



BCRE-BRACK CAPITAL REAL ESTATE INVESTMENTS N.V.

*(incorporated and registered in the Netherlands
with company registration number 34217263)*

US\$180,000,000 Programme for the issuance of Bonds

Under this programme for the issuance of bonds (the **Programme**), BCRE-Brack Capital Real Estate Investments N.V., a public company with limited liability under Dutch law (*naamloze vennootschap*), having its official seat in Amsterdam, the Netherlands and with address Barbara Strozilaan 201, 1083 HN Amsterdam, the Netherlands, registered with the trade register in the Netherlands under number 34217263 (the **Issuer** or **BCRE**) may from time to time issue bonds (the **Bonds**), denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). The Bonds may be issued in one or more series (each, a **Series**) and each Series may be issued in one or more Tranches (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)) so that each such Tranche will be consolidated and form a single Series.

The maximum aggregate nominal amount of all Bonds from time to time outstanding under the Programme will not exceed US\$180,000,000 (or its equivalent in other currencies), subject to increase as described herein. No Bonds may be issued under the Programme which (a) have a minimum denomination of less than €100,000 (or equivalent in another currency), (b) have a maturity of less than one year or (c) are perpetual or have a maturity of more than 50 years with a contingent interest that relates to the profitability of the Group (as defined below) or distributions of profits by the Group.

The Bonds may be issued to Peel Hunt LLP (the **Arranger**) as dealer and/or any additional dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each, a **Dealer** and together, the **Dealers**). References in this Base Prospectus (as defined below) to the **relevant Dealer** shall, in the case of an issue of Bonds being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Bonds.

An investment in the Bonds issued under the Programme involves certain risks. For a discussion of these risks, see Chapter 1 (*Risk factors*).

Notice of the aggregate principal amount of Bonds, interest payable in respect of Bonds, the issue price of Bonds and certain other information which are applicable to each Tranche of Bonds will be set forth in a Final Terms document (the **Final Terms**). Copies of the Final Terms will be available from the specified office set out below of the Trustee (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)) and each of the Paying Agents (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)).

This document constitutes a base prospectus (the **Base Prospectus**) as referred to in Article 5 paragraph 4 sub (a) of Directive 2003/71/EC, as amended (the **Prospectus Directive**) and has

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been approved by and filed with the Netherlands Authority for the Financial Markets (the *Stichting Autoriteit Financiële Markten* (the **AFM**) on 3 March 2016 for the purpose of giving information with regard to the issue of the Bonds pursuant to the Programme on and during the period of twelve months after the date hereof. A request for the notification of this approval to the competent authority of the United Kingdom will be made.

Application may be made for a listing and admission to trading of the Bonds on the regulated market of the London Stock Exchange plc (the **London Stock Exchange**) as specified in the Final Terms. References in this Base Prospectus to Bonds being **listed** (and all related references such as **Admission**) shall refer to such Bonds being admitted to trading on the London Stock Exchange's regulated market and listing on the Official List (the **Official List**) of the UK Listing Authority.

Bonds issued under the Programme are expected to be rated iIA2/negative by Midroog Limited, an Israeli subsidiary of Moody's Investor Service Inc. (**Midroog**) (or as may be specified in the applicable Final Terms) on or prior to Admission. Midroog is not a credit rating agency established in the European Union (**EU**) and registered under EU Regulation No. 1060/2009 on credit rating agencies, as amended (the **CRA Regulation**).

Bonds issued under the Programme may be rated or unrated. Where a Tranche of Bonds is to be rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as any rating assigned to the Programme. Whether or not each credit rating applied for in relation to a relevant Tranche of Bonds will be (a) issued by a credit rating agency established in the European Economic Area (**EEA**) and registered (or which has applied for registration and not been refused) under the CRA Regulation, or (b) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation, or (c) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation, will be disclosed in the Final Terms. **A 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.** Please also refer to Chapter 1 (*Risk factors*), section 1.8.9 which sets forth the risk that credit ratings assigned to the Issuer, the Programme or any Bonds may not reflect all the risks associated with an investment in those Bonds.

The Bonds of each Tranche will initially be represented by a temporary global Bond which will be deposited on the issue date thereof with a common depositary on behalf of Euroclear Bank SA/NV (**Euroclear**), and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**) and/or any other agreed clearing system which will be exchangeable for a permanent global Bond upon certification as to non-US beneficial ownership as required by US Treasury regulations. The permanent global Bond is only exchangeable (in whole but not in part) for definitive Bonds following the occurrence of an Exchange Event, all as further described in Chapter 4 (*Form of the Bonds*).

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1 RISK FACTORS

The Issuer believes that the factors set out below represent the principal risks inherent in investing in the Bonds. All of the factors are contingencies that may or may not occur. The Issuer is not in a position to express a view on the likelihood of any such contingency occurring. One or more of the risks described below could affect the Issuer simultaneously. Additional risks or uncertainties not presently known to it or that it currently may consider immaterial or that may not specifically relate to the Issuer or the Issuer's business may also affect the Issuer's ability to pay interest and principal (as the case may be) under the Bonds.

The investment activities of investors may be subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisors or the relevant regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

1.1 Risks relating to the Group's business

1.1.1 *Income from and the value of real estate assets held by the Group may be adversely affected by a number of specific real estate factors*

The Issuer, its subsidiaries (as defined in section 2:24a of the Dutch Civil Code) and other affiliates which are controlled by the Issuer (as meant in section 2.24b of the Dutch Civil Code (the **Group**) face a number of general risks related to the real estate industry. The Group is exposed to all of the risks inherent in the business of acquiring, developing, owning, managing and using real estate. Revenue earned from, and the value of, properties held by the Group may be adversely affected by a number of factors, including: (a) changes in laws and governmental regulations in relation to real estate, including construction and development regulations and including those governing permitted and zoning usage, taxes and government charges; (b) cyclical fluctuations in the property market generally and in the national and local markets where the Group's properties are located; (c) economic and/or political changes in the countries in which the Group invests; and (d) the Group's ability to obtain adequate maintenance or insurance services on commercial terms. If any of these risks were to materialise, they could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's financial condition is largely dependent on real estate prices, sale prices and rental levels in the countries in which the Group operates remaining stable or rising at corresponding levels. This may not be the case. There is also uncertainty regarding the ability of the Group to sell or let the existing and newly developed properties at profitable prices or at all. The Group's financial performance depends, amongst other things, on the economic situation in the markets in which it operates. There is uncertainty, and there will always be uncertainty, regarding whether real estate markets in these countries will continue to develop, or develop at the rate anticipated by the Group, or that the market trends anticipated by the Group will materialise.

For risks relating to Russia, we refer to the risk factors described below under: *"The Group's portfolio has concentrated exposure to three large development projects, including a major development in Kazan", "The Group's portfolio has concentrated exposure to certain asset classes in Russia, Germany and the US", "The Group may be*

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subject to various risks relating to the imposition of sanctions by various regimes regarding the situation in Ukraine and Crime.”

1.1.2 *The Group's portfolio has concentrated exposure to four large development projects, including a major development in Kazan*

The Group's portfolio suffers from a relatively high exposure level to four large developments and re-developments:

- a retail and wholesale market development project in Kazan, Russia (Issuer's part in the income for the second half of 2015 is approximately US\$2.3 million);
- a residential and office development project in Düsseldorf, Germany (which expects to yield approximately €160 million in profits, in which the Issuer owns 35%);
- a condo conversion project in Manhattan, New York, United States (**US** or **USA**) (the Issuer's equity value as of June 2015 is approximately US\$33 million); and
- a re-development of residential building in Manhattan, New York, USA (in June 2015, the Issuer carried a US\$10 million pre-closing investment).

For further information relating to the developments in Manhattan, Düsseldorf and Kazan please refer to Chapter 10 (*Detailed overview of the Group's portfolio and projects*), sections 10.1, 10.2 and 10.3. Developments in general are high risk ventures with continuous construction, financing, operational, leasing and selling challenges, multiple exposures to changes, including to zoning, design, regulation and budget, and prolonged exposure to market and economic conditions. A deterioration in any of these projects or local markets or economies, as well as the Group's failure to achieve its business objectives in any of them, might have a material negative effect on the Group's value, business and prospects. Additionally, and as a result of the size of these projects, any change in their respective business plans which may require the Group to inject more capital, may have a significant negative effect on the Group's liquidity.

The development in Kazan, Russia in particular is exposed to additional risks resulting from the size, nature and location of this project, including:

- (a) risks relating to operating in Russia, including political instability and regulatory changes which could adversely affect the Group's ability to further develop the project in Kazan and could impair its profitability (as further described in sections 1.6.1 and 1.6.7 of this Chapter).
- (b) risks relating to currency exchange risks between the Group's reporting currency (the Euro), the currency of the lease agreement (US\$) and the local currency of the income of the tenant and/or the subtenants (Russian roubles (**RUB** or **Ruble**)). Weakening of the US\$ against the Euro may have a negative impact on the Group's results of operations. In addition, a weakening of the RUB against the US\$ may have a negative impact on the ability of the tenant and/or subtenants to pay rent thus creating an additional, indirect, exposure to changes in the local exchange rates. There is also a risk due to a US\$ denominated loan and income which is inherently linked to the Ruble: if the Ruble weakens, the equivalent value of the income in US\$ terms is reduced, but the obligation to repay the principal remains constant. Additionally, the loan coverage ratio (the rent divided by the loan) is reduced. Hence, a continuing weakening of the Ruble (as witnessed towards the end of 2015) may have a triple negative effect: (i) reduce the income in reporting currency terms, (ii) increase the project leverage and impact its debt coverage ratios and (iii) increase consumer insecurity, thereby reducing expenditure.
- (c) Kazan is in mid-development and as such, may have not reached critical mass yet (in terms of number of tenants and diversity of products offered). BCRE's goal in Kazan was to create a destination project by adding more and more modules. This has not occurred due to the severe downturn in economic environment. The combination of not reaching critical mass and a major economic downturn, in such a

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major development, adds a further layer of risk for the projection of cash flows and financial stability of the project.

- (d) Furthermore, the economic situation in Russia is highly linked to the global prices of energy, and oil in particular. Over the past 1.5 year, most major economic indicators, and in particular the rate of the Ruble, has shown a very high correlation to the price of oil. A continued deterioration in global oil prices will most likely have a strong negative impact on the Russian economy, and in particular the Russian consumer, which will in turn have a negative impact on the Company's Russian portfolio.
- (e) Geopolitical tensions – in the Ukraine front and otherwise – are correlated to the economic situation in Russia. While the tensions in the Ukraine front have eased since the Minsk II accords in early 2015, they are far from subsided, and have the potential to reignite. Any deterioration in the geopolitical situation – with or without additional sanctions on Russia – may have a negative impact on the Russian economy and as a result, on the Company's asset portfolio.
- (f) The condition of the Russian consumer – both objective and subjective (perceived) – is strongly correlated to the cash flows and value of the Company's Russia portfolio. Any continued deterioration of either the subjected or perceived condition will have a negative impact on the Company's Russian portfolio, and in particular its retail properties.

1.1.3 *The Group's portfolio has, and is expected to have, concentrated exposure to certain asset classes in Russia, Germany and the US*

The Group's income producing portfolio may suffer from exposures to:

- (a) Two asset classes in Germany, multifamily and retail, which together constitute the majority of the Group's income producing property portfolio. The Issuer's part of the German multifamily segment for the 9 months ending on 30 September 2015 was approximately €10.2 million. The respective figure for the retail portfolio for the same period was €9.1 million. A deterioration in any of these asset classes will cause a material negative effect on the Group's income, value, business and prospects.
- (b) The Group's Russian income producing portfolio suffers from high exposure to the retail asset class with two operational shopping center in Dmitrov and Lyubertsy, Moscow Oblast, Russia and one whole sale center in Kazan, Russia. The Issuer's exposure to these Russian income producing retail assets was €4.7 million for the 6 months period ending on 30 June 2015. Additional deterioration in the Russian market and in the local consumption might cause material adverse effect on the Group's income, value, business and prospects.
- (c) Additionally, the exposure of the Group to the Manhattan hotels asset class with one hotel development and one operating hotel in the US portfolio is expected to increase during the coming two years. A downturn in that asset class due to a decline in demand to New York or US lodging, oversupply of rooms, a decline in Manhattan hotel values or otherwise, may cause a material negative effect on the Group's portfolio value and its ability to meet its business objectives.

1.1.4 *The Group's portfolio is dependent on the presence of certain major tenants, including two in Germany, and its ability to replace them*

The Group's portfolio of commercial income producing properties is leased to a significant number of tenants. However, there are certain tenants in the portfolio which contribute a relatively high proportion of the Group's rental income. The Group is dependent on Kaufland (which accounted for 14% of Brack Capital Properties N.V.'s (**BCP**) income, as of 31 December 2014 and whose 7 to 14 year leases will expire in 2023 and 2030

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respectively) and OBI (which accounted for 15% of BCP's income, as of 31 December 2014, and whose leases are expected to expire in 2026) in Germany, and on Citizen M in Manhattan (which lease will expire in 2039). Kaufland, in particular, is considered an anchor tenant, whose stores in retail centres play an important part in generating customer traffic in those centres and in making them a desirable location for other tenants, whilst OBI is typically the sole tenant in the relevant properties.

A failure by any of these tenants to perform its lease obligations, or a termination of such tenant's lease or the bankruptcy or economic decline of such tenant may cause significant adverse effect to the rental income, free cash flow and values of the respective properties and to the financial situation of the Group. In the event of termination of such tenants' leases, the Group may be unable to find new tenants quickly or at all or at rents equal to those under the expiring leases or on equally or more favourable terms. While properties remain vacant they may incur empty rates liabilities. Any such event may also cause the property's respective lenders to declare a default on the loan and require the Group to lose the property or require the injection of additional equity by the Group, thus significantly hindering the Group's chances of achieving its business objectives. In the event of any of the above, there could be a material adverse effect on the Group's business, results of operations, financial condition and future prospects.

