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) 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 other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

### 2. **Status and Guarantee**

- (a) *Status of the Notes:* The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations which may be preferred by provisions of law that are both mandatory and of general application.
- (b) *Guarantee of the Notes:* The Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. The guarantee (the "**Guarantee of the Notes**") constitutes direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### 3. **Negative Pledge**

So long as any Note remains outstanding (as defined in the Trust Deed), none of the Issuer or the Guarantor shall and each of the Issuer and the Guarantor shall procure that none of its

Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of the Issuer or the Guarantor or a Subsidiary of the Issuer or the Guarantor or guarantee given by the Issuer or the Guarantor or a Subsidiary of the Issuer or the Guarantor in respect of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes and all amounts payable by it under the Guarantee of the Notes equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

In these Conditions:

**"Group"** means New Europe Property Investments PLC as Guarantor and its Subsidiaries (including the Issuer) taken as a whole;

**"guarantee"** means, in relation to any Relevant Indebtedness of any Person, any obligation of another Person to pay such Relevant Indebtedness including (without limitation):

- (a) any obligation to purchase such Relevant Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services for the express purpose of providing funds for the payment of such Relevant Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Relevant Indebtedness; and
- (d) any other agreement to be responsible for such Relevant Indebtedness;

**"IFRS"** means International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued by the International Accounting Standards Board (as amended, supplemented or re-issued from time to time);

**"IAS 34"** means the International Accounting Standard 34, Interim Financial Reporting issued by the International Accounting Standards Board, as amended, supplemented, or re-issued from time to time;

**"Indebtedness"** means, with respect to any Person at any date of determination (without duplication) any debt of such Person, including:

- (a) all indebtedness of such Person for borrowed money in whatever form;
- (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (c) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto, except to the extent any such reimbursement obligations relate to trade payables);
- (d) all obligations of such Person to pay the deferred and unpaid purchase price of property, assets or services which purchase price is due more than 90 days after the earlier of the date of placing such property in service or taking delivery and title thereof or the completion of such services excluding:
  - (i) any trade payables or other liability to trade creditors; and
  - (ii) any post-closing payment adjustments in connection with the purchase by the Issuer or the Guarantor or any Subsidiary of the Issuer or the Guarantor of any business to which the seller may become entitled, to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing and **provided that** (x) the

amount of any such payment is not determinable at the time of closing and, (y) to the extent such payment thereafter becomes fixed and determined, the amount is paid within 90 days thereafter;

- (e) all capitalised lease obligations of such Person, to the extent treated as indebtedness in the financial statements of such Person under IFRS;
- (f) all obligations of the type referred to in paragraphs (a) to (e) of other Persons guaranteed by such Person to the extent such obligation is guaranteed by such Person; and
- (g) any obligations of the type referred to in paragraphs (a) to (f), where a Security Interest has been granted over any asset of such Person (including where the underlying obligation has been assumed by a third party). The amount of such obligation shall be deemed to be the lesser of: (i) the book value of such asset as shown in the most recent audited annual or unaudited semi-annual financial statements of such Person and (ii) the amount of the obligation so secured.

For the purpose of determining the euro-equivalent of Indebtedness denominated in a foreign currency, the euro-equivalent principal amount of such Indebtedness pursuant thereto shall be calculated based on the relevant official central bank currency exchange rate in effect on the date of determination thereof.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above provided that (i) with respect to contingent obligations as described above, the amount of Indebtedness will be the value of the contingency, if any, giving rise to the obligation as reported in that Person's financial statements and (ii) in the case of Indebtedness sold at a discount, the amount of such Indebtedness at any time will be the accreted value thereof at such time;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**"Relevant Indebtedness"** means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, for the time being, or is ordinarily capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

**"Security Interest"** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

**"Subsidiary"** means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

#### 4. **Financial Covenants**

(A) So long as any Note remains outstanding (as defined in the Trust Deed):

- (a) the Guarantor undertakes that in relation to the Group taken as a whole, the Solvency Ratio shall not exceed 0.60;
- (b) the Guarantor undertakes that in relation to the Group taken as a whole, the Consolidated Coverage Ratio is at least 2:1; and

- (c) the Guarantor undertakes that, as at any Measurement Date, the Group will own Unsecured Consolidated Total Assets equal to 180 per cent. or more of the aggregate outstanding principal amount of Unsecured Consolidated Total Indebtedness.

The Guarantor shall engage external independent international valuation companies and real estate consultants, having an appropriately recognised professional qualification and recent experience in the respective locations and categories of real estate assets being valued, to value at least 90 per cent. (by market valuation) of the Group's standing investments and land at least once per calendar year.

The Guarantor will promptly notify the Trustee in accordance with the Trust Deed in the event that any of the ratios or levels in this Condition 4(a) to (c) are breached at any time.

For so long as the Notes remain outstanding, the Guarantor will deliver a certificate to the Trustee on each Reporting Date signed by two duly authorised signatories of the Guarantor, certifying that the Guarantor is and has been in compliance with the covenants set out in this Condition 4 at all times during the relevant period. Such certificate may be relied on by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

In these Conditions:

**"Adjusted EBITDA"** means the consolidated profit/(loss) of the Group before taxes, depreciation, amortisation and impairments, non-controlling interest and share of profit/(loss) of joint ventures, excluding any fair value differences, the net result on sale of financial investments, financial expenses, share-based payment expenses, acquisition fees, net result on acquisitions and disposals and any other exceptional or non-recurring item, as determined by reference to the most recent consolidated statement of comprehensive income of the audited annual or unaudited semi-annual condensed (as the case may be) financial statements of the Group, prepared in accordance with IFRS and applicable Isle of Man law or IAS 34, as applicable;

**"Consolidated Coverage Ratio"** means, in respect of any Measurement Date, (i) the aggregate amount of Adjusted EBITDA for the period of the most recent two consecutive semi-annual periods ending on such Measurement Date divided by (ii) the Consolidated Interest Expense for such two semi-annual periods;