In relation to Kaufland and OBI, in particular, any such event may have a material adverse effect on the economic performance of the relevant retail centres and the Group as a whole, the effect of which the Group may not be able to offset due to difficulties in finding a suitable replacement tenant. In many cases, such major tenant's space would require special adjustments to suit its specific requirements and usually the cost of making these adjustments is born by the property owner. There can be no assurance that if the relevant stores were to close or the tenants were to fail to renew their leases, the Group would be able to replace such tenants in a timely manner on the same or similar terms or that it could do so without incurring material additional costs and adverse economic effects. In case of a subsequent replacement, the specific demands of the new tenants may be different and require additional expense by the owner, potentially adding cost and time to the project development and adversely affecting its profitability. The expiration or termination of a major lease at an entertainment and commercial centre may also cause the property's respective lenders to declare a default on the loan and may make the refinancing of such a centre difficult. Furthermore, the deterioration of the Group's relationships with any of its major tenants may negatively impact on the Group's ability to secure major tenants for its future projects.

1.1.5 The Group's revenues from retail properties, Manhattan Hotels, and multifamily residential properties are exposed to the risk of changes in retail economic conditions, fluctuations in the value, occupancy levels, regulation and other factors

The Group derives a significant portion of its revenues from retail properties in Germany and in Russia, hotel properties in Manhattan, New York, USA and from multifamily residential properties in Germany and in the US (see under 1.1.2 and 1.1.3 above). Returns from investments in the Group's properties depend largely upon the amount of rental income generated from the properties and the expenses incurred in the operations, including the management and maintenance of the properties as well as changes in the market value of the properties.

Rental income and/or the market value of the Group's retail and multifamily residential properties may be adversely affected by a number of factors, including the overall conditions in the national and local economies in which the Group operates, such as growth or contraction in gross domestic product, employment trends, consumer sentiment and the level of inflation and interest rates; the level of demand for and supply of retail or multifamily properties as an investment class or of rental space; changes in laws and governmental regulations (including in relation to retail tenancy or renting to residential dwellers); and external factors including major world events such as war or acts of God such as floods and earthquakes.

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In addition, returns from retail properties may be adversely affected by the perception of prospective tenants and shoppers of the attractiveness, location, tenant mix, convenience and safety of the retail properties, including footfall; the convenience and quality of competing retail properties and other retail options, as well as trends in the retail industry (in particular the actual and perceived future influence of online shopping on traditional retail formats); the financial condition of the Group's tenants and, in particular, its anchor tenants.

Further, in relation to residential properties in particular, renting a residential unit is a substitute product to buying a unit, and highly depends upon the relative attractiveness of the two products. The propensity to buy or to rent depends upon several factors, including supply of rental and for-sale properties in the respective markets, employment trends, perceived job security, mortgage interest rates, levels of income and the perceived ease of selling an owned unit. Any change in the above factors may cause a change in consumer preferences towards buying and reduce the demand for rental space. Such change would adversely affect the occupancy, rental rates, cash flow and value of the Group's multifamily properties and will negatively affect the Group's financial situation and its ability to meet its business objectives.

1.1.6 *The Group loan repayment schedule is exposed to interest rate risk*

To the extent that the Group incurs floating rate indebtedness, changes in interest rates may increase its cost of borrowing, impacting on its profitability and having an adverse effect on the Group's free cash flow, property valuation and the Issuer's ability to pay interest and principal (as the case may be) under the Bonds. Currently the Group undertakes various hedging arrangements, including interest rate swaps and caps, but it does not fully hedge against interest rate fluctuations. In the case of interest rate swap arrangements, a reduction of the relevant market interest rates would cause the market value of the swap contract to become negative, with a corresponding negative effect of the Group's net value.

1.1.7 *The Group may not be able to meet its business objectives*

There can be no assurance that the business objectives of the Group will be met. The results of the Group's operations will depend on many factors, including, but not limited to, the availability of opportunities for the acquisition of real estate assets, availability of finance to achieve leverage and development objectives, the performance of the key personnel in managing and developing the Group's real estate assets, the property development and other operational risks disclosed in this Base Prospectus and general political and economic conditions in the countries of operations. In particular, if property values and prices in the countries in which the Group invests significantly fall, the value of the Group's existing project portfolio as well as the potential returns from property development and/or investment, may be less than those targeted by the Group. If any of such risks were to materialise, the business of the Group, its financial condition or its results would be materially and adversely affected.

1.1.8 *The departure of key personnel or the failure to attract and retain skilled personnel could adversely affect the Group's business*

The Group's business model requires the full time employment and/or availability to the Group of multiple key skilled professionals in each of the Group's countries of operation, to develop and manage a large property portfolio typically characterised by a relatively high degree of structuring, development, and construction difficulty. Many of the key professionals currently employed by, and/or made available to, the Group have worked with the Group for many years – in the case of Germany, Russia and India, since the establishment of the respective country platforms, and in the case of the US, for the past decade – and possess highly essential and in many cases key information about the relevant markets of operation, about the Group's project portfolio and its local relationships with partners, lenders, authorities, contractors, subcontractors and other

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service providers. In addition, in Germany most of the staff is provided by a company that is not a member of the Group. The departure of any of its key skilled professionals in any of its key platforms (or the lack of availability of such staff to the Group in Germany) could cause increased risk, substantial delays and cost overruns in existing projects, disruption to the management structure and relationships, an increase in costs associated with staff replacement, lost business relationships or reputational damage, which could have a material adverse effect on the Group's business, financial condition and result of operations.

1.1.9 The Group's involvement in joint ventures, over which the Group may not have full control, could prevent the Group from achieving its objectives

A number of the Group's real estate assets are held through shareholders' agreements and/or joint venture arrangements with principal third parties (including the asset in the West Village in Manhattan, the hotels in Manhattan, the multifamily assets in Cincinnati, the lending portfolio, the commercial assets in Kazan, Lyubertsy, Lobnia and Dmitrov, and the Indian portfolio), meaning that ownership and control of such real estate assets is shared with such third parties. As a result, many decisions (including major decisions such as those relating to sales of assets, distributions, equity calls, financings, refinancings or changes to budget or business plan) may require the consent, cooperation or approval of the Group's joint venture partners or third party shareholders. For further details in relation to the joint venture agreements, see Chapter 12 (*Material contracts*), section 12.8.

In many cases, the Group's joint venture partners may have economic or business interests or objectives that are inconsistent with the objectives of the Group. This may be for example because the partners have different liquidity needs or leverage objectives or different views on the direction of the market. As a result, material differences and disputes could arise between the Group and its joint venture partners which, in conjunction with the rights granted under the joint venture agreements, would necessitate an action being taken which may be viewed by the Group as suboptimal, such as an early disposition, failure to refinance or distribute dividends, or inability to invest in capital improvements. On certain times, and in particular in times of stress or crisis, a joint venture partner may refrain from injecting into the joint venture its share of funds required for the optimal performance of the business. In such cases, the Group may be faced with two suboptimal alternatives – either not perform the required investment or alternatively, fund the partner's share in the capital call. Further, the Group's joint venture partners may become insolvent, potentially leaving the Group liable for its partner's share of any liabilities relating to the relevant joint venture. Any of the aforementioned situations could have a material adverse effect on the Group's business, its financial condition and the results of its operations.

1.1.10 A significant portion of the Group's operating expenses are fixed, which may impede the Group from reacting quickly to changes in its revenue

A significant portion of the Group's management and personnel costs are fixed and not linked to the performance of its properties, and certain of the Group's other operating expenses, including real estate and municipal taxes, insurance, heating, cleaning, security, information technology, telecommunications and similar expenses, are also to a large extent fixed. As such, the Group's operating results are vulnerable to short-term changes in its revenues. The Group's inability to react quickly to changes in its revenue by reducing the Group's operating expenses could have a material adverse effect on the Group's profitability and therefore its ability to pay interest and principal (as the case may be) under the Bonds.

1.1.11 The Group is exposed to changes in foreign currency exchange rates

The Group's reporting currency is Euro but a number of the Group's subsidiaries and affiliates operate in jurisdictions outside the Eurozone. In many of the Group's properties and developments, particularly in the US, Russia and India, the entire cash flow of the

project is denominated in non-Euro currencies, including purchase of plot or property, all the investment, development and operating costs, financing and revenues. The proportion of assets in the Issuer's portfolio for which the income and expenses are denominated in Euro is 41% (as of 30 June 2015 based on the Issuer's part in each asset). The exchange rates between these currencies and the Euro may fluctuate significantly. Weakening of one or more of these non-Euro currencies against the Euro, and in particular the US\$, may have a negative impact on the financial position of the Group and results of operations.

The Group seeks to reduce these risks by matching, in each project, the currency denomination of its principal liabilities (financing and construction) and its principal sources of revenue (sale proceeds and rentals). Where such matching is not possible, the exposure of the Group to changes in currency exchange rates is even higher, and may adversely affect further the Group's profits and cash flows. In some cases, the Group may succeed in matching the currency in lease agreements to the currencies of the loans (for example, both may be in US\$ in a Russia retail project), but the income of the tenant would still be in local currency (RUB in that example). In such cases, a weakening of the local currency, while legally not affecting the tenant's obligation to pay in US\$, would reduce his profitability and weaken his ability to pay rent, thus creating for the Group an additional, indirect, exposure to changes in the local exchange rates. This phenomenon occurred most recently in Russia, whereby the ability to pay rent of tenants with leases denominated in US\$ have been severely compromised by the strong devaluation in the Ruble / US\$ rate of exchange, creating a situation where BCRE Russian Properties Ltd. (**BCRE Russia**) – as most other landlords – had no choice but reducing the required payment to adjust to the new reality.

Further, a relatively large currency exposure exists in the Series A Notes, issued by the Issuer (with a balance of €73 million as of 30 June 2015 and an expected balance of €52.5 million as of 31 December 2015) and, separately, the three series of corporate bonds issued by BCP (with a total balance of €147.8 million as at 30 September 2015) All of these bonds are denominated in Israeli new shekel (NIS) and interest payable on them is linked to the Israeli Consumer Prices Index (CPI). However, neither the Issuer nor BCP has any matching assets valued in NIS, and as a result, both companies are exposed to fluctuations in the Euro / NIS rate of exchange and the rate of CPI change in Israel. Strengthening of the NIS against the Euro and/or accelerated CPI inflation in Israel may have a negative effect on the Group's results and financial situation. In addition, Series B Notes and Series C Bonds issued by the Issuer are denominated in US dollars (with an outstanding balance of €77 million as of 30 June 2015 and an expected balance of €74 million as of 31 December 2015 account for an additional currency exposure). For further details on the bonds issued by the Issuer and BCP, please refer to Chapter 12 (*Material contracts*), sections 12.1.5 to 12.1.9.

1.1.12 *Reputational risk*

The Group may be subject to reputational risk from adverse publicity associated with particular properties, tenants or joint venture partners. Such negative publicity may have a material adverse effect on many of the business elements essential for the Group's performance and results, including ability to secure leases, confidence of potential customers, buyers and tenants, ability to obtain financing, the confidence of counterparties such as lenders, joint venture partners and service providers.

1.1.13 *Litigation*

There can be no guarantee that the actions of the Group will not result in litigation since the property real estate industry, as with all industries, is subject to legal claims, both with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Group's financial position or results or operations.

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1.1.14 *Competent authorities may deem the Issuer or any other member of the Group operating in the EU to be, or the Issuer or any other member of the Group operating in the EU may in the future become, an alternative investment fund within the meaning of the AIFMD*

The Directive 2011/61/EU on Alternative Investment Fund Managers (**AIFMD**) entered into force on 21 July 2013. Its objective is to create a framework for the direct regulation and supervision of alternative investment fund managers at an EU level. The Issuer believes that neither it nor any other member of the Group operating in the EU qualifies as an alternative investment fund with a defined investment policy which is regulated under the AIFMD, because, among other things, they are business undertakings. However, there exists uncertainty regarding the scope of the AIFMD and competent authorities may take a different view. If this position is not accepted by the competent supervisory authorities in the EU, the Issuer and any other member of the Group operating in the EU could be exposed to material fines, judicial penalties for non-compliance or other sanctions imposed by such competent authorities. In the Netherlands, these sanctions include an administrative fine (*bestuurlijke boete*) and a judicial penalty for non-compliance (*last onder dwangsom*) and publication thereof. Any such sanctions could have a material adverse effect on the business, financial condition and results of operations of the Group. In addition, an investor who was marketed to in breach of the AIFMD regulations may avoid or cancel its contractual obligations under, and can seek rescission of, the resulting contract.

Further, if the Issuer or any other member of the Group operating in the EU in the future changes its strategy, organisation, business policy or activities, the Issuer or any other member of the Group, as the case may be, may have to implement additional measures to comply with the requirements applicable to alternative investment funds. In the event that any such company operating in the EU becomes an alternative investment fund within the meaning the AIFMD, either at the order of a competent authority or through choice at its free will, this could materially affect their regulatory position and could subject them to a licence requirement and requirements relating to, among other things, liquidity management, remuneration, transparency, valuation and leverage. In addition, the Issuer or any other member of the Group operating in the EU could be required to appoint a depositary. Such requirements are likely to result in material additional operating costs for the relevant entity. Furthermore, qualification as an alternative investment fund may significantly limit the ability of the Issuer or any other member of the Group operating in the EU to raise additional capital from investors in some or all EU jurisdictions in the future, which may limit the capacity of the relevant entity to fund its development, operations or obligations. This may also create additional compliance costs. Such requirements could have a material adverse effect on the Issuer's business, financial condition and results of operations or the ability of the Issuer to pay interest and principal (as the case may be) under the Bonds. Failure to obtain a licence or authorisation may result in the Issuer or any other member of the Group operating in the EU having to cease its operations.

1.2 **Risks relating to the real estate sector**

1.2.1 *Investments in property are relatively illiquid*

Investments in property are relatively illiquid and investors may be reluctant to purchase or sell property in the current market. The resulting lack of liquidity in commercial real estate may inhibit the Group's ability to strategically adjust the identity and mix of its property portfolio. Additionally, relatively low liquidity is translated to a limited ability of the Group to dispose of assets when it needs to do so – such as in case of need of cash or when it identifies the market is softening.

Liquidity of real estate markets differentiates substantially between markets, asset classes and development stage. Many of the Group's assets are less liquid due to their location (mainly in emerging markets), type (requiring intensive management and/or deterring institutional investors) and development stage (particularly in relation to uncompleted developments). Such illiquidity may affect the Group's ability to dispose of or liquidate part

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of its projects in a timely fashion and at satisfactory prices in response to changes in the economic environment, the real estate market or other conditions.

In times of crisis or downturn, liquidity reduces further particularly in such markets and properties, and should the Group be required to sell properties during a crisis, the sale prices achieved may be significantly below book values due to the need to sell into an illiquid market. This could have an adverse effect on the Group's financial condition and results and the ability of the Issuer to pay interest and principal (as the case may be) under the Bonds.

1.2.2 *The Group may be adversely impacted by a downturn in the real estate markets and general economic conditions*

The value of the Group's property portfolio as well as the successful growth of the Group's assets and its ability to acquire appropriate properties all depend to a significant extent on the state of the property market and the general economic conditions in the countries in which the Group chooses to invest. The performance of the Group will be adversely affected by a downturn in the respective property markets in terms of capital valuations, and/or sale prices and / or rental exit yields achieved.

Rental levels, residential sale prices and the market value for properties are generally affected by overall conditions in the economy and economic factors such as growth and absolute levels of gross domestic product, the level of unemployment and employment trends, interest rates and changes thereof, inflation or deflation, consumer sentiment, investor sentiment, the availability and cost of credit, overall customer demand, the liquidity of financial markets, the impact of fiscal and monetary policies aimed at stabilising economic conditions, changes in government legislation (including changes in regulatory or tax regimes) and the level and volatility of public equity and debt markets. In addition, downturn in general economic conditions in one or more of the countries in which the Group chooses to invest may reduce demand for the Group's development projects which could lead the Group to making a loss on such projects or needing to find an alternative use for the development site.

A deterioration in economic conditions could also significantly affect the activity level and financial strength of the Group's tenants. Such economic conditions or a decline in demand for the Group's properties could have a material adverse effect on the Group's asset values, business, results of operations, financial condition (including liquidity and leverage) or prospects, which could also be affected as a result of a decline in the value of real estate assets either due to a reduction in investment demand or a fall in rental values, occupancy, collection, cost structure and / or sale prices.

Current global economic conditions still entail a relatively elevated level of risk – including a potential crisis: in Chinese borrowing and housing markets as well as continued weakness in capital markets; in Russia economic and geopolitics due to continued weakness in oil prices and the imposition of additional sanctions; in the EU due to massive asylums immigration; in the US due to the high debt level of the US but also potentially from the FED tightening too quickly; in emerging markets due to high vulnerability and impact of continued deterioration in commodity prices or even a prolonged period of commodity prices remaining at their current low levels. A materialisation of any of those risks would have a negative effect on the economic conditions and on the Group's business, value, liquidity and overall prospects.

1.2.3 *Property valuation is inherently subjective and uncertain*

Valuations of property and property-related assets are inherently subjective due to the individual nature of each property and the many assumptions and parameters used to derive the value. As a result, valuations are subject to uncertainty and, in determining market value, valuers are required to make certain assumptions and such assumptions may prove to be inaccurate. This is particularly so in periods of volatility or when there is

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limited real estate transactional data against which property valuations can be benchmarked (such as in the case of the Group's development in Kazan). 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, projected sale prices, development cost, operating income, financing and annual rental income will prove to be attainable. The results of valuations based on other assumptions and models might produce different results. The real estate valuations presented in this Base Prospectus were made as at specific dates, and no assurance can be given that such valuations accurately reflect the market value of the Group's real estate in the future.

1.2.4 Any adverse change in competitive dynamics in the relevant retail, apartment, lodging, office or other property markets could affect the Group's ability to let vacant space and/or to acquire sites and properties

The Group operates in highly competitive markets for investment opportunities. Competition in the real estate markets in the countries in which the Group invests may reduce investment opportunities and affect sale prices and occupancy and rental rates of the Group's properties. Additionally, some competitors and potential competitors may have advantages over the Group, including greater name recognition, longer operating histories, pre-existing relationships with current or potential tenants, lenders and authorities, greater flexibility as to movement of clients between properties, greater financial, marketing and other resources and better access to capital and / or debt, which would allow them to respond more quickly to new or changing opportunities.

The Group competes for tenants for its properties with real estate investment funds, developers, owners and operators of commercial, residential and other real estate businesses in the regions where the Group's properties are located. If competitors offer property at rental rates or sale prices below the rates and prices charged to the Group's tenants or below market rates, the Group may lose existing tenants and be unable to attract new tenants. If, as a result of competition or lack of demand, the Group is required to reduce sale prices in its residential projects, lower daily rates in its hotels and / or reduce rental rates or sale prices, or to offer more substantial rent abatements, tenant improvements, early termination rights or below-market renewal options to retain existing or to attract new tenants, the values of the Group's assets as well as Group's cash flow and operating results could be adversely affected.

In addition, the Group faces and will continue to face competition from other property developers for sites and properties that the Group has identified for the development of projects. Strong competition from other developers not only affects the availability of suitable sites but also the cost at which they may be acquired. Competition is exceptionally fierce in locations which are the focus of large amounts of capital, such as New York. In such locations, the Group may find it difficult to source deals that meet its investment criteria for prolonged time periods. A consequential negative result of such a scenario would be that the Group's portfolio allocation is negatively affected by the inability to source deals in high competition locations.

1.2.5 The Group may incur significant costs complying with laws and regulations

The Group currently operates in several highly regulated markets, including the hotel market in Manhattan, the multifamily market in Germany and others. A variety of laws and regulations of local, regional, national and EU authorities, including planning, zoning, environmental, health and safety, tax and other laws and regulations must be complied with by the Group. If the Group fails to comply with these laws and regulations, it may have to pay penalties or private damage 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, alter its investment strategy, operations or accounting and reporting systems, leading to additional costs or loss of revenue, which could materially adversely affect the Group's business, results of operations and financial condition.

1.2.6 *The Group's insurance policies may not be adequate or comprehensive*

The Group insures against key risks to its business including the risk of damage to, or the destruction of, any of its properties. Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in light of the cost of cover and the risk profiles of the business in which the Group operates. However, the Group may not be able to obtain insurance that covers losses resulting from external risks, such as acts of terrorism or flooding. In addition, coverage the Group can obtain may be limited as may the Group's ability to obtain coverage at reasonable rates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer and there are caps on the insured amounts, and to the extent that losses are suffered, there could be a shortfall between the amount of loss and the insured amount. No assurance can be given that the Group's current insurance coverage will be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage will always be available at acceptable commercial rates. Additionally, insurance companies may choose to contest the claim and delay payment, potentially leading to litigation, the results of which are uncertain. Such a process may lead to the Group taking the position it is best to settle and compromise, leading in turn to the Group not getting full compensation for the loss due to the insured event.

1.2.7 *Liability following the disposal of assets*

The Group regularly disposes of assets. Asset dispositions typically require the seller to provide representations and warranties and to pay damages to the extent that any such representations or warranties turn out to be inaccurate. The Group may become involved in disputes or litigation concerning such representations and warranties and may be required to make payments to third parties as a result of such disputes or litigation.

1.2.8 *The Group is exposed to the risk of environmental contamination of its properties and the cost of any remediation may adversely affect its business, financial condition and results of operations*

The owner of a real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on, in or under such property. Environmental laws often impose such liability without regard to whether the owner knew of, or was responsible for the presence of these substances. The owner's liability as to any property may not be limited under such laws and the costs of any required removal, investigation or remediation can be substantial. The risk of environmental contamination and liability increase in large land plots and development sites, where it is more challenging to examine the entire site fully and therefore owners use statistical examination. The Issuer is interested in several such sites – in particular Düsseldorf, Germany, Kazan, Russia, and in Ludhiana and Mumbai, India. Additionally, in such large plots the cost of treating any environmental hazard could potentially be much higher.

The presence of such substances on, in or under any of, the properties in which the Group is interested, or the failure to remediate property contamination resulting from such substances, could adversely affect the Group's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Group's return from such investments. In addition, the presence of hazardous or toxic substances on, in or under a property may prevent or restrict development or re-development of such property and this could have an adverse effect on the returns generated from such property. The costs of cleaning up a contaminated property, of defending against a claim, or complying with environmental laws could be significant and could cause the Group to make a loss on a project. Future laws and regulations may impose material environmental liabilities on the Group or the property owning company, or the current environmental condition of the properties in which the Group is interested may be affected by the condition of the properties in the vicinity or by third parties unrelated to

the Group. Any of such costs or liabilities could have a material adverse effect on the Group's business, financial condition or results of operations.

Additionally, any future sale of the property will be generally subject to indemnities to be provided by the Group or the property owning company to the purchaser against such environmental liabilities. Accordingly, the Group may continue to face potential environmental liabilities with respect to a particular property even after such property has been sold. Laws and regulations, as may be amended over time, may also impose liability for the release of certain materials into the air or water from a property, including asbestos, and such release can form the basis for liability to third persons for personal injury or other damages. Other laws and regulations can limit the development of, and impose liability for, the disturbance of wetlands or the habitats of threatened or endangered species. Any such environmental issue may significantly increase the cost of a development and/or cause delays, which could have a material adverse effect on the profitability of that development and the results of operations of the Group.

A clean environmental report is generally a condition for purchase and forms part of the due diligence process. Such a report often forms part of the representations and warranties given by a seller as part of the purchase agreement. Also, some countries require that a developer carries out an environmental report on the land before building permit applications are considered. Nevertheless, the Group cannot be certain that all sites acquired will be free of environmental pollution. If a property in which the Group is interested turns out to be polluted, such a finding will adversely affect the Group's ability to construct, develop and operate a project on such property, and may cause the Group to suffer expenses incurred in cleaning up the polluted site which may be significant. When a property is purchased by a company in which the Group is interested and the purchase agreement includes representations and warrants by the seller and various indemnification provisions against negative environmental findings, there is still the risk that obtaining the compensation or indemnification by the seller would be a lengthy and uncertain process which may result in a delay or compromise by a company in which the Group is interested, who would still end up bearing at least part of the damage.

1.3 Risks relating to property development

1.3.1 *Risk related to execution of real estate development projects*

The real estate development projects executed by the Group require significant capital outlays for the land acquisition, the obtaining of various permits and investment preparation as well as during the construction stages. Due to extensive financing requirements, such ventures are typically associated with considerable risks. In the stage until the completion of the construction, these risks include in particular the failure to obtain or renew the permits at various stages of a development project and concessions necessary to use the relevant land in accordance with its intended purpose, delays in the completion of the construction process, costs exceeding the budgeted costs, the insolvency of contractors or subcontractors, employment disputes affecting contractors or subcontractors, shortage of construction equipment or materials, accidents or unforeseen technical obstacles, failure to obtain permits needed to bring the building or buildings into use or other required permits, or changes in the regulations relating to land use or title disputes). If any of the risks were to materialise, the execution of the real estate development projects may be delayed, project execution costs may increase or profits may be lost, the funds invested in the acquisition of the land for the project may be effectively frozen or lost, and in some cases, the investment might prove impossible to complete. Each of the abovementioned events may have a material adverse effect on the operations, financial standing or results of the Group.

In particular, an important element in the success of the Group's development projects is the Group's ability to supervise the construction process and to complete its projects ahead of its budgeted completion date. This factor is of particular importance in retail projects in cities which do not have shopping and entertainment centres of the type constructed by the Group. In addition, in some of its developments, under the Group's

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development contracts with local municipalities and in the case of leasehold property (such as Kazan, Russia), the Group may have deadlines to start construction within a certain period and/or completion deadlines. If construction of a project does not proceed in accordance with the Group's schedule, the Group may be in breach of those deadlines and as a result, it may be exposed to negative consequences that in some cases may lead to the termination of the development or lease agreement. The failure to complete a particular project on schedule or on budget may have a material adverse effect on the Group's business, prospects, results of operations or financial condition.

Further, the developments in which the Group invests are and will be financed by a mixture of equity, deposits on pre-sales and third party financing (typically, but not exclusively, bank financing). The release of third party financing is typically staged and conditional on milestones in the development being reached. In the event that the development does not proceed as expected as a result of any of the execution risks referred to above, the lender may refuse to provide further financing or require the immediate payment of financing already drawn. In addition, should cost overruns be incurred, banking covenants may be breached and a default could occur. If the Group is unable to arrange alternative financing, it may not be possible to complete the development. This may result in the loss of the equity invested by the Group and other irrecoverable costs associated with that development.

1.3.2 *The Group may be subject to increases in development related expenses*

The profitability of development activities largely depends on the cost to complete the project according to the plan and within budget. The cost of completion of a development project could increase without a corresponding increase in income. Factors which could increase total development cost include:

- unforeseen increases in the costs of developing properties, including land works, construction, utilities, design, supervision, financing, taxes, and other budget items;
- the development period could be prolonged beyond the anticipated timeline for a number of different reasons, within or outside the control of the Group, resulting in increased cost (particularly financing and general conditions);
- defects and findings affecting the developments that need to be rectified such as soil contamination and archaeological findings;
- failure to perform by subcontractors or a contractor going out of business;
- a shortage of suitably qualified and experienced building contractors or subcontractors in the local market, resulting in higher construction costs and / or delays in completion;
- disputes with building contractors or other third parties; and
- increases in insurance premiums resulting from external events.

The Issuer's part in future development cost (to be incurred over the next few years) in the Issuer's current development assets is currently estimated at US\$250 million – US\$350 million (under the assumption that all developments are completed and none are sold). Hence, a 10% – 15% cost overrun in all of the development would result in an additional cost of US\$25 million – US\$50 million. Such increases in cost could have a material adverse effect on the Group's financial position and the Issuer's ability to pay interest and principal (as the case may be) under the Bonds. Cost additions and over runs may require additional equity to be contributed by the Group, beyond what was anticipated in the business plan, and may adversely affect the Group's liquidity and financial position.

Additionally, in relation to the developments in which the Group is interested which are being performed in a joint venture, the Group may, in its capacity as developer of the

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project, sign a completion guarantee or any other type of guarantee without a back to back guarantee from the joint venture partners. In such case, the Group may be liable to finance from its own sources the entire cost overrun, even though it only holds part of the asset. Alternatively, the Group may guarantee part of the development cost on behalf of the entire joint venture. Such guarantee could be on cost overruns, on the entire interest cost and / or on other elements of the budget. In such case, the Group may be liable to finance from its own sources a disproportionate amount of the additional cost.