**"Consolidated Interest Expense"** means, for any period, all charges, interest, commission, fees, discounts, premiums and other finance costs in respect of Indebtedness incurred by the Group as shown in the most recent consolidated statement of comprehensive income of the audited annual or unaudited semi-annual condensed (as the case may be) financial statements of the Group, prepared in accordance with IFRS and applicable Isle of Man law or IAS 34, as applicable;

**"Consolidated Total Assets"** means the total assets (excluding intangible assets) of the Group as shown in the most recent consolidated statement of financial position of the audited annual or unaudited semi-annual condensed (as the case may be) financial statements of the Group, prepared in accordance with IFRS and applicable Isle of Man law or IAS 34, as applicable;

**"Consolidated Total Indebtedness"** means the total Indebtedness of the Group (excluding deferred tax liabilities) as determined by reference to the most recent consolidated statement of financial position of the audited annual or unaudited semi-annual condensed (as the case maybe) financial statements of the Group, prepared in accordance with IFRS and applicable Isle of Man law or IAS 34, as applicable;

**"Measurement Date"** means each day which is (i) the last day of the Group's financial year in any year (the **"Annual Measurement Date"**) or (ii) the last day of the first half of the Group's financial year in any year (the **"Semi-Annual Measurement Date"**);

**"Reporting Date"** means a date falling no later than 30 days after (i) the publication of the Group's audited annual consolidated financial statements, prepared in accordance with IFRS, with respect to an Annual Measurement Date, or (ii) the publication of the Group's unaudited condensed semi-annual consolidated financial statements, prepared in accordance with IAS 34, with respect to a Semi-Annual Measurement Date;

**"Solvency Ratio"** means, in relation to the Group and its Subsidiaries and in respect of any Measurement Date, the Consolidated Total Indebtedness divided by Consolidated Total Assets;

**"Unsecured Consolidated Total Assets"** means such amount of the Consolidated Total Assets not secured by a Security Interest for Indebtedness; and

**"Unsecured Consolidated Total Indebtedness"** means such amount of Consolidated Total Indebtedness in respect of which the Group or a Subsidiary of the Group has not granted a Security Interest over its property or assets.

(B) **Consolidated financial statements**

So long as any Note remains outstanding (as defined in the Trust Deed), the Guarantor shall deliver to the Trustee:

- (a) not later than six months after the end of the Guarantor's financial year, copies or the electronic versions of the audited consolidated financial statements of the Group for such financial year, prepared in accordance with IFRS and applicable Isle of Man law, consistently applied, and accompanied by the report of the independent auditors thereon;
- (b) not later than 120 days after the end of the semi-annual period, copies or the electronic versions of the unaudited condensed consolidated financial statements of the Group for such semi-annual period, prepared in accordance with IAS 34 consistently applied; and
- (c) in the case of every other item referred to below, not later than 20 days after their initial distribution to any of the persons referred to below, three copies in English of every statement of financial position, statement of income and, to the extent permitted by applicable law, every report or other notice, statement or circular issued, or which legally should be issued, to the members or holders of securities (generally) of the Guarantor or any holding company thereof generally in their capacity as such.

5. **Interest**

(a) ***Accrual of interest:***

The Notes bear interest from 30 November 2015 (the "**Issue Date**"), at the rate of 3.750 per cent. per annum (the "**Rate of Interest**") payable in arrears on 26 February in each year (each, an "**Interest Payment Date**"), the first payment of interest shall be made on 26 February 2016 in respect of the period from (and including) the Issue Date to (but excluding) such Interest Payment Date, all subject as provided in Condition 7 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable in respect of a Note on the first Interest Payment Date shall be EUR 9.04 per Calculation Amount. The amount of interest payable in respect of a Note on any other Interest Payment Date shall be EUR 37.50 per Calculation Amount. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

**"Calculation Amount"** means EUR1,000;



**"Day Count Fraction"** means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls (Actual/Actual (ICMA));

**"Regular Date"** means 26 February in any year; and

**"Regular Period"** means each period from (and including) any Regular Date to (but excluding) the next Regular Date.

(b) **Adjustment of Rate of Interest:**

- (i) If, prior to an Interest Payment Date, the rating given by any one Rating Agency for the Notes is below Investment Grade (a **"Rate of Interest Step Up Trigger"**) then each Note shall bear interest on its outstanding principal amount at the rate per annum equal to the Rate of Interest plus 1.25 per cent. per annum (the **"Step Up Rate"**). Following any Rate of Interest Step Up Trigger or a Rating Agency Rate of Interest Step Up Trigger as described in paragraph (ii) below, if any rating that is given by any Rating Agency for the Notes is at or above Investment Grade (a **"Rate of Interest Step Down Trigger"**) then each Note shall bear interest on its outstanding principal amount at the rate per annum (expressed as a percentage) equal to the Rate of Interest only and in accordance with Condition 5(a) (*Accrual of Interest*).
- (ii) The Issuer shall procure that the Notes at all times be assigned a rating by at least one Rating Agency from the date of issue of the Notes and for so long as any Notes are outstanding. If, prior to an Interest Payment Date, the Issuer fails so to procure (a **"Rating Agency Rate of Interest Step Up Trigger"**), then each Note shall bear interest on its outstanding principal amount at the rate per annum equal to the Rate of Interest plus the Step Up Rate.
- (iii) Any adjustment to the rate of interest under the Notes under this Condition 5(b) shall take effect and accrue in accordance with Condition 5(a) (*Accrual of interest*) from the Interest Payment Date immediately following the Rate of Interest Step Up Trigger, the Rate of Interest Step Down Trigger or the Rating Agency Rate of Interest Step Up Trigger, as the case may be, and shall be applied from such Interest Payment Date. The Issuer will notify Noteholders and the Trustee upon any change in the rate of interest under the Notes upon a Rate of Interest Step Up Trigger, a Rate of Interest Step Down Trigger or a Rating Agency Rate of Interest Step Up Trigger in accordance with Condition 17 (*Notices*) and the Trust Deed respectively and as required by any applicable rules of the Irish Stock Exchange as soon as reasonably practicable after such change becomes effective.
- (iv) If the rating designations employed by any Rating Agency are changed from those which are described in this Condition 5(b), the Issuer shall determine the rating designations of the relevant Rating Agency that are most nearly equivalent to the prior rating designations of the relevant Rating Agency and, accordingly, the resulting Rate of Interest Step Up Trigger, the Rate of Interest Step Down Trigger and the Rate of Interest which would apply to the Notes. The Issuer will notify the Noteholders and the Trustee upon any such change of rating designations of such change.
- (v) There shall be no limit on the number of times that the rate of interest under the Notes may be adjusted during the term of the Notes.