1.3.3 The revenue side in the business plan of developments is difficult to project long term, and estimation thereof exposes the Group to significant fluctuations to the projected profitability of a development project

The projection of the revenue side of the business plan of a development project involves the estimate of the rental rates or the sale prices of the completed spaces well ahead of the completion of the business plan, many times five years ahead or longer. The projected profitability of the development is highly dependent on the projection of the revenues and a decline in actual revenues achieved compared to the business plan may have a significant adverse effect on the profitability of the development, including shifting the project's results from profit to loss. Since rental and sale prices are very volatile, and highly depend on the state of the relevant real estate market when leasing or sales are being carried out, and since real estate markets are cyclical by nature, there could be a situation where the actual levels of rents or sale prices are significantly lower than the projections. Such situation may result in a considerable negative variation from the project's business plan, and may result in a significant loss to the Group.

1.3.4 The Group may overpay for acquiring land for development

Part of the business of the Group is acquiring land plots designated for developments. The process of estimating the price that the Group would agree to pay for a land plot includes estimating the projected development cost, revenues, financing, and development timeline for the project. The effect of under estimating the cost or the timeline and / or overestimating the revenues from the development could lead the Group to overpay for the land, subsequently leading to reduced profitability or to a loss on the project.

1.3.5 Zoning restrictions and local opposition can delay or preclude construction

Sites that meet the Group's criteria must be zoned for the activity designated in the business plan (such as retail, residential or any other relevant designation). In instances where the existing zoning is not suitable or in which the zoning has yet to be determined, the Group will apply for the required zoning classifications. This procedure may be protracted, particularly in countries where the bureaucracy is cumbersome and inefficient, and the Group cannot be certain that the process of obtaining proper zoning will be completed with sufficient speed to enable the development to be carried out in time, or at all. Opposition by local residents to zoning and/or building permit applications may also cause considerable delays. In addition, arbitrary changes to applicable zoning may jeopardise projects which have already commenced. Therefore, if the Group does not receive zoning approvals or if the procedures for the receipt of such zoning approvals are delayed, the Group's costs will increase, which will have an adverse effect on the Group's business.

Building permits have in the past contained, and may in the future contain, conditions that the Group must satisfy in order to develop the designated project. Such conditions may require the Group to contribute to local infrastructure or alter a planned development to include additional public facilities, landscaping or planted areas. If the Group is obliged to maintain certain areas of the project site as "green areas" this may reduce lettable areas, which in turn may result in significantly lower rental revenues and/or higher development costs than those anticipated by the Group.

1.3.6 The Group depends on contractors and subcontractors to construct its properties

The Group relies on subcontractors for all of its construction and development activities. If the Group cannot enter into subcontracting arrangements on terms acceptable to it or at all, the Group will incur additional costs which will have an adverse effect on its business. The competition for the services of quality contractors and subcontractors may cause delays in construction, thus exposing the Group to a loss of its competitive advantage. 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 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 of the subcontractors. A shortage of workers would have a detrimental effect on the Group and its subcontractors and, as a result, on the Group's ability to conclude the construction phase on time and within budget. The Group sometimes requires its contractors or subcontractors to provide bank guarantees in its favour to financially secure their performance (wholly or partially). In the event the subcontractor fails to perform, the bank guarantees provide for a monetary payment to the Group. The guarantees do not, however, oblige the subcontractors to complete the project and may not adequately cover the Group's costs of completing the project or the Group's lost profits during the period while alternative means of completing the project are sought. Claims against guarantees can be legally challenged by the contractor and payment against such guarantees may be delayed or even withheld. Depending on the delayed or withheld amounts, such a delay may have an adverse effect on the project's cash flow and performance.

1.3.7 *Accidents at work affecting individuals hired by the contractors may delay construction*

The Group is exposed to the risk of accidents at work affecting individuals hired by the contractors. Even though the Group, as a rule, is not directly liable for accidents at work befalling the employees of construction contractors at the Group's construction sites, such accidents may nevertheless cause contractors to be affected with work disruptions, which may in turn delay the execution of the project and generate additional costs. This could have a material adverse effect on the operations, financial standing or results of the Group. Accidents may also cause local authorities to issue a stop order to the construction site while the accident is being investigated, thus delaying the timely completion of the development.

1.3.8 *The Group may be held liable for design or construction defects of third party contractors*

The Group relies on the quality and timely performance of construction activities by third party contractors for the completion of its development projects. The non-performance or the incorrect performance of the duties assumed by the contractors may result in claims against the Group by local government and zoning authorities or by third parties for personal injury and design or construction defects. Although contractors sometimes provide performance bonds which help to mitigate the impact of their non-performance, disputes with contractors can still lead to delays in the completion of a development project and/or cost overruns. These claims may not be covered by the professional liability insurance of the contractors or of the architects and consultants nor by any bond or guarantee, and may give rise to significant liabilities. This may result in the Group, which is directly liable to customers, not being able to fully recover the costs which it will incur in the non-completion of or delay in the completion of a development project, which may have an adverse effect on the business, financial condition or results of the Group.

1.3.9 *The Group may be affected by shortages in raw materials and 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 labour and other materials. The inability to obtain sufficient amounts of raw materials and to retain efficient employees on terms acceptable to the Group may result in delays in the construction of the project and increase the budget of the project and, consequently, may have a material adverse effect on the results of the Group's operations.

1.4 Risks associated with the Group's investment property business

1.4.1 *Failure to complete commercial premises and residential units on time or damage to such properties may expose the Group to liabilities*

The Group's operations include the letting of business premises for commercial purposes and letting of residential units to occupiers. If the premises intended for this purpose are not completed on time, are different from those stipulated in the lease agreements, or are damaged, the Group may be exposed to the risk that the tenants withdraw from their lease agreements, start disputes or commence litigation, and may be forced to make payments to third parties in result of such disputes or litigation (including in connection with the termination of lease agreements or the settlement of the payments due thereunder). Any of the events described above, if they materialise, may have a material adverse effect on the operations, financial standing or results of the Group.

1.4.2 *Maintenance of the real properties*

The attractiveness of real properties to let depends not only on their location but also on their condition. In order to maintain the attractiveness and profitability of real properties in the long run, the property must be maintained in a good condition, and in some cases, requires improvements in order to meet the changing demands of the market. As years go by, and as market standards change, the maintenance or upgrade of such properties will require significant costs, which, as a rule, are financed by the owner of the real property in question, not by the tenants. If the actual costs of maintenance or upgrade of such properties exceed the costs anticipated by the Group, or if any hidden defects are discovered during such maintenance or upgrade works, that are not covered by insurance or construction performance guarantees, or if the Group is unable to increase the rental fee rates in light of the provisions of law then in effect or the provisions of the applicable lease agreements or because of commercial pressures, the Group will have to incur additional costs which are not covered by increased income. All such factors may have a material adverse effect on the operations, financial standing or results of the Group.

1.4.3 *The Group may be subject to increases in operating and other expenses*

The Group's operating and other expenses could increase without a corresponding increase in turnover. Factors which could increase operating and other expenses include:

- (a) increases in the rate of inflation and currency fluctuation;
- (b) increases in real estate, municipal, commercial, corporate and turnover taxes and other statutory charges;
- (c) changes in laws, regulations or government policies (including those relating to health, safety and environmental compliance) that increase the costs of compliance with such laws, regulations or policies;
- (d) increases in insurance premiums; and
- (e) increases in manpower costs due to changes in employment environment or regulation.

1.4.4 *The Group may take on additional costs and liabilities associated with existing lease obligations*

A major part of the Group's business is acquiring existing commercial properties that have existing tenants. Sometimes, the Group may purchase the property with the aim of redeveloping, refurbishing, or completely demolishing and developing from grounds up. In so doing, the Group may acquire lease liabilities and obligations in connection with such acquisitions. As a consequence, the Group's earnings may be adversely affected to the extent that the Group is obliged to give continued occupation to tenants with lease

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payments below the then market rate – in general, and in particular for a business plan that includes refurbishing or redeveloping the property. In addition, the Group may incur costs in obtaining vacant possession of a site where there are existing tenants who have protected occupation rights, and the Group is required to pay compensation to evict such tenants. The Group may also be obliged to relocate existing tenants, which could delay the development of the site and add to the cost of development.

1.4.5 *The Group is dependent on attracting third parties to enter into lease agreements*

The Group is dependent on its ability to attract third parties to enter into new leases on favourable terms. The Group may find it more difficult to attract third parties to enter into leases during periods of economic downturn, and particularly in retail properties, when general consumer activity is decreasing, or if there is competition for tenants from competing properties. Furthermore, the tenants or operators of units comprising part of a development may be unable to obtain the necessary governmental permits or licences which are necessary for the operation of their respective businesses. Where such operations are delayed or not permitted due to lack of necessary permits, a negative impact on the attractiveness of the project and on revenues may result.

1.5 **Risks related to the hotel portfolio of the Group**

1.5.1 *The Group's revenues from hotel properties are exposed to the risk of changes in economic conditions, lodging demand, fluctuations in the value, occupancy levels and daily room rate*

The hotel portfolio in which the Group is interested is subject to certain risks common to the hotel industry. The Group currently manages one hotel development property in Manhattan, two operating hotels in Manhattan and one operating hotel in Hamburg. The Group's operations and the results of its operations are subject to a number of factors that could adversely affect its business, many of which are common to the hotel industry and beyond the Group's control, including:

- (a) a downturn in international market conditions or the national, regional and/or local political, economic and market conditions in the US and Germany, which may diminish the demand for leisure and business travel and meeting/conference space, in addition to fluctuations in currency, which adversely affect tourism;
- (b) the impact of increased threats of terrorism or actual terrorist events, impediments to means of transportation (including airline strikes, road closures and border closures), extreme weather conditions, natural disasters, travel-related accidents, outbreaks of diseases and health concerns, rising fuel costs or other factors that may affect travel patterns and reduce the number of business and leisure travellers;
- (c) increased competition and periodic local oversupply of guest accommodation, including a significant competition risk from internet websites such as Airbnb which offer staying in private residences as alternatives to hotel rooms;
- (d) increases in operating expenses as a result of inflation, increased personnel costs and healthcare related costs, increased taxes and insurance costs, as well as unanticipated costs as a result of acts of nature and their consequences and other factors;
- (e) changes in governmental laws and regulations (including those relating to employment, the preparation and sale of food and beverages, smoking, health and alcohol licensing laws and environmental concerns, fiscal policies and zoning ordinances and the related costs of compliance); and
- (f) a strengthening of the US\$ versus currencies in major sources of tourism such as the Euro and the RMB may render US lodging relatively more expensive and reduce the demand for US lodging.

The impact of any of these factors (or a combination of them) may adversely affect room rates and occupancy levels in the Group's hotels, or otherwise cause a reduction in the Group's rental streams generated from its hotel properties. Such factors (or a combination of them) may also adversely affect the value of the Group's hotels and in either such case would have a material adverse effect on the Group's business, financial condition and results of operations.

1.6 Risks related to the geographic markets in which the Group operates

1.6.1 *The Group is subject to various risks related to its operations in Russia and India and potentially other developing markets it may choose to operate in, including economic and political instability, political and criminal corruption and the lack of experience and unpredictability of the civil justice system*

Operating in developing economies may be subject to various risks, which may include instability or changes in national or local government authorities, land expropriation, changes in taxation legislation or regulation, changes in the terms and conditions of permits, changes to business practices or customs, changes to laws and regulations relating to currency repatriation and limitations on the level of foreign investment or development. These risks could be harmful to the Group and are very difficult to quantify or predict. The Group will be affected by the rules and regulations regarding foreign ownership of real and personal property. Such rules may be inconsistent or change quickly and dramatically and thus may have an adverse impact on ownership and may result in a loss of its property or assets without legal recourse. Domestic and international laws and regulations, whether existing today or in the future, could adversely affect the Group's ability to market and sell the properties developed by it and could impair its profitability.

In addition, some countries, including India, regulate or require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is a deterioration in a country's balance of payments or a significant fluctuation in their currency or for other reasons, a country may impose temporary restrictions on foreign capital remittances abroad. Any such restrictions may adversely affect the Group's ability to repatriate investment loans or to remit dividends. Many emerging countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies, interest rates and securities markets of certain emerging countries.

Furthermore, parts of the Russian and Indian economic system continue to suffer from corruption. Legal rights may be difficult to enforce in the face of organised crime or corruption. Prospective counterparties to the Group may seek to structure transactions in an irregular fashion, and to evade fiscal or legal requirements. They may also deliberately conceal information from the Group and its advisors or provide inaccurate or misleading information.

1.6.2 *Title deficiencies and legal disputes*

While the Group makes every effort to conduct thorough and reliable due diligence investigations, the Group may not in all cases have clear title to land on which properties are located as a result of various issues related to, among other things, the process of registration of title at the real estate registries in the countries of the Group's operations (particularly in Russia and India), the land expropriations carried out in the past in some countries (particularly Russia), the purchase of property from public authorities and untested law-enforcement procedures. The Group is subject to the risk that it may not acquire or be granted title to such land, and/or that the relevant entity within the Group structure could be determined to be in violation of applicable law. Any such outcome could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

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1.6.3 *German legal requirements may impose additional obligations on the Group*

BCP and its subsidiary undertakings are party to lease agreements and other arrangements which are governed by German law. German law requires contractual provisions to be drawn up in a way which satisfies certain legal requirements as to the legal form and notarisation of them for that obligation to be enforceable. While there remain certain uncertainties on the interpretation of “written form” protection clauses, if any member of the Group fails to comply with such formal requirements, or if any of the leases are considered to form part of a series of general terms and conditions, certain tenants that would otherwise be bound by a long lease term could have a right to terminate the lease early or argue that provisions imposed upon them are invalid. If a counterparty to one of the BCP’s main leases manages to successfully argue such a claim, this could have an adverse effect on the rents received by the Group.

1.6.4 *Certain properties in which the Group is interested in Germany are hereditary building rights and to create encumbrances and disposal of those properties requires the permission of the related land owner*

Hereditary building rights (*Erbbaurecht*) grant an ownership right in a building together with the long term right to use, but not to own, the related land. Certain properties of the Group have hereditary building rights. The creation of an encumbrance over and/or the disposal of most of those hereditary building rights require the permission of the related land owners, subject to the related hereditary building right agreement (*Erbbaurechtsvereinbarung*). While this is not uncommon in Germany, such requirement could adversely affect the Group’s ability to freely encumber and/or dispose of the building the subject of such hereditary building rights.

1.6.5 *Certain properties in which the Group is interested in Germany are subject to pre-emption rights and the disposal of those properties could be adversely affected by such pre-emption rights*

In Germany, it is not uncommon for properties to be subject to pre-emption rights, which means in the event that the owner of such a property concludes a sale and purchase agreement in relation to such property with a third party, the beneficiary of a pre-emption right over such property may buy the property to the conditions agreed between the owner and the third party if the pre-emption right is exercised. While there are generally no legal restrictions on negotiations between the property owner and the third party and the beneficiary of a pre-emption right generally has to accept the terms as agreed between the owner and the third party, this could affect potential purchasers’ desire to enter into negotiations and therefore possibly affect the sale ability or sale price of such a property. Certain properties in which the Group is interested in Germany are subject to pre-emption rights (which are registered in the land register) and the pre-emption rights could adversely affect the ability to dispose of such properties on the most favourable terms and prices.

1.6.6 *Certain properties in which the Group is interested in Germany are subject to public easements and additional protection*

Some of the properties in which the Group is interested in Germany are subject to public easements benefiting other properties. Furthermore, certain properties are categorised as listed buildings and therefore their alteration or conversion will be subject to approval of local governments.

1.6.7 *The Group may be subject to various risks relating to the imposition of sanctions by various regimes regarding the situation in Ukraine and Crimea*

Following the political upheaval in February 2014 leading to the appointment of a new interim government and separatist movements in the eastern and southern regions of Ukraine, the political situation has become extremely unstable in the region. The crisis

culminated in a referendum in Crimea on the reunification of Crimea with Russia on 16 March 2014, in which Crimea voted to join Russia. Subsequent to the annexation of Crimea by Russia, war broke out in the region between Ukraine government forces and separatists followed by cease fire. Ukraine, the EU, the US, Canada and a number of other jurisdictions have made statements declaring the referendum and annexation illegitimate and have imposed sanctions on Russia against certain individuals and legal entities. Such sanctions currently include the imposition of visa bans, the blocking of property and interests in property, trade and investment restrictions and other sanctions including sectoral sanctions against state owned banks and capital raises in the EU and the US. In return, Russia retaliated and announced the imposition of visa bans on certain named Canadian and United States individuals along with embargo on food imports from the US and Europe. Further such sanctions may be announced. There is a risk that individuals or entities with whom the Issuer engages in business, or individuals or entities associated with them, are, or at any time in the future may become, subject to sanctions. As a result, the Group may, knowingly or unknowingly, be or become in breach of those sanctions. In order to reduce this risk, BCRE is monitoring its exposure to the sanction regulations in Russia on a regular basis.

Sberbank, one of the lenders to the Issuer, is also on the list of sanctions imposed by the US and the EU which may adversely affect its ability to refinance, secure new loans, and in extreme cases, even to drawdown on existing loans. The list of sanctions also restricts Sberbank from accessing capital markets in the US and Europe, potentially affecting lending in foreign currency. All the loans from Sberbank to the Issuer are US\$ denominated. It is possible that current sanctions may result in, or further sanctions may be announced which may result in, foreign lenders and investors freezing their activities in Russia and/or may affect the clearance of US Dollars and/or Euros through Russian banks and the repatriation of foreign currency out of Russia, which in turn may materially affect the ability of the Group to: (a) service any Russian debt; (b) attain and/or service financing for further development in Russia; and/or (c) repatriate hard currency and/or transfer profits out of Russia. Any of the aforementioned sanctions could have a material adverse effect on the Group's business, its financial condition and the results of its operations. In addition, the imposition of such sanctions may result in a further escalation of the political situation and a deterioration of the economic conditions in Russia. Such deterioration could be sharp and quick with further negative consequences on general macroeconomic conditions and the willingness of international tenants to operate in Russia and/or to enter into leases, particularly US\$ denominated leases.

Political developments, including the range of sanctions and their extension, the drop in oil prices and the considerable depreciation of the Russian Ruble had a significant negative affect on the Russian economy over the last year. Russia's involvement in political and military conflicts in the Middle East and Eastern Europe adds to the instability in the region. Overall, the situation in Russia continues to be volatile and events can still develop in various adverse directions and magnitudes. If these were to materialize, the Russian economy could be dragged into a prolonged recession or stagnation with a significant negative effect on the business of the Group.

1.7 Risks relating to the Group's borrowings

1.7.1 *The Group's borrowings and any outstanding Bonds issued by the Issuer could have a significant impact on the Group's business, financial condition and/or results of operations*

The Group's existing bank borrowings could have a significant impact on the Group's business, financial condition and/or results of operations by:

- (a) increasing the Group's vulnerability to downturns in the real estate market and the economy generally;
- (b) exposing the Group, or increasing its exposure, to interest rate risk;

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- (c) requiring the Group to dedicate a substantial portion of cash flow to debt service thereby reducing the resources available for other purposes such as investment or distribution;
- (d) limiting, through financial and restrictive covenants, the Issuer's ability to pay interest and principal (as the case may be) under the Bonds or make loans within the Group, invest in properties or financial instruments, sell assets, borrow additional funds, issue equity or engage in transactions with affiliates;
- (e) subjecting the Group's assets to security interests or creating liens or guarantees thereby restricting the Group's freedom to deal with such assets as it sees fit; and
- (f) placing the Group at a competitive disadvantage to less highly-leveraged competitors.

Were the Group to incur additional borrowings, the risks stated above would also apply to these borrowings.

1.7.2 *Non-payment of loan interest or principal expose the Group to material adverse effects*

To the extent circumstances prevent the Group or asset owning company in which the Group is interested from making interest or principal payments as they become due, creditors may enforce rights over properties that secure their indebtedness. The illiquid nature of real estate investments limits the ability of the developer or owner to convert its assets into cash in order to repay indebtedness, or may require a substantial price discount to ensure a quick sale. If any of the above risks were to materialise, the Group's asset value, financial condition and results of operations would be materially and adversely affected.

1.7.3 *The Group may not be able to refinance its borrowings in the longer term*

The Group together with companies in which the Group is interested has a substantial amount of outstanding secured and unsecured indebtedness. The ability of the Group to operate its business largely depends on being able to raise funds. There can be no assurance that the Group will be able to find lenders who are willing to lend on similar terms to those which apply to existing financing arrangements, or at all, or that existing financing arrangements will be able to be refinanced on similar terms, or at all, upon maturity. An increase in loan to value ratio, for example, as a result of declines in property values, would be one factor which could restrict the Group's ability to arrange such financing or refinancing in the longer term. An increase in the cost, or lack of availability of finance (whether for macroeconomic reasons, such as a lack of liquidity in debt markets or reasons specific to the Group, such as the extent to which it is leveraged and decline in property values), could impact both the ability to meet the day to day financing (or refinancing) requirements of the Group in the longer term. If the Group is not able to refinance borrowings as they mature in the longer term and/or the terms of such refinancing are less favourable than the existing terms of borrowing, this may have a material adverse effect on the business, financial condition, results of operations, future prospects of the Group, and the Issuer's ability to pay interest and principal (as the case may be) under the Bonds. Inability to refinance existing debt on maturity on similar terms, or at all, may also force the Group to sell a property or properties it would otherwise prefer to keep. Such forced sale may also result in the sale price being less than the book value of the property, with negative effects on the Group and its equity value.

1.7.4 *The Group's leverage may change due to policy or to circumstances beyond its control*

The Group operates at a certain level of leverage which it assesses to be suitable to its needs. An increase in the leverage could cause the risk level of the Group's business to increase. Leverage could increase due to a change in Group policy, due to actions taken by the Group or due to circumstances beyond its control, such as a dive in property

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values. An increase in leverage may increase the risk of the Group, the risk perception of the Bonds by investors, the market value of the Bonds and reduce the Group's ratings and / or its ability to raise equity and debt, refinance existing debt, and obtain financing for new business.

1.7.5 *Failure to comply with covenants governing indebtedness could result in an event of default which may have a material adverse effect*

The use of borrowings requires the Group and will require the Group and any asset owning company in which the Group is interested in the future to service interest payments, make principal repayments and comply with other requirements of its facility agreements. A longer term and sustained decline in the market value and/or the rental value of properties in which the Group has an interest, and/or a Group, borrower or tenant default may result in a breach of the loan to value ratio and/or interest cover ratio and/or debt service cover ratio and/or other covenants specified in the loan agreements signed by the Group or the relevant land owning company, thereby causing an event of default. In such a case, assets may need to be disposed of at less than market value or the lenders could enforce their security and take possession of the underlying properties. This may have a material adverse effect on the business, financial condition, results of operations, and future prospects of the Group. Any cross-default provisions in the Group's loan agreements or corporate bonds could magnify the effect of an individual default if such a provision were exercised by the relevant lenders. In many cases, the terms of the Group's financing agreements permit the borrower to remedy any breach by setting aside additional capital. In the event that there is any such breach and the Group is required to cure a possible breach by injecting additional capital, it could have a material adverse effect on the business, financial condition, results of operations, and future prospects of the Group.

1.8 Risks relating to the Bonds

1.8.1 *The Issuer is a holding company with no operations and relies on its operating subsidiaries to provide it with funds necessary to meet its financial obligations*

The Issuer is a holding company with no material, direct business operations. The principal assets of the Issuer are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Issuer is dependent on loans, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of interest and principal under the Bonds. The ability of the Issuer's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory, legal or contractual limitations. As an equity investor in its subsidiaries, the Issuer's right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of creditors of its subsidiaries. To the extent that the Issuer is recognised as a creditor of such subsidiaries, the Issuer's claims may still be subordinated to any security interest in or other lien on their assets and to any of their debt or other obligations that are senior to the Issuer's claims.

1.8.2 *The Bonds may not be suitable for all investors*

Each potential investor in the Bonds must determine the suitability of such investment in light of its own circumstances. In particular, each investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Base 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 Bonds and the impact the Bonds will have on its overall investment portfolio;

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- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

1.8.3 *No active trading market for the Bonds*

The Bonds will be securities which may not be widely distributed and for which there may be no active trading market. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial issue price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although the Bonds are to be listed on the Official List, there is no certainty that an active trading market will develop. The Issuer is not obliged to develop such market. Therefore, Bondholders (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)) may not be able to sell their Bonds 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 severely adverse effect on the market value of Bonds.

1.8.4 *Market value of the Bonds*

The market value of the Bonds will be affected by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, the time remaining until the maturity date.

The value of the Bonds depends on a number of interrelated factors, including economic, financial and political events in Israel or elsewhere, and factors affecting capital markets generally and the stock exchanges in the UK. The price at which a Bondholder will be able to sell the Bonds prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

1.8.5 *Developments in other markets may adversely affect the market price of the Bonds*

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The UK market is, to varying degrees, influenced by economic and market conditions in other markets, especially those in the US. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

1.8.6 *Interest rate risks*

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

1.8.7 *The Issuer may not have the ability to repay the Bonds*

The Issuer may not be able to repay the Bonds in accordance with their terms. The Issuer may also be required to repay the Bonds in the event of a default. If the Issuer is required to repay the Bonds following an event of default, the Issuer cannot be certain that it will be able to pay the required amount in full. The Issuer's ability to repay the Bonds will depend on its financial condition and the financial condition of its subsidiaries at the time of the requested repayment, and may be limited by applicable bankruptcy laws, the terms of its

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indebtedness and the agreements that it may have entered into on or before such date, which may replace, supplement, or amend its existing or future indebtedness.

1.8.8 *Cross-acceleration provisions*

If the Issuer is unable to comply with its obligations, restrictions and covenants contained in its debt agreements, including the Bonds, an event of default could occur under the terms of such agreements, which could cause repayment of such debt to be accelerated. The provisions of the Bonds as well as the provisions of the bonds previously issued by the Issuer include such a cross-acceleration provision. In the event of a default and acceleration under the debt agreements, the Trustee, on behalf of the Bondholders, could accelerate the Bonds and declare all amounts borrowed due and payable. As a result, the Issuer's default under one debt agreement may cause the acceleration of debt, including the Bonds, or result in a default under other debt agreements of the Issuer. If any of these events occur, it cannot be assured that the Issuer's assets and cash flow will be sufficient to repay in full all of its indebtedness, or that the Issuer will be able to find alternative financing or other sources to repay the Bonds. Even if the Issuer can obtain alternative financing, it cannot be assured that such financing would be on terms favourable or acceptable to the Issuer.

1.8.9 *Credit ratings assigned to the Issuer, the Programme or any Bonds may not reflect all the risks associated with an investment in those Bonds*

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Programme or the Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Bonds issued under the Programme are expected to be rated ilA2/negative by Midroog (or as may be specified in the applicable Final Terms) on or prior to Admission. The rating represents the opinion of Midroog and its assessment of the ability of the Issuer to perform its obligations under the Bonds issued under the Programme and credit risks in determining the likelihood that payments will be made when due under the Bonds. The credit rating may not reflect the potential impact of all risks related to the Issuer and the Bonds as discussed in this Chapter. A rating is not a recommendation to buy, sell or hold securities. The credit ratings can be revised, suspended or withdrawn at any time. The Issuer is obliged to inform the holders of the Bonds if the rating is lowered or withdrawn. A reduction or withdrawal of the rating may adversely affect the market price of the Bonds and the Issuer's ability to access the debt capital markets. Bonds issued under the Programme may be rated or unrated. Where a Tranche of Bonds is to be rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as any rating assigned to the Programme. Further, the Issuer is under no obligation to

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obtain or maintain any rating of the Programme or the Bonds and if there were no such rating, this may adversely affect the market price of the Bonds and the Issuer's ability to access the debt capital markets. If a Series of Bonds was rated on its Issue Date but ceases to be rated by any Rating Agency (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)) during its term and if Rate Adjustment is specified as being applicable in the applicable Final Terms, then the Rate of Interest (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)) shall be adjusted so that it is 1 per cent per annum above the Initial Rate of Interest (as set out in the applicable Final Terms).

1.8.10 *Change of law*

The terms and conditions of the Bonds are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision of change to such law or administrative practice after the date of this Base Prospectus.

1.8.11 *Bankruptcy laws may impact claims in respect of the Issuer*

The Issuer is subject to applicable bankruptcy laws. In the event of a bankruptcy of the Issuer, the application of these bankruptcy laws may substantially affect the Bondholders' claims to obtain repayment in full of the Bonds, e.g. through a suspension of payments, a stay on enforcement measures or an order providing for partial repayment of the Bonds only.