**"Investment Grade"** shall mean **"Baa3"** in the case of Moody's Investors Service Ltd (**"Moody's"**) and **"BBB-**" in the case of Standard and Poor's Ratings Services (**"S&P"**) and the most nearly equivalent of Baa3/BBB- in the case of any other internationally recognised rating agency.

"**Rating Agency**" shall mean Moody's, S&P or any of their respective successors or any other internationally recognised rating agency substituted for any of them by the Issuer from time to time.

6. **Redemption and Purchase**

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 26 February 2021, subject as provided in Condition 7 (*Payments*).
- (b) **Redemption for tax reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption if, immediately before giving such notice, the Issuer satisfies the Trustee that:
  - (i) as a result of any change in, or amendment to, the laws or regulations of the Netherlands or the Isle of Man or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 27 November 2015 either (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) or (ii) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts; and
  - (ii) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it;

**provided, however, 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 if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee:

- (A) a certificate signed by two authorised signatories of the Issuer or, as the case may be, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer or, as the case may be, the Guarantor so to redeem have occurred; and
- (B) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 6(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(b).

- (c) **Make-whole call:** The Notes will be redeemable, as a whole or in part, at the option of the Issuer, at any time, on at least 30 days', but not more than 60 days', prior notice to Noteholders given in accordance with Condition 17, at a redemption price equal to the greater of:

- (i) 100 per cent. of the principal amount of the Notes to be redeemed; and
- (ii) the Optional Redemption Price,

plus, in each case, accrued and unpaid interest on the Notes to, but excluding, the redemption date.

Notwithstanding the foregoing, amounts of interest on the Notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the Noteholders.

**"Determination Agent"** means an investment bank or financial institution of international standing selected by the Issuer and approved by the Trustee (in accordance with the Trust Deed);

**"Optional Redemption Price"** means the price, expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards), at which the yield (as calculated by the Determination Agent) on the Notes to be redeemed, if they were to be purchased at such price on the third dealing day prior to the date fixed for redemption, would be equal to the yield on such dealing day of the Reference Bond, plus 50 basis points, on the basis of the average of four quotations of the average midmarket annual yield to maturity of the Reference Bond prevailing at 11:00 a.m. (Central European time) on such dealing day as determined by the Determination Agent.

**"Reference Bond"** means, in relation to any Optional Redemption Price calculation, OBL 0.25% 2020 (DE0001141729), or if such bond is no longer in issue, such other European government bond as the Determination Agent may, with the advice of three brokers of, and/or market makers in, European government bonds selected by the Determination Agent, determine to be appropriate for determining the Optional Redemption Price.

In the case of a partial redemption of Notes, Notes to be redeemed will be selected, in such place as the Trustee may approve and in such manner as the Trustee may deem appropriate and fair, not more than 30 days before the date fixed for redemption. Notice of any such selection will be given not less than 15 days before the date fixed for redemption. Each notice will specify the date fixed for redemption and the aggregate principal amount of the Notes to be redeemed, the serial numbers of the Notes called for redemption, the serial numbers of Notes previously called for redemption and not presented for payment and the aggregate principal amount of the Notes which will be outstanding after the partial redemption.

- (d) ***Redemption at the Option of Noteholders upon a Change of Control:*** If a Change of Control Put Event occurs, Noteholders will have the option (a "**Change of Control Put Option**") (unless prior to the giving of the relevant Change of Control Put Notice the Issuer has given notice of redemption under Condition 6(b) (*Redemption for tax reasons*) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Change of Control Put Date at 100 per cent. of its principal amount together with interest accrued to (but excluding) the Change of Control Put Date.

A "**Change of Control Put Event**" will be deemed to occur if in the case of the Guarantor, any person or any persons acting in concert shall acquire a controlling interest in (A) more than 50 per cent., of the issued or allotted ordinary stated capital of the Guarantor or (B) shares in the stated capital of the Guarantor carrying more than 50 per cent., of the voting rights normally exercisable at a general meeting of the Guarantor or, in the case of the Issuer, the Guarantor ceases to hold directly or indirectly a 100 per cent. interest in the Issuer (each such event being, a "**Change of Control**").

Promptly upon but in any case no later than five Business Days after the Issuer or, as the case may be, the Guarantor becoming aware that a Change of Control Put Event has occurred the Issuer or, as the case may be, the Guarantor shall give notice (a "**Change of Control Put Notice**") to the Noteholders in accordance with Condition 17 (*Notices*)

specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of a Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the "**Change of Control Put Period**") of 30 days after a Change of Control Put Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current and which may, if this Note is held through Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), be in any form acceptable to Euroclear and Clearstream, Luxembourg delivered in a manner acceptable to Euroclear and Clearstream, Luxembourg) obtainable from the specified office of any Paying Agent (a "**Change of Control Put Notice**"). The Note should be delivered together with all Coupons appertaining thereto which mature after the date which is seven days after the expiration of the Change of Control Put Period (the "**Change of Control Put Date**"), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 12 (*Replacement of Notes and Coupons*)) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable.