1.8.12 *The Dutch bankruptcy laws may not be as favourable to you as the English bankruptcy laws and may preclude holders of the Bonds from recovering payments due on the Bonds*

The Issuer is incorporated under Dutch law. Accordingly, where debtors have their "center of main interests" or an "establishment in the Netherlands" they may be subject to Dutch bankruptcy proceedings governed by Dutch bankruptcy laws, subject to certain exceptions as provided for in the EU Insolvency Regulation No. 1346/2000. The bankruptcy, insolvency, administrative and other laws of the Issuer may be materially different from, or in conflict with, each other and those of the UK, including in the areas of rights of creditors, priority of governmental and other creditors and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect the ability of Bondholders to enforce their rights under the Bonds or limit any amounts that the Bondholders may receive.

1.8.13 *Risk factors relating to exchange rate risks and exchange controls*

The Issuer will pay the principal and interest on the Bonds in the Specified Currency (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)). This presents certain risks relating to currency conversions if a Bondholder's financial activities are denominated principally in a currency or currency unit (the **Bondholder's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Bondholder's Currency) and the risk that authorities with jurisdiction over the Bondholder's Currency may impose or modify exchange controls. An appreciation in the value of the Bondholder's Currency relative to the Specified Currency would decrease (i) the Bondholder's Currency-equivalent yield on the Bonds, (ii) the Bondholder's Currency-equivalent value of the principal payable on the Bonds and (iii) the Bondholder's Currency-equivalent market value of the Bonds. 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, Bondholders may receive less interest or principal than expected, or no interest or principal at all.

1.8.14 *The Bonds may be redeemed prior to maturity*

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The terms and conditions of the Bonds provide that the Bonds are redeemable in accordance with a fixed redemption schedule or at the Issuer's option. In case of early redemption, a Bondholder may not be able to reinvest the redemption proceeds in a comparable security bearing an effective interest rate as high as that which existed on the Bonds prior to redemption. The right of the Issuer to redeem the Bonds may furthermore limit the market value of the Bonds. During any period when the Bonds shall or may be redeemed, the market value of the Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

1.8.15 *Investors who hold Bonds in denominations that are not an integral multiple of the Specified Denomination may be adversely affected if definitive Bonds are subsequently required to be issued*

In relation to any issue of Bonds which have denominations consisting of a minimum Specified Denomination (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)) plus one or more higher integral multiples of another smaller amount, it is possible that such Bonds may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive bond in respect of such holding (should definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that its holding amounts to the minimum Specified Denomination.

If such Bonds in definitive form are issued, holders should be aware that definitive Bonds which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

1.8.16 *No tax gross-up*

The Issuer is not obliged to make any additional payments to the Bondholders in the event that any payment in respect of the Bonds is required to be withheld or deducted for taxation. The Issuer will not have any right to require redemption of the Bonds in the event of such withholding or deduction.

1.8.17 *Modifications and waivers*

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

The terms and conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders and without regard to the interests of particular Bondholders, agree to (a) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Bonds or (b) determine without the consent of the Bondholders that any Event of Default or potential Event of Default shall not be treated as such or (c) the substitution of another company as principal debtor under any Bonds in place of the Issuer, under certain circumstances.

1.8.18 *The validity of payments by the Issuer to the Bondholders might be challenged or voidable in an insolvency proceeding*

The grant of the Security (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)) in favour of the Trustee may be voidable by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, if certain events or circumstances exist or occur, such as a measure of insolvency for purposes of

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fraudulent conveyance (*actio Pauliana*). The Dutch fraudulent conveyance rules give (future) creditors and the bankruptcy trustee the right to challenge the validity of certain transactions entered into by a person which are prejudicial to the right of recovery of its creditors, provided that such person and, to the extent the transaction is entered into for a consideration, the counterparty, knew or should have known that the rights of other creditors would be prejudiced. Payments by the Issuer of interest or principal (as the case may be) under the Bonds may be affected by the Dutch fraudulent conveyance rules in an insolvency proceeding.

1.8.19 *Some of the Issuer's obligations are due to be paid prior to the Bonds*

The Group has (payment) obligations which are due prior to the payment obligations under the Bonds, such as partial repayment obligations under the Series A Notes, the Series B Notes and the Series C Bonds as referred to in Chapter 12 (*Material contracts*), sections 12.1.5 – 12.1.7. 25% of the principal of Series C Bonds will be repaid by December 2018. During this period, approximately €57 million will be redeemed under the Series A Notes and Series B Notes. The Issuer may at its own discretion use the proceeds of the Bonds, to the extent permitted under the terms and conditions thereof, to fulfil such other (direct and indirect) obligations which are due sooner. As a result, Bondholders may receive less interest or principal than expected, or no interest or principal at all. This may translate to a higher risk associated with the Bonds compared to other obligations of the Issuer, even if the Bonds are not subordinated to such shorter duration obligations.

1.8.20 *The payment obligations of the Issuer under the Bonds and the Coupons shall rank pari passu, save for such exceptions as may be provided by applicable law and subject to the Conditions*

The Bonds and the Coupons (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)) constitute direct, unconditional, unsubordinated obligations of the Issuer, secured by the Security, and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds and the Coupons shall at all times rank at least equally with all its other present and future unsubordinated obligations, save for such exceptions as may be provided by applicable law and subject to the post-enforcement priority of payment as included in the terms and conditions of the Bonds. Such exceptions may adversely affect the ability of Bondholders to enforce their rights under the Bonds or limit any amounts that the Bondholders may receive.

1.8.21 *The Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders*

In connection with the exercise by it of any of its trusts, powers, authorities, or discretions (including, but without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the interests of the Bondholders as a class and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Bondholders and Couponholders (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)), resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders.

1.8.22 *The influence of a Bondholder towards the Trustee is, inter alia, subject to the percentage of the principal amount of the Bonds outstanding that it holds, which may change*

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The Bondholders depend to a certain extent on the Trustee to procure the interest of the Bondholders, including, but not limited to, the enforcement of the Security granted by the Issuer's wholly-owned subsidiary Brack Capital First B.V. The terms and conditions of the Bonds provide that in some cases the Trustee shall not be bound to take any such actions unless (a) it shall have been so directed by an extraordinary resolution of the Bondholders or so requested in writing by holders of not less than 40 per cent in principal amount of the Bonds outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. For example, the Trustee is bound to take such proceedings to enforce the obligations of the Issuer under the Trust Deed and the Bonds and Coupons or any other action if the aforementioned under (a) and (b) occurs. The influence of a Bondholder towards the Trustee is therefore subject to the percentage of the principal amount of the Bonds outstanding that it holds. Such percentage can be affected by various circumstances, such as a purchase of Bonds by the Issuer or its subsidiaries which may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation, or the further issue of Bonds by the Issuer.

1.8.23 *A Bondholder or Couponholder shall only be entitled to proceed directly against the Issuer in specific circumstances*

A Bondholder or Couponholder shall only be entitled to proceed directly against the Issuer in case the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure is continuing.

1.9 Risks relating to the Security

1.9.1 *The Security and any Cash Collateral is not and will not be granted directly to the holders of the Bonds*

The Security and any Cash Collateral (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)) are not granted directly to the holders of the Bonds, but in favour of the Trustee, and only the Trustee has the right to enforce the Share Pledge (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)) and any Cash Collateral will be deposited in a bank account in the name of the Trustee. As a consequence, holders of the Bonds do not have direct security interests or direct access to the Cash Collateral and are not entitled to take enforcement action in respect of the Security, except through the Trustee in accordance with the terms and conditions of the Bonds. As a result, the holders of the Bonds bear some risks associated with a possible insolvency or bankruptcy of the Trustee.

The Security secures a parallel debt of the Issuer to the Trustee which is at all times equal to the obligations of the Issuer under the Bonds. It is noted that there is no statutory law or case law available on the validity or enforceability of the parallel debt construct or the security provided for such parallel debt. However, the Issuer has been advised that there are no reasons why the parallel debt will not create a claim of the pledgee (i.e. the Trustee) thereunder which can be validly secured by the Security. To the extent that the Security is successfully challenged by other parties, holders of the Bonds will not (directly) receive any proceeds from an enforcement of the Security.

1.9.2 *The Issuer's wholly-owned subsidiary has control over the Security, and the value of the Security could decrease as a result of BCP's ordinary course of activities*

The Issuer's wholly-owned subsidiary, Brack Capital First B.V. has entered into the Share Pledge in respect of the BCP Shares (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)) to secure the payment obligations of the Issuer. The Share Pledge does not prohibit Brack Capital First B.V. to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from BCP, and does not prohibit BCP from disposing its assets or performing or making any of its independent activities and decisions. Any such asset disposals or other said activities or decisions by BCP, could reduce the value of the Security.

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1.9.3 *It may be difficult to realise the value of the Security*

The enforcement of the Security by the Trustee is subject to practical problems generally associated with the realisation of security interests. For example, the Trustee may need to obtain the consent of a third party to enforce the Security. It cannot be assured that the consents of any third parties will be given when required to allow or facilitate a foreclosure of the BCP Shares. Accordingly, the Trustee may not have the ability to foreclose upon those assets and the value of the Security may significantly decrease.

1.9.4 *The value of the Security may not be sufficient to satisfy the obligations under the Bonds*

In the event of an enforcement of the Security, the proceeds from the sale of the Security (along with any Cash Collateral) may not be sufficient to satisfy the obligations of the Issuer under the Bonds.

1.9.5 *Enforcement of the Security across multiple jurisdictions may be difficult*

The Security and the enforcement thereof may be subject to the laws of multiple jurisdictions. In the event of bankruptcy, insolvency or a similar event, proceedings may be initiated in, and may be subject to the laws of, any or a number of these jurisdictions. It may be difficult to effectively enforce the Security especially in case of multiple bankruptcies, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. The application of various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could delay or adversely affect the ability to enforce the Security and to realise any recovery under the Bonds.

1.9.6 *The Collateralisation Percentage in respect of the Security is only in respect of the BCP Shares and not the Cash Collateral and the Issuer may choose to substitute the Security over the BCP Shares for the Cash Collateral or vice versa at any time*

If Mark-to-Market is specified as being applicable in the applicable Final Terms, the Collateralised Amount (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)) that has to be given at the Collateralisation Percentage (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)) is only in respect of the BCP Shares and not the Cash Collateral. The amount of the Cash Collateral will collateralise the same amount in principal amount plus any accrued but unpaid interest in the Bonds. Further, the Issuer may at any time opt to provide more Cash Collateral and the Trustee shall release the Security over the relevant number of BCP Shares, or demand the release of Cash Collateral and provide Security over additional BCP Shares to the Trustee, provided that in each case the Collateralised Amount shall be at least equal to the Collateralisation Percentage. By way of a working example:

Assuming:

Mark-to-Market is specified as being applicable in the applicable Final Terms.

Collateralisation Percentage is 120 per cent.

Principal amount plus any accrued but unpaid interest of the Bonds is US\$100,000.

Then:

Collateralised Amount (of BCP Shares) must be US\$120,000 (i.e. US\$100,000 x 120 per cent).

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But if the Issuer decides to provide a Cash Collateral of US\$25,000, then the principal amount plus any accrued but unpaid interest of the Bonds to be secured by the BCP Shares is US\$75,000 (i.e. US\$100,000 - US\$25,000).

The Collateralised Amount (of BCP Shares) must be US\$90,000 (i.e. US\$75,000 x 120 per cent).

1.10 Risks relating to taxation

1.10.1 *Risks related to taxation*

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. None of the Issuer or any paying agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of taxes or other charges or duties. Potential investors are advised to ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor.

1.10.2 *The proposed financial transactions tax*

On 14 February 2013, the European Commission has published a proposal (the **Commission's Proposal**) for a Directive for common financial transactions tax (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (**Participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in Bonds (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

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 Bonds 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 Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate.

If the FTT proposal were ultimately implemented, this may adversely affect the value of the Bonds. Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

1.10.3 *The Foreign Account Tax Compliance Act*

Whilst the Bonds are in global form and held by Euroclear and Clearstream, Luxembourg (together the **ICSDs**) in all but the most remote circumstances, it is not expected that sections 1471 through 1474 of the US Internal Revenue Code or regulations and other authoritative guidance thereunder, i.e. the Foreign Account Tax Compliance Act (**FATCA**) will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading

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to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA may also affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of FATCA withholding, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

On 18 December 2013 the Netherlands and the U.S. signed an intergovernmental agreement (**IGA**) in relation to the implementation of FATCA in order to make the automatic exchange of data between the tax authorities of both countries possible. The IGA has been implemented in Dutch law in the Act on international assistance for levying taxes. On the basis of the IGA and the Dutch implementation thereof, the Issuer is treated as a Reporting Foreign Financial Institution (**FFI**) for purposes of FATCA. As such the Issuer has registered itself with the U.S. Internal Revenue Service. As Reporting FFI the Issuer should not be subject to FATCA withholding. The obligations of the Issuer under FATCA include reporting certain information to the Dutch tax authorities and obtaining information from its account holders, which may include investors in the Bonds.

Investors should choose custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

Pursuant to the terms and conditions of the Bonds, the Issuer's obligations under the Bonds are discharged once it has made payment to, or to the order of, the common depositary for the ICSDs (as bearer of the Bonds) and neither the Issuer nor any Paying Agent will be required to pay additional amounts should FATCA withholding apply to any amount transmitted through the ICSDs and thereafter through custodians or other intermediaries.

2 IMPORTANT INFORMATION

2.1 Important notices

This Base Prospectus comprises a base prospectus for the purposes of Article 5 paragraph 4 sub a of the Prospectus Directive in relation to the Issuer and the Bonds which, according to the particular nature of the Issuer and the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

This Base Prospectus has been prepared on the basis that any offer of Bonds in any Member State which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Bonds. Accordingly any person making or intending to make an offer in that Relevant Member State of Bonds which are the subject of an offering contemplated in this Base Prospectus in relation to the offer of those Bonds may only do so in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see Chapter 8 (*Information incorporated by reference*)). This Base Prospectus shall be read and construed on the basis that such documents are incorporated in, and form part of, this Base Prospectus.

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

The distribution of this Base Prospectus and the offering or sale of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer to inform themselves about and to observe any such restriction. The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**). Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States or to, or for the benefit of, US persons. For a description of certain restrictions on offers and sales of the Bonds and on the distribution of this Base Prospectus, see Chapter 14 (*Selling restrictions*).

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

To the fullest extent permitted by law, the Arranger does not accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger or on its behalf in connection with the Issuer, or the issue and offering of the Bonds. The Arranger accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor the financial statements of the Issuer incorporated by reference herein are intended to provide the

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basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Arranger that any recipient of this Base Prospectus or the financial statements of the Issuer incorporated by reference herein should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Bonds should be based upon such investigation as it deems necessary. The Arranger does not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Arranger.

2.2 Information regarding forward-looking statements

This Base Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “forecasts”, “targets”, “plans”, “projects”, “anticipates”, “prepares”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and include, but are not limited to, statements regarding the Issuer’s intentions, beliefs or current expectations concerning, among other things, the Group’s results of operations, financial position, prospects, growth, strategies, property developments (and amount of development space), targeted dividends and the sector in which it operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group’s operations, financial position, and the development of the markets and the sector in which the Group operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Base Prospectus. In addition, even if the results of operations, financial position and the development of the markets and the sector in which the Group operates are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, sector trends, competition, changes in regulation, currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors discussed in the sections of this Base Prospectus entitled, Chapter 1 (*Risk Factors*) and Chapter 9 (*Information on the Group*).

Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Base Prospectus speak only as of their respective dates, reflect the Issuer’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group’s operations, results of operations and growth strategy. Prospective investors should specifically consider the factors identified in this Base Prospectus which could cause actual results to differ before making an investment decision. Subject to its legal and regulatory obligations, the Issuer explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Base Prospectus that may occur due to any change in the Issuer’s expectations or to reflect events or circumstances after the date of this Base Prospectus.

These forward-looking statements apply only as of the date of this Base Prospectus.

2.3 Use of currencies

All references in this Base Prospectus to **euro**, **EUR** and **€** refer to the lawful currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty

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on EU, those to **US dollars**, **dollar** or **US\$** refer to the lawful currency of the US and those to **Israeli Shekel** or **NIS** refer to the lawful currency of Israel.

2.4 Information in relation to BCP

Shares in BCP are listed on the Tel Aviv Stock Exchange (**TASE**) and BCP provides updated information in accordance with the rules of that market. The information included in this Base Prospectus in relation to BCP and its subsidiaries has been extracted from BCP's latest prospectus, the latest annual information update published by BCP in accordance with the rules of the TASE as at 31 December 2014, immediate reports on TASE including acquisitions reports, and from the latest available periodic reports published by BCP (September 2015). The periodic financial statements of BCP dated September 2015 have been published on the Issuer's website <http://www.brack-capital.com/investor-relations/financial-reports/> document: "Uncertified English translation of Subsidiary Interim Financial Report for Third Quarter of 2015" - to update and the BCP company presentation of September 2015 can be found on the Issuer's website <http://www.brack-capital.com/investor-relations/financial-reports/document:> "Uncertified English translation for subsidiary presentation for the third quarter of 2015". The Issuer's interests in the BCP Shares are held indirectly *via* its wholly-owned subsidiary, Brack Capital First B.V.

2.5 Listing and admission to trading, passporting and dealing arrangements

Application may be made for a listing and admission to trading of the Bonds on the regulated market of the London Stock Exchange as specified in the Final Terms. A request has been made to the AFM to passport this Base Prospectus to the Financial Conduct Authority as competent authority in the United Kingdom.

In connection with the issue of any Tranche of Bonds, the Dealer or Dealers (if any) acting as the stabilisation manager(s) (the **Stabilisation Manager(s)**) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) 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 relevant Tranche of Bonds 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 relevant Tranche of Bonds and 60 days after the date of the allotment of the relevant Tranche of Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

Citibank, N.A., London Branch having its registered address at 13th Floor, Citigroup Centre, 25 Canada Square, Canary Wharf, London E14 5LB, United Kingdom has been appointed as principal paying agent.

2.6 Responsibility statement

The Issuer accepts responsibility for the information contained in this Base Prospectus and in the Final Terms in respect of each issue of Bonds under the Programme accordingly. The Issuer further declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus and in the Final Terms in respect of each issue of Bonds under the Programme is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

3 OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus.

This overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No. 809/2004 (as amended) implementing the Prospectus Directive.

Words and expressions defined in Chapter 4 (*Form of the Bonds*), Chapter 5 (*Form of Final Terms*) or Chapter 6 (*Terms and Conditions of the Bonds*) below or elsewhere in this Base Prospectus have the same meanings in this overview. A reference to the term **Condition** in this Base Prospectus refers to the terms and conditions set out in Chapter 6 (*Terms and Conditions of the Bonds*).

Issuer:	BCRE-Brack Capital Real Estate Investments N.V.
Risk Factors:	Investing in the Bonds involves certain risks, some of which have been identified by the Issuer and are set out in more detail in Chapter 1 (<i>Risk Factors</i>).
Arranger:	Peel Hunt LLP, Moor House, 120 London Wall, London EC2Y 5ET, United Kingdom
Principal Paying Agent:	Citibank, N.A., London Branch, 13th Floor, Citigroup Centre, 25 Canada Square, Canary Wharf, London E14 5LB, United Kingdom
Trustee:	Intertrust Trustees (UK) Limited, 11 Old Jewry, EC2R 8DU, London, United Kingdom
Listing and Admission to Trading:	Application may be made for a listing and admission to trading of the Bonds on the regulated market of the London Stock Exchange as specified in the Final Terms.
Clearing Systems:	Euroclear Bank S.A./N.V. (Euroclear) and/or Clearstream Banking, <i>société anonyme</i> (Clearstream, Luxembourg) and/or, in relation to any Tranche of Bonds, any other clearing system as may be specified in the applicable Final Terms.
Initial Programme Amount:	Up to US\$180,000,000 (or its equivalent in other currencies) aggregate principal amount of Bonds outstanding at any one time.
Use of Proceeds:	The net proceeds from each issue of Bonds by the Issuer are intended to be applied by the Issuer for the refinancing of existing or future debt upon or prior to their maturity, to make investments, to on-lend and/or for general corporate purposes.
Issuance in Series:	Bonds will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Bonds of each Tranche will all be subject to identical terms, except that the issue date, the first interest payment date and the amount of the first payment of interest may be different in

respect of different Tranches.

Final Terms:	Each Tranche will be the subject of Final Terms which, for the purposes of that Tranche only, completes the Conditions and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Bonds are the Conditions as completed by the applicable Final Terms.
Forms of Bonds:	Bearer.
Currencies:	Bonds may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Status of the Bonds:	Bonds will be issued on an unsubordinated basis and constitute secured obligations of the Issuer (subject to Condition 3 (<i>Security</i>)) and shall at all times rank <i>pari passu</i> and without preference amongst themselves.
Issue Price:	Bonds may be issued at any price and on a fully paid basis only. The issue price and principal amount of Bonds to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Maturities:	Any maturity shall be subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. No Bonds may be issued under the Programme which (a) have a maturity of less than one year or (b) are perpetual or have a maturity of more than 50 years with a contingent interest that relates to the profitability of the Group or distributions of profits by the Group.
Redemption:	The Conditions in conjunction with the applicable Final Terms will specify the redemption amounts payable.
Optional Redemption:	Bonds may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Bondholders to the extent (if at all) specified in the applicable Final Terms.
Interest:	Bonds bear interest from (and including) the Issue Date. The interest rate payable on the Bonds shall be at the rate per annum equal to the Rate of Interest specified in the applicable Final Terms as may be adjusted in accordance with the Conditions.
Denominations:	No Bonds may be issued under the Programme which have a minimum denomination of less than €100,000 (or the equivalent in another currency). Subject thereto, Bonds will be issued in such denominations as may be specified in the applicable Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank

requirements.

Cross Acceleration:	The Bonds will have the benefit of a cross acceleration provision. See Condition 10 (<i>Events of Default</i>) for further information.
Taxation:	All payments in respect of the Bonds and the Coupons by the Issuer shall be made free and clear of withholding or deduction for, on or account of, any present or future taxes, duties, assessments or governmental charges (Taxes) of whatever nature imposed or levied by or on behalf of the Netherlands or any political subdivision of, or any authority in, or of, the Netherlands having power to tax unless the withholding or deduction of the Taxes is required by law. In that event, the relevant payments will be made subject to such withholding or deduction. The Issuer will not be required to pay additional or further amounts in respect of such withholding or deduction.
Governing Law:	The Bonds and any non-contractual obligations arising out of or in connection with them are governed by English law.
Selling Restrictions:	There are restrictions on the sale of Bonds and the distribution of offering material in the US, the European Economic Area, the United Kingdom and the Netherlands. See Chapter 14 (<i>Selling Restrictions</i>) below.

4 FORM OF THE BONDS

Each Tranche of Bonds will initially be represented by a temporary global Bond, without interest coupons or talons which will be delivered on or prior to the original Issue Date (as defined in Chapter 5 (*Form of final terms*)) of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Whilst any Bond is represented by a temporary global Bond, payments of principal, interest and any other amount payable in respect of the Bonds due prior to the Exchange Date (as defined below) will be made against presentation of the temporary global Bond only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bond are not US persons or persons who have purchased for resale to any US person, as required by US Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent. Any reference in this Chapter 4 (*Form of the Bonds*) to Euroclear, and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Agent and the Trustee.

On and after the date (the **Exchange Date**) which is 40 days after the date on which the temporary global Bond is issued, interests in the temporary global Bond will be exchangeable (free of charge) upon a request as described therein for interests in a permanent global Bond without interest coupons or talons against certification of beneficial ownership as described in the first sentence of the second paragraph unless such certification has already been given. The holder of a temporary global Bond will not be entitled to collect any payment of interest or principal due on or after the Exchange Date. Pursuant to the Agency Agreement (as defined in Chapter 6 (*Terms and Conditions of the Bonds*)), the Agent shall arrange that, where a further Tranche of Bonds is issued which is intended to form a single Series with an existing Tranche of Bonds at a point after the Issue Date of the further Tranche, the Bonds of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Bonds of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Bonds of such Tranche whereupon the Tranches shall be consolidated and form a single Series.

Payments of principal and interest on a permanent global Bond will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the permanent global Bond) without any requirement for certification. The applicable Final Terms will specify that a permanent global Bond will be exchangeable (free of charge), in whole but not in part, for definitive Bonds with, where applicable, interest coupons and talons attached only upon the occurrence of an Exchange Event as described therein. For these purposes, **Exchange Event** means that (a) an Event of Default (as defined in Condition 10) has occurred and is continuing, or (b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system is available. The Issuer will promptly give notice to Bondholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent global Bond) or the Trustee may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Agent.

Global Bonds and definitive Bonds will be issued pursuant to the Agency Agreement.

The following legend will appear on all global Bonds and definitive Bonds and on all interest coupons and talons relating to such Bonds:

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"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."

The sections referred to provide that US holders, with certain exceptions, will not be entitled to deduct any loss on Bonds or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Bonds or interest coupons.

Bonds which are represented by a global Bond will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

5 FORM OF FINAL TERMS

BCRE-Brack Capital Real Estate Investments N.V.

Issue of [Aggregate Principal Amount of Tranche] [Title of Bonds]

under the Programme for the issuance of Bonds

PART A — CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Base Prospectus dated [●] 2016 [and the supplement[s] dated [●] and dated [●]], including all documents incorporated by reference ([such Prospectus as so supplemented,] the **Base Prospectus**) which constitutes a base prospectus for the purposes of the Prospectus Directive. As used herein, **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measures in a Member State of the European Economic Area. This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the London Stock Exchange website (www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html), and may be obtained free of charge for the life of the Base Prospectus by sending a request in writing to the Issuer at its business address: Barbara Strozilaan 201, 1083 HN Amsterdam, the Netherlands and are also available at the Issuer's website <http://www.brack-capital.com/downloads/> for the life of the Base Prospectus.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Base Prospectus dated [*original date*], which are incorporated by reference in the Base Prospectus dated [●] 2016 which constitutes a base prospectus for the purposes of the Prospectus Directive. As used herein, **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measures in a Member State of the European Economic Area. This document constitutes the Final Terms of the Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated [●] 2016, including the Conditions which are incorporated by reference in it [and the supplement[s] dated [●] and dated [●]], including all documents incorporated by reference ([such Base Prospectus as so supplemented,] the **Base Prospectus**) which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the London Stock Exchange website (www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html), and may be obtained free of charge for the life of the Base Prospectus by sending a request in writing to the Issuer at its business address: Barbara Strozilaan 201, 1083 HN Amsterdam, the Netherlands and are also available at the Issuer's website <http://www.brack-capital.com/downloads/> for the life of the Base Prospectus.]

- | | | |
|----|---------|---|
| 1. | Issuer: | BCRE-Brack Capital Real Estate Investments N.V. |
|----|---------|---|

Base Prospectus dated 3 March 2016

2. (a) Series Number: []
- (b) Tranche Number: []
- (c) Date on which the Bonds will be consolidated and form a single Series: The Bonds will be consolidated and form a single Series with [] on [the Issue Date/exchange of the Temporary Global Bond for interests in the Permanent Global Bond, as referred to in paragraph [18] below, which is expected to occur on or about []][Not Applicable]
3. Specified Currency: []
4. Aggregate Principal Amount:
- (a) Series: []
- (b) Tranche: []
5. Issue Price: [] per cent of the Aggregate Principal Amount [plus accrued interest from []]
6. (a) Specified Denominations: []
- (b) Calculation Amount: []
7. Issue Date: []
8. Maturity Date: []
9. [Initial] Rate of Interest: [] per cent per annum
(see paragraph 13 below)
10. Security: [Fixed] [Mark-to-Market]
- (a) Fixed [Applicable] [Not Applicable]
[] ordinary shares in BCP - Brack

Capital Properties N.V.