The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

The Trustee shall be entitled to assume that no Change of Control Put Event has occurred until it has received from the Issuer or Guarantor written notice of the same, and shall incur no liability to any person for so doing.

- (e) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled Redemption*) to (d) (*Redemption at the Option of Noteholders upon a Change of Control*) above.
- (f) **Purchase:** The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmaturing Coupons are purchased therewith.
- (g) **Cancellation:** All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries and any unmaturing Coupons attached to or surrendered with them may be cancelled or may be reissued or resold.

## 7. **Payments**

- (a) **Principal:** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by transfer to a euro account (or other account to which euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.
- (b) **Interest:** Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided**

**that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

(c) **Interpretation:** In these Conditions:

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro; and

"**TARGET System**" means the TARGET2 system.

(d) **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Deduction for unmatured Coupons:** If a Note is presented without all unmatured Coupons relating thereto, then:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

(f) **Payments on business days:** If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business

day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a euro account as referred to above, on which the TARGET System is open.

- (g) **Payments other than in respect of matured Coupons:** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- (h) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

## 8. **Taxation**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Netherlands or the Isle of Man or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges 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 Noteholders and the Couponholders after such withholding or deduction of such amounts 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 Note or Coupon presented for payment:

- (a) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of having some connection with the Netherlands or the Isle of Man, respectively by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or
- (c) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the European Union; or
- (d) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days assuming that day to have been a business day as (defined in Condition 7(f)).

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 8 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 8 (*Taxation*) pursuant to the Trust Deed.

If the Issuer or the Guarantor become subject at any time to any taxing jurisdiction other than the Netherlands or the Isle of Man respectively, references in these Conditions to the Netherlands or the Isle of Man shall be construed as references to the Netherlands or (as the case may be) the Isle of Man and/or such other jurisdiction.

#### 9. **Reorganisation and Substitution**

The Trust Deed contains provisions under which a legal entity:

- (a) formed by any consolidation or merger of the Issuer with or into any other corporation or corporations (whether or not affiliated with the Issuer), or successive consolidations or mergers into which the Issuer or its successor or successors shall have been merged or consolidated; or
- (b) to which the Issuer has sold, conveyed or leased all or substantially all of the property of the Issuer (whether or not affiliated with the Issuer),

(any such legal entity, a "**Substituted Obligor**") may, without the consent of the Noteholders or Couponholders assume the obligations of the Issuer as principal debtor under the Trust Deed and the Notes provided that:

- (i) the Substituted Obligor takes direct or indirect ownership of at least 80 per cent., of Consolidated Total Assets and that the Substituted Obligor is a legal entity incorporated in a Member State of the European Economic Area or the Isle of Man;
- (ii) that (except where the Substituted Obligor is the Guarantor) the Guarantor unconditionally and irrevocably guarantees all amounts payable under these Terms and Conditions to the satisfaction of the Trustee;
- (iii) the Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Trustee; and
- (iv) certain conditions specified in the Trust Deed are fulfilled.

No Noteholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder or (as the case may be) Couponholder except to the extent provided for in Condition 8 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

#### 10. **Events of Default**

If any of the following events occurs and is continuing then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject, in each case of the happening of any of the events mentioned in paragraphs (b) (*Breach of other obligations*) below and, in relation only to a Material Subsidiary, paragraphs (c) (*Cross-default/Cross-acceleration of Issuer, Guarantor or Material Subsidiary*), (d) (*Enforcement Proceedings*), (e) (*Security Enforced*), (f) (*Insolvency*), (g) (*Winding-up*) or (k) (*Analogous Events*) to the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders and, in all cases, to the Trustee having been indemnified and/or provided with security and/or prefunded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) **Non-payment:** the Issuer or, as the case may be, the Guarantor, fails to pay any amount of principal in respect of the Notes within seven days of the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 14 days of the due date for payment thereof; or

- (b) ***Breach of other obligations:*** the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy and remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer and the Guarantor; or
- (c) ***Cross-default/Cross-acceleration of Issuer, Guarantor or Material Subsidiary:*** a default under any Indebtedness of the Issuer, the Guarantor or any Material Subsidiary, if that default (i) is caused by a failure to make any payment in respect of such Indebtedness and any originally applicable grace period has expired or (ii) results in the acceleration of such Indebtedness prior to its stated maturity; provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above individually or in the aggregate exceeds EUR 35,000,000 (or its equivalent in any other currency or currencies); or
- (d) ***Enforcement Proceedings:*** a distress, attachment, execution or other legal process, the award or decision in respect of which, in each case, is final and not subject to further appeal, is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer, the Guarantor or their respective Material Subsidiaries in an amount which exceeds 10 per cent. of the Consolidated Total Assets of the Group and is not discharged or stayed within 90 days; or
- (e) ***Security Enforced:*** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of their respective Material Subsidiaries in respect of an amount which exceeds 15 per cent. of the Consolidated Total Assets of the Group becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person); or
- (f) ***Insolvency:*** (i) the Issuer, the Guarantor or any of their respective Material Subsidiaries is insolvent or (ii) any of the Issuer, the Guarantor or any of their respective Material Subsidiaries is unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, the Guarantor or any of their respective Material Subsidiaries except for the purposes of and pursuant to a reconstruction, amalgamation, reorganisation, merger or consolidation (x) pursuant to Condition 9 (*Reorganisation and Substitution*), (y) on terms approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (z) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or another Material Subsidiary (or a Subsidiary of the Issuer or a Subsidiary of the Guarantor which, upon such transfer or vesting, will become a Material Subsidiary); or
- (g) ***Winding-up:*** (A) an administrator, liquidator, receiver or any other similar officer is appointed through an irrevocable resolution for the opening of insolvency proceedings; (B) an irrevocable resolution is passed for the winding-up or dissolution or administration of the Issuer, the Guarantor or any of their respective Material Subsidiaries; or (C) the Issuer, the Guarantor or any of their respective Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself, in each of the cases (A), (B) or (C) above except for the purposes of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) pursuant to Condition 9 (*Reorganisation and Substitution*), (ii) on terms approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (iii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or another Material Subsidiary (or a Subsidiary of the Issuer or a Subsidiary of the Guarantor which, upon such transfer or vesting, will become a Material Subsidiary); or



- (h) **Guarantee not in force:** the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (i) **Nationalisation:** the assets of the Group in an amount which exceeds 15 per cent., of the Consolidated Total Assets of the Group are expropriated, seized or nationalised by any person; or
- (j) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order to make the Notes, the Trust Deed and the Agency Agreement admissible in evidence in the courts of the Netherlands or (as the case may be) of the Isle of Man is not taken, fulfilled or done; or
- (k) **Illegality:** it is unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Notes, the Trust Deed or the Agency Agreement; or
- (l) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

For the purposes of this Condition 10:

"**Gross Revenues**" is calculated as the sum of: contractual rental income, expense recoveries and other operating income; and

"**Material Subsidiary**" means any Subsidiary of the Guarantor whose total assets (excluding intangible assets) or Gross Revenues ((i) each as determined by reference to the relevant Subsidiary's most recent audited annual, or unaudited semi-annual (as the case may be) financial statements prepared in accordance with IFRS or IAS 34, as applicable, and (ii) excluding any intra-Group Indebtedness and related receivables eliminated in the consolidated financial statements of the Guarantor) exceed 7.5 per cent., of the Consolidated Total Assets or Gross Revenues of the Group, as the case may be (each as determined by reference to the Guarantor's most recent audited annual, or unaudited semi-annual (as the case may be) consolidated financial statements). The Guarantor will deliver on each Reporting Date a certificate addressed to the Trustee and signed by two authorised signatories confirming, in their opinion, which Subsidiaries of the Guarantor are Material Subsidiaries of the Guarantor as at each Measurement Date and such certificate may be relied on by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

#### 11. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

#### 12. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying 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, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

#### 13. **Trustee and Paying Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility and liability towards the Issuer, the Guarantor, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded

to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. The Trust Deed provides that, when determining whether an indemnity or any security or prefunding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security. In addition, the Trustee is entitled, *inter alia*, (a) to enter into business transactions with and/or to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantor and any entity relating to the Issuer or the Guarantor and (b) 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 Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence to individual holders of Notes or Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer, the Guarantor and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent and additional or successor paying agents; **provided, however, that** the Issuer and the Guarantor shall at all times maintain (a) a principal paying agent (b) a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

#### 14. **Meetings of Noteholders; Modification and Waiver**

(a) ***Meetings of Noteholders:***

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes, to amend the terms of the Guarantee of the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**") may only be sanctioned by an

Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders holding or representing not less than three-quarters of the aggregate principal amount of the outstanding Notes who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it was an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) ***Modification and waiver:***

The Trustee may, without the consent of the Noteholders or the Couponholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders or the Couponholders authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

15. **Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings and/or steps or action (including lodging an appeal in any proceedings) as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes and the Coupons or otherwise, but it shall not be bound to do so or take any other action under the Trust Deed unless:

- (a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or provided with security and/or prefunded to its satisfaction.

No Noteholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its reasonable opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction applicable to it. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

16. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders and in accordance with the Trust Deed, create and issue further notes (a) having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of

interest) so as to form a single series with the Notes or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes which are to form a single series with the Notes shall be constituted by a deed supplemental to the Trust Deed. Any further notes or bonds under subparagraph (b) shall be constituted by a separate trust deed.

17. **Notices**

Notices to the Noteholders shall be valid if published on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

18. **Governing Law and Jurisdiction**

- (a) **Governing law:** The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.
- (b) **English courts:** Each of the Issuer and the Guarantor has in the Trust Deed (i) agreed for the benefit of the Trustee and the Noteholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes); (ii) agreed that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and (iii) agreed that the documents which start any proceedings relating to a Dispute ("**Proceedings**") and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to TMF Corporate Services Limited, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer and the Guarantor may specify by notice in writing to the Noteholders.
- (c) **Rights of the Noteholders to take proceedings outside England:** The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any Noteholder from taking Proceedings in any other courts with jurisdiction. To the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

## OVERVIEW OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be issued in new global note ("NGN") form and will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg. The Notes are intended to be held in a manner which would allow Eurosystem eligibility. The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the minimum denomination of EUR 100,000 and higher integral multiples of EUR 1,000, up to and including EUR 199,000 (no Definitive Notes will be issued with a denomination above EUR 199,000), at the request of the bearer of the Permanent Global Note against presentation and surrender of the Permanent Global Note to the Principal Paying Agent if either of the following events (each, an "**Exchange Event**") occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 (*Events of Default*) occurs.

So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of EUR100,000 and higher integral multiples of EUR 1,000, notwithstanding that no Definitive Notes will be issued with a denomination above EUR 199,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is noted in a schedule thereto.

*Payments on business days:* In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note, "**business day**" means any day on which the TARGET System is open.

*Exercise of put option:* In order to exercise the option contained in Condition 6(d) (*Redemption at the option of Noteholders upon a change of control*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Notices:* Notwithstanding Condition 17 (*Notices*), while all the Notes are represented by the Permanent Global Note and/or the Temporary Global Note and the Permanent Global Note and/or the Temporary Global Note are deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in

accordance with Condition 17 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

*Authentication and Effectuation:* The Temporary Global Note and the Permanent Global Note shall not become valid or enforceable for any purpose unless and until they have been authenticated by or on behalf of the Principal Paying Agent and effectuated by the entity appointed as common safekeeper by the Principal Paying Agent.

## TAXATION

*The following summaries do not purport to be a comprehensive description of all tax considerations that could be relevant for Noteholders. These summaries are intended as general information only and each prospective Noteholders should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes. These summaries are based on tax legislation and published case law in force as of the date of this document. They do not take into account any developments or amendments thereof after that date, whether or not such developments or amendments have retroactive effect.*

### **Taxation in the Netherlands**

*The following is a general description of certain Dutch tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the laws and practice in force as of the date of this Prospectus and is subject to any change in law and the interpretation and application thereof that may take effect after such date and could be made with retroactive effect.*

### **Dutch Tax Considerations**

The following summary of certain Dutch taxation matters is based on the laws and practice of the Netherlands in force as of the date of this Prospectus and is subject to any changes in law in the Netherlands and the interpretation and application thereof. Such changes could be made with retroactive effect and could affect the continued validity of this summary. This summary does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant to a decision to acquire, hold or dispose of the Notes, and does not purport to deal with the Dutch tax consequences applicable to all categories of investors, some of which may be subject to special rules. Noteholders are recommended to consult their own professional adviser in relation to their own individual tax position. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the Netherlands.

For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes. Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to, as well as an economic interest in, such Note. Where this summary refers to "the Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands and its law, respectively, only.

This summary does not apply to any holder of a Note:

- (a) being an individual for whom the Notes or the income or capital gains derived therefrom are attributable to employment activities which are taxed as employment income in the Netherlands;
- (b) being an individual or entity which holds or is deemed to hold a substantial interest in the Issuer;
- (c) being an entity that is, in whole or in part, not subject to or is exempt from Dutch corporate income tax, including but not limited to, a fiscal investment institution (*fiscale beleggingsinstelling*) or an exempt investment institution (*vrijgestelde beleggingsinstelling*) as defined in the 1969 Corporate Income Tax Act (*Wet op de vennootschapsbelasting 1969*);
- (d) 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*); or
- (e) 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 and the Notes are attributable to such permanent establishment or permanent representative.

Generally speaking, an individual has a substantial interest in a company if (i) such individual, either alone or together with his/her partner (a term defined by statute), directly or indirectly has, or is deemed to have or (ii) certain relatives of such individual or his/her partner directly or indirectly have or are deemed to have (a) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent. or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company or (b) the ownership of, or certain rights over, profit participating certificates (*winstbewijzen*) that relate to 5 per cent. or more of either the annual profit or the liquidation proceeds of such company or (c) where the company is a cooperative, the right to exercise 5 per cent. or more of the voting rights in the general meeting.

Generally speaking, a non-resident entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5 per cent. or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company or (ii) the ownership of, or certain rights over, profit participating certificates that relate to 5 per cent. or more of either the annual profit or the liquidation proceeds of such company or (iii) where the company is a cooperative, the right to exercise 5 per cent. or more of the voting rights in the general meeting.

An individual or an entity holding a Note has a deemed substantial interest in a company if such individual or entity has disposed of, or is deemed to have disposed of, all or part of a substantial interest on a non-recognition basis.

### ***Withholding Tax***

All payments of interest and principal under the Notes made by the Issuer are made free of withholding or deduction of any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

### ***Taxes on Income and Capital Gains***

#### ***Resident Entities***

An entity holding a Note which is, or is deemed to be, resident in the Netherlands for corporate income tax purposes, will generally be subject to Dutch corporate income tax in respect of income or a capital gain derived from a Note at the applicable statutory rates.

#### ***Resident Individuals***

An individual holding a Note who is, or is deemed to be, resident in the Netherlands for Dutch personal income tax purposes will be subject to Dutch personal income tax at progressive rates at the applicable statutory rates in respect of income or a capital gain derived from a Note if:

- (a) the holder derives profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder), to which enterprise the Notes are attributable; or
- (b) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the 2001 Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition above applies, such individual holding a Note will be subject to Dutch personal income tax on the basis of a deemed return, regardless of any actual income and/or capital gain derived from a Note. This deemed return has been fixed at 4 per cent. (2015 percentage) of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (*peildatum*), insofar it exceeds a certain threshold (*heffingvrije vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by such individual (including, as the case may be, the Notes) less the fair market value of certain qualifying liabilities. The deemed return of 4 per cent. will be taxed at the applicable statutory rate.



### *Non-residents*

A holder of a Note that is not, and is not deemed to be, resident in the Netherlands for the relevant tax purposes will not be subject to Dutch income tax or corporate income tax on income or a capital gain derived from a Note unless:

- (a) the holder of a Note derives profits from an enterprise or deemed enterprise, whether as entrepreneur (*ondernemer*) or pursuant to a shared entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Notes are attributable or deemed attributable;
- (b) the holder of a Note is not an individual and is entitled to a share in the profits of an enterprise or a shared entitlement to the net worth of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes or payments in respect of the Notes are attributable (other than by way of the holding of securities);
- (c) the holder of a Note is an individual and is entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes or payments in respect of the Notes are attributable (other than by way of securities or through an employment contract); or
- (d) the holder is an individual and the income or capital gain derived from the Notes qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in the Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

### ***Gift and Inheritance Taxes***

Dutch gift or inheritance taxes will not be levied on the transfer of a Note by way of gift by, or on the death of, a holder of a Note, unless:

- (a) the holder of a Note is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions;
- (b) 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;
- (c) such holder dies while being a resident or deemed resident in the Netherlands within 180 days after the date of a gift of the Notes; or
- (d) the gift is made under a condition precedent and such holder is, or is deemed to be, a resident in the Netherlands at the time the condition is fulfilled.

For the purposes of Dutch gift and inheritance tax, an individual who is of Dutch nationality will be deemed to be a resident in the Netherlands if he/she has been a resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death.

For the purposes of Dutch gift tax, an individual will, irrespective of his/her nationality, be deemed to be resident in the Netherlands if he/she has been a resident in the Netherlands at any time during the twelve months preceding the date of the gift.

### ***Value Added Tax***

In general, no Dutch value added tax is payable by a holder of a Note in respect of payments in consideration for the issuance of the Notes, in respect of the payment of interest or the principal under the Notes, or in respect of payments in consideration for a transfer of the Notes.

### ***Other Taxes and Duties***

There is no Dutch registration tax, stamp duty or any other similar tax or duty (other than court fees) payable in the Netherlands by a holder of a Note in respect of, or in connection with, the execution, delivery and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the Notes or the performance of the Issuer's obligations under the Notes.

### ***Residence***

A holder of a Note is not, and will not be deemed to be, resident in the Netherlands for tax purposes by reason of only acquiring, holding or disposing of a Note, or solely for the execution, performance, delivery and/or enforcement of a Note.

### ***Savings Directive***

In accordance with the Savings Directive (as defined below), the Netherlands must provide to the tax authorities of another EEA member state (and certain non-EEA countries and associated territories specified in this directive) details of payments of interest or other similar income paid by a person within the Netherlands to, or collected by such a person for, an individual resident in such other state.

### **Taxation in the Isle of Man**

#### ***Tax Residence in the Isle of Man***

The Guarantor is resident for taxation purposes in the Isle of Man by virtue of being incorporated in the Isle of Man. It is the intention of the Directors of the Guarantor to conduct the affairs of the Guarantor so that the Guarantor is not resident in the UK or elsewhere for taxation purposes.

#### ***Zero Rate of Corporate Income Tax in the Isle of Man***

The standard rate of corporate income tax in the Isle of Man is zero per cent.

However, with effect from 6 April 2006 a ten per cent. rate of tax applies to income received by a company from banking business and to income received by a company from land and property in the Isle of Man.

With effect from 6 April 2015 the rate of tax applying to income from land and property in the Isle of Man was increased to twenty per cent.

A ten per cent. rate of tax also applies to companies which carry on retail business in the Isle of Man and have taxable income of more than GBP 500,000 from such business.

As it does not receive income from these sources, the Guarantor is liable to income tax at a rate of zero per cent. on its profits.

#### ***Withholding Tax in the Isle of Man***

As the Guarantor is liable to income tax at a rate of zero per cent. in the Isle of Man, it is not required to withhold tax from the payment of any amount due from the Guarantor under the terms of the Guarantee of the Notes.

#### ***Capital, Stamp and Inheritance Taxes in the Isle of Man***

The Isle of Man has a regime for the taxation of income, but there are no capital gains taxes, stamp taxes or inheritance taxes in the Isle of Man.

There are no Isle of Man registration taxes, stamp duty or similar taxes or duty (other than court fees) payable in the Isle of Man in respect of the payment of any amounts due from the Guarantor under the Guarantee of the Notes.

## **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), EU Member States are required to provide to the tax authorities of other EU Member States details of payments of interest or certain other types of income paid or secured by a person within its jurisdiction to, or collected by such a person for, an individual resident in another EU Member State or certain limited types of entity established in another EU Member State.

However, for a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments, deducting tax at rates rising over time to 35% (subject to a procedure whereby on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, including Switzerland, and certain dependent or associated territories of certain EU Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in an EU Member State. In addition, the EU Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Savings Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

However, on 10 November 2015 the Council of the European Union adopted a directive which repeals the Savings Directive with effect from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The adopted directive also notes that EU Member States will not be required to apply the new requirements of the Amending Directive.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

## **The proposed financial transactions tax (the "FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes

where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

Deutsche Bank AG, London Branch, J.P. Morgan Securities plc and Raiffeisen Bank International AG (together the "**Joint Lead Managers**") have, in a subscription agreement dated 27 November 2015 (the "**Subscription Agreement**") and made between the Issuer, the Guarantor and the Joint Lead Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes at their issue price of 99.597 per cent. of their principal amount plus any accrued interest in respect thereof and less a combined management and underwriting commission. The Issuer has also agreed to reimburse the Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

### **United States**

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States (by any dealer that is not participating in the offering of the Note) may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each Joint Lead 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 the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; 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 the Notes in, from or otherwise involving the United Kingdom.

### **Romania**

This Prospectus and any document or advertisement in connection with the Notes may not be distributed or published in Romania, except in circumstances which (i) do not constitute a public offering of securities which requires the approval of a prospectus or any other document in Romania or by Romanian authorities and (ii) comply with all applicable laws and regulations, including the Capital Markets Law No. 297/2004 (as amended), Regulation 1/2006 on issuers and operations with securities (as amended), implementing norms issued or approved by the Romanian National Securities Commission, the Romanian Financial Supervisory Authority or any other competent Romanian authority and applicable EU legislation. The Notes can be acquired by investors only in such a manner that no approval from the Romanian Financial Supervisory Authority or any other competent Romanian authority is needed. The Notes may be offered in Romania on the basis of the exemptions from the obligation to prepare and

publish a prospectus provided by paragraph (3)(a) of article 183 of the Capital Markets Law No. 297/2004 (as amended).

### **The Isle of Man**

Any offer for subscription, sale or exchange of the Notes within the Isle of Man must be made (i) by an Isle of Man financial services licence holder licensed under section 7 of the Isle of Man Financial Services Act 2008 to do so or (ii) in accordance with any relevant exclusion contained in the Regulated Activities Order 2011 or exemption contained in the Financial Services (Exemptions) Regulations 2011.

### **General**

Each Joint Lead Manager has agreed (to the best of its knowledge and belief) to comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantor nor such Joint Lead Manager shall have any responsibility therefore.

Neither the Issuer, the Guarantor nor any Joint Lead Manager represents that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or any Joint Lead Manager that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer, the Guarantor and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

## GENERAL INFORMATION

1. The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in the Netherlands and/or the Isle of Man in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the Board of Managing Directors of the Issuer and of the Members of the Issuer, each passed on 4 November 2015, and the giving or the Guarantee of the Notes was duly authorised by a resolution of the Board of Directors of the Guarantor passed on 30 October 2015.
2. There has been no significant change in the financial or trading position of the Group since 30 September 2015.
3. There has been no material adverse change in the financial position or prospects of the Issuer, Guarantor or the Group since 31 December 2014.
4. Neither the Issuer, the Guarantor nor any other member of the Group is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor are aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor or the Group.
5. The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 132507830. The International Securities Identification Number (ISIN) for the Notes is XS1325078308. 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.
6. There are no material contracts entered into other than in the ordinary course of the Issuer's or the Guarantor's business, which could result in any Group company being under an obligation or entitlement that is material to the Issuer's or the Guarantor's ability to meet its obligations to Noteholders in respect of the Notes being issued.
7. For so long as the Notes are outstanding (as defined in the Trust Deed), physical copies (and English translations where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered offices of each of the Issuer (Paulus Potterstraat 32, 2<sup>nd</sup> Floor, 1071DB Amsterdam, the Netherlands) and the Guarantor (2<sup>nd</sup> Floor, Anglo International House, Lord Street, Douglas, Isle of Man IM1 4LN):
  - the Trust Deed (which includes the form of the Global Notes and the Guarantee of the Notes);
  - the articles of association (*statuten*) of the Issuer;
  - the articles of association of the Guarantor;
  - a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus; and
  - any documents incorporated herein by reference.

This Prospectus will be published on the website of the Group (<http://www.nepinvest.com>) and the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)).

8. The 2013 Annual Audited Consolidated Financial Statements have been audited by Ernst & Young LLC, independent auditor, as stated in their report, which is, together with the 2013 Annual Audited Consolidated Financial Statements, incorporated by reference in, and which forms part of, this Prospectus (see "*Documents Incorporated by Reference*"). Ernst & Young LLC, Rose House, 51-59 Circular Road, Douglas, Isle of Man, IM1 1A2 is a member of the Institute of Chartered Accountants in England and Wales. Ernst & Young LLC was not re-

appointed as independent auditor of the Group and the Guarantor for the year ending 31 December 2014.

The 2014 Annual Audited Consolidated Financial Statements have been audited by PricewaterhouseCoopers LLC, independent auditor, as stated in their report, which is, together with the 2014 Annual Audited Consolidated Financial Statements, incorporated by reference in, and which forms part of, this Prospectus (see "*Documents Incorporated by Reference*"). PricewaterhouseCoopers LLC, Sixty Circular Road, Douglas IM1 1SA, Isle of Man is a member of the Institute of Chartered Accountants in England and Wales.

9. An application has been made to the Irish Stock Exchange to admit the Notes to listing on the Official List and to have the Notes admitted to trading on the Market; however, no assurance can be given that such application will be accepted. It is expected that admission of the Notes to the Official List and to trading on the Market will be granted on or before the Issue Date, subject only to the issue of the Notes. The expenses in connection with the admission of the Notes to the Official List and to trading on the Market are expected to amount to approximately EUR 6,790.
10. On the basis of the issue price of the Notes of 99.597 per cent. of their principal amount, the gross yield of the Notes is 3.839 per cent. on an annual basis. The yield to maturity is calculated as at the pricing date on the basis of the Issue Price, the interest rate of the Notes, the redemption amount of the Notes and the tenor of the Notes. It is not an indication of future yield.
11. The Notes and any Coupons and Talons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."
12. Arthur Cox Listing Services Limited is acting solely in its capacity as 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 Global Exchange Market of the Irish Stock Exchange.
13. The language of the Prospectus is English. 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.
14. The Joint Lead Managers and their respective affiliates may have engaged in transactions with the Issuer and the Guarantor in the ordinary course of their banking business and the Joint Lead Managers may have performed various investment banking, financial advisory and other services for the Issuer and the Guarantor, for which they receive customary fees, and the Joint Lead Managers and their respective affiliates may provide such services in the future.



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**REGISTERED OFFICE OF THE ISSUER**

**NE Property Coöperatief U.A.**  
Paulus Potterstraat 32, 2<sup>nd</sup> Floor  
1071 DB Amsterdam  
The Netherlands

**REGISTERED OFFICE OF THE GUARANTOR**

**New Europe Property Investments PLC**  
2<sup>nd</sup> Floor, Anglo International House  
Lord Street  
Douglas  
Isle of Man IM1 4LN

**PRINCIPAL PAYING AGENT**

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**TRUSTEE**

**Deutsche Trustee Company Limited**  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**LEGAL ADVISERS**

*To the Issuer and to the Guarantor as to English law:*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom

*To the Issuer and to the Guarantor as to Dutch law:*

**Clifford Chance**  
Droogbak 1A  
1013 GE Amsterdam  
The Netherlands

*To the Issuer and the Guarantor as to Romanian law:*

**Clifford Chance Badea SCA**  
Excelsior Center  
28-30 Academiei Street  
Bucharest 010016  
Romania

*To the Issuer and the Guarantor as to Manx law:*

**Simcocks Advocates Limited**  
Ridgeway House  
Ridgeway Street  
Douglas, IM99 1PY  
Isle of Man

*To the Joint Lead Managers and the Trustee as to English law:*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD  
United Kingdom

*To the Joint Lead Managers and the Trustee as to Dutch law:*

**Allen & Overy LLP**  
Apollolaan 15  
1077 AB Amsterdam  
PO Box 75440  
The Netherlands

*To the Joint Lead Managers and the Trustee as to Romanian law:*

**Radu Tărăcilă Pădurari Retevoescu SCA**

Charles de Gaulle Plaza, 5<sup>th</sup> floor

15 Charles de Gaulle Square

011857 Bucharest 1

Romania

**AUDITORS TO THE GUARANTOR AND THE GROUP**

*For the year ended 31 December 2013*

*For the year ended 31 December 2014*

**Ernst & Young LLC**

Rose House

51-59 Circular Road

Douglas, IM1 1A2

Isle of Man

**PricewaterhouseCoopers LLC**

Sixty Circular Road

Douglas, IM1 1SA

Isle of Man

**LISTING AGENT**

**Arthur Cox Listing Services Limited**

Earlsfort Centre

Earlsfort Terrace

Dublin 2

Ireland