- | | |
|----------------------------------|-------------------------------|
| (b) Mark-to-Market | [Applicable] [Not Applicable] |
| (i) Collateralisation Percentage | [] |
| (ii) Minimum Threshold | [] |
| (iii) Maximum Threshold | [] |
11. Put/Call Options: [Investor Put]
[Issuer Call]
[(see paragraph[s] [14][and][15] below)]
[Not Applicable]
12. Date(s) of [Board] approval for [] [and []]
issuance of Bonds obtained:

PROVISIONS RELATING TO INTEREST PAYABLE

13. Rate Adjustment: [Applicable/Not Applicable]
- (a) [Initial] Rate of Interest: [] per cent per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [[] [and []]] in each year up to and including the Maturity Date]

PROVISIONS RELATING TO REDEMPTION

14. Issuer Call: [Applicable/Not Applicable]
- (a) Optional Redemption Amount: [[] per Calculation Amount]
[Principal Amount][Make-Whole Amount]]
- (b) Blocked Period [] after the Issue Date
- (c) Minimum Redemption Period [[] [per Calculation Amount]/Not Applicable]

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- (d) Maximum Redemption Period [[]] [per Calculation Amount]/Not Applicable]
- (e) Reference Bond: [[]/Not Applicable]
- (f) Margin [[]] [per cent per annum/Not Applicable]
15. Investor Put: [Applicable/Not Applicable]
16. Final Redemption Amount: [[] per Calculation Amount/Not Applicable]
17. Mandatory Redemption: [Applicable/Not Applicable]
- | Mandatory Redemption Date(s) | Applicable Percentage(s) |
|------------------------------|--------------------------|
| [] | [] |
| [] | [] |

GENERAL PROVISIONS APPLICABLE TO THE BONDS

18. Form of Bonds:
- (a) Form: Temporary Global Bond exchangeable for a Permanent Global Bond which is exchangeable for Definitive Bonds only upon an Exchange Event
19. Additional Financial Centre(s): [Not Applicable/[]]
20. US Selling Restrictions: Reg. S Compliance 2 Category
[TEFRA D/ TEFRA not applicable]
21. Talons for future Coupons to be attached to Definitive Bonds: [Yes, as the Bonds have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

LISTING

22. (a) Admission to trading [Application has been made by the Issuer (or on its behalf) for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority with effect from [].]
[Application is expected to be made by the Issuer (or on its behalf) for the Bonds to be admitted to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority with effect from [].]
- (b) Estimate of total expenses related to admission to trading: []

SIGNED on behalf of the Issuer:

By:

Duly authorised

PART B — OTHER INFORMATION

1. RATINGS

- Ratings: The Bonds to be issued [[have been]/[are expected to be]] rated:
[] by [].
- [[] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended.]
- [[] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority.]
- [[] is established in the EEA and is

neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended.]

[[] is not established in the EEA but the rating it has given to the Bonds is endorsed by [], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended.]

[[] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended.]

[[] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the **CRA Regulation**), and the rating it has given to the Bonds is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

[Not Applicable]

2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealer(s), so far as the Issuer is aware, no person involved in the issue of the Bonds has an interest material to the offer. The Dealer(s) and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business]

3. [REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(i) Reasons for the offer: []

(ii) Estimated net proceeds: []

4. [YIELD

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5. OPERATIONAL INFORMATION

(iii) ISIN Code: []

(iv) Common Code: []

(v) Any Clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(vi) Delivery: Delivery [against/free of] payment

(vii) Names and addresses of additional Paying Agents(s): []

(viii) Deemed delivery of clearing system notices for the purposes of Condition 14: Any notice delivered to Bondholders through the clearing systems will be deemed to have been given on the business day after the day on which it was given to Euroclear and Clearstream, Luxembourg.

6 TERMS AND CONDITIONS OF THE BONDS

The following are the Terms and Conditions of the Bonds which will be incorporated by reference into each global Bond and endorsed upon each definitive Bond. The applicable Final Terms in relation to any Bonds may specify certain information completing the following Terms and Conditions for the purpose of such Bonds. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each global Bond and definitive Bond. Reference should be made to "Form of Final Terms" above for a description of the content of Final Terms which will include the definitions of certain terms used in the following Terms and Conditions.

This Bond is one of a series of Bonds issued by BCRE-Brack Capital Real Estate Investments N.V. (the **Issuer**) pursuant to its up to US\$180,000,000 programme for the issuance of bonds (the **Programme**), and are constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 28 November 2014 made between the Issuer and Intertrust Trustees (UK) Limited (the **Trustee**, which expression shall include any successor as trustee). References herein to the **Bonds** shall be references to the Bonds of this Series (as defined below) and shall mean (a) in relation to any Bonds represented by a global Bond, units of the lowest Specified Denomination (as defined below) in the Specified Currency (as defined below), (b) definitive Bonds issued in exchange (or part exchange) for a global Bond, and (c) any global Bond. Security in respect of each Series of Bonds is created by a share pledge dated 28 November 2014 and amended on 3 March 2016 between Brack Capital First B.V. and the Trustee (the **Share Pledge**) as completed by the applicable Final Terms (as defined below) for such Series of Bonds. The Bonds and the Coupons (as defined below) also have the benefit of an amended and restated agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 3 March 2016 made between the Issuer, Citibank N.A., London Branch as principal paying agent (the **Agent**, which expression shall include any successor agent specified in the applicable Final Terms), the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents) and the Trustee.

Interest bearing definitive Bonds have interest coupons (**Coupons**) and, in the case of Bonds which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons.

Global Bonds do not have Coupons or Talons attached on issue.

The final terms for this Bond (or the relevant provisions thereof) are set out in Part A of the Final Terms which are attached hereto or endorsed hereon which complete these Terms and Conditions.

References herein to the applicable **Final Terms** are to the Final Terms (or the relevant provisions thereof) which is attached hereto or endorsed hereon.

The Trustee acts for the benefit of the holders of the Bonds (the **Bondholders**, which expression shall, in relation to any Bonds represented by a global Bond be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), all in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Bonds which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Bonds together with any further Tranche or Tranches of Bonds which are (a) expressed to be consolidated and form a single series and (b) are identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates and/or Issue Prices.

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Copies of the Trust Deed and the Agency Agreement (which contains the form of the Final Terms) are available for inspection during normal business hours at the registered office for the time being of the Trustee, being at 3 March 2016 at 11 Old Jewry, 7th Floor, London EC2R 8DU, United Kingdom and at the specified offices of each of the Agent and the other Paying Agents. If the Bonds are to be admitted to trading on the regulated market of the London Stock Exchange the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. Copies of the applicable Final Terms may also be obtained from the registered office of the Issuer at Barbara Strozilaan 201, 1083 HN Amsterdam, the Netherlands and from the Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. The Bondholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are binding on them.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed will prevail and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Final Terms, the applicable Final Terms will prevail.

1. Form, Denomination and Title

The Bonds are in bearer form and, in the case of definitive Bonds, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms, which minimum denomination shall not be less than €100,000 (or its equivalent in another currency). Bonds of one Specified Denomination may not be exchanged for Bonds of another Specified Denomination.

Bonds in definitive form are issued with Coupons attached.

Subject as set out below, title to the Bonds and Coupons will pass by delivery. The Issuer, the Trustee and any Paying Agent may deem and treat the bearer of any Bond or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Bond, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Bonds is represented by a global Bond held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg, as the case may be, as the holder of a particular principal amount of such Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg, as the case may be, as to the principal amount of Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and any Paying Agent as the holder of such principal amount of such Bonds for all purposes other than with respect to the payment of principal and/or interest on the Bonds, for which purpose the bearer of the relevant global Bond shall be treated by the Issuer, the Trustee and any Paying Agent as the holder of such principal amount of such Bonds in accordance with and subject to the terms of the relevant global Bond (or the Trustee in accordance with the Trust Deed) (and the expressions **Bondholder** and **holder of Bonds** and related expressions shall be construed accordingly). Bonds which are represented by a global Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

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References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, include any successor and be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. Status of the Bonds

(a) Status

The Bonds and the relative Coupons constitute direct, unconditional, unsubordinated obligations of the Issuer, secured in the manner described in Condition 3, and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds and the Coupons shall, save for such exceptions as may be provided by applicable law and subject to Conditions 2(b) and 3, at all times rank at least equally with all its other present and future unsecured unsubordinated obligations.

(b) Post-enforcement Priority of Payments

Following the acceleration of a Series of Bonds and enforcement upon the occurrence of an Event of Default (as defined below) which is continuing, all moneys received by the Trustee shall, to the extent attributed by the Issuer, or attributable in the opinion of the Trustee, to such Series of the Bonds, or recovered by the Trustee or any receiver following enforcement of the relevant Security (as defined below) to such Series of Bonds despite any appropriation of all or part of them by the Issuer (including any moneys which represent principal or interest in respect of the Bonds or Coupons which have become void under the Conditions) be held by the Trustee on trust to apply them in the following order of priority:

- (i) first, in or towards satisfaction of (A) the costs, expenses, fees or other remuneration and all amounts then due and unpaid (if any) to the Trustee and/or any appointee (if any) and any other amounts incurred by the Trustee in preparing and executing the trusts under the Trust Deed and the Share Pledge and (B) the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts payable to any receiver, including in either case the costs of enforcing and/or realising any Security; and
- (ii) second, in or towards satisfaction of the costs, expenses, fees or other remuneration and indemnity payments (if any) and any other amounts payable to the Paying Agents under the Agency Agreement to which they are party;
- (iii) third, in or towards payment *pari passu* and rateably of all interest then due and unpaid in respect of the Bonds of such Series;
- (iv) fourth, in or towards payment *pari passu* and rateably of all principal then due and unpaid in respect of the Bonds of such Series; and
- (v) in payment of the balance (if any) to the Issuer (without prejudice to, or liability in respect of, any question as to how such payment to the Issuer shall be dealt with as between the Issuer and any other person).

If the monies received by the Trustee are not enough to pay in full all amounts to persons whose claims rank rateably, the Trustee shall apply the moneys *pro rata* on the basis of the amount due to each party entitled to such payment.

3. Security

(a) Security

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As continuing security for the payment or discharge of all present and future obligations and liabilities (whether actual or contingent) of the Issuer to any Bondholder under the relevant Tranche or Series of Bonds or Coupons, Brack Capital First B.V., a wholly-owned subsidiary of the Issuer, has agreed to and entered into the Share Pledge in respect of certain shares in the capital of Brack Capital Properties N.V. (the **BCP Shares**) in favour of the Trustee to be held on trust separately for the Bondholders of each Tranche or Series of Bonds in accordance with the terms as set out and completed by the applicable Final Terms of the relevant Tranche or Series (the **Security**).

If Fixed Security is specified as being applicable in the applicable Final Terms, the number of BCP Shares specified in the applicable Final Terms shall be the subject of Security in respect of the applicable Tranche of Bonds.

If Mark-to-Market is specified as being applicable in the applicable Final Terms, the Collateralised Amount shall be at least equal to the Collateralisation Percentage. If the Collateralised Amount falls below the Minimum Threshold for more than 10 consecutive dealing days, the Issuer shall promptly provide Security over additional BCP Shares to the Trustee such that the Collateralised Amount is at least equal to the Collateralisation Percentage. If the Collateralised Amount is higher than the Maximum Threshold for more than 10 consecutive dealing days, the Trustee shall promptly release Security over the requisite number of BCP Shares to the Issuer such that the Collateralised Amount is equal to the Collateralisation Percentage. The Issuer shall have the option at any time to collateralise (or de-collateralise) the whole or any part of the principal amount plus any accrued but unpaid interest of a Series of Bonds by way of cash by providing Cash Collateral to the Trustee (or by demanding the release of the whole or part of the Cash Collateral by the Trustee) in respect of such Series of Bonds provided that the Collateralised Amount shall be at least equal to the Collateralisation Percentage and the Issuer shall provide Security over additional BCP Shares or the Trustee shall release Security over the requisite number of BCP Shares accordingly.

BCP Shares Value means the Current Market Price per BCP Share multiplied by the number of BCP Shares the subject of the Security provided to the Trustee for and on behalf of the relevant Bondholders for a Tranche of Bonds.

Cash Collateral means any cash deposited by the Issuer in a bank account of the Trustee in respect of a Series of Bonds to be held on trust by the Trustee for the Bondholders of such Series of Bonds in accordance with the terms of the Trust Deed and the value of such Cash Collateral shall be the balance of such cash deposit which shall collateralise the same amount in principal amount plus any accrued but unpaid interest of the relevant Series of Bonds.

Collateralised Amount means the ratio of BCP Shares Value (converted from Israeli new Shekel to the Specified Currency at the spot rate on the relevant date) to the principal amount plus any accrued but unpaid interest of the Series of Bonds (to the extent not collateralised by the Cash Collateral), expressed as a percentage.

Current Market Price means, in respect of a BCP Share at a particular date, the closing price of a BCP Share on that date on the Tel Aviv Stock Exchange.

dealing day means a day on which the Tel Aviv Stock Exchange or the relevant stock exchange or securities market is open for business other than a day on which the Tel Aviv Stock Exchange or the relevant stock exchange or securities market is scheduled to, or does, close prior to its regular weekday closing time.

Pursuant to the terms of the Trust Deed, the Trustee is exempted from any liability in respect of any loss or reduction in value of the BCP Shares and from any claim arising from the fact that the BCP Shares are held in safe custody by an agent, a bank or other custodian. The Trust Deed also provides that the Trustee may accept without investigation, requisition or objection such right, benefit, title and interest, if any, as the

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Issuer may have in and to any of the BCP Shares and is not bound to make any investigation into the same or into the BCP Shares in any respect.

(b) Enforceable Security

In the event that the Security becomes enforceable as provided in the Share Pledge, the Trustee shall, if directed or requested in writing by the Bondholders together holding or representing in aggregate not less than 40 per cent in principal amount of outstanding Bonds of the relevant Series, enforce its rights with respect to the Security in respect of such Series, but without having regard to the effect thereof on, or being required to account for such action to, any particular Bondholder of such Series, provided that the Trustee shall not be obliged to take any action unless they are indemnified and/or secured and/or prefunded to their satisfaction.

(c) Application after Enforcement

After enforcement of the Security, the Trustee shall use such proceeds of the enforcement of the Security to make payments in accordance with the priority of payments set out in Condition 2(b).

4. Financial Covenants

(a) Financial Covenants

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

- (i) the Issuer shall ensure that:
 - (A) total Equity minus Non-Controlling Interest will be at least equal to or more than US\$140 million; and
 - (B) the ratio of Net Financial Debt to Total Assets will not exceed 75 per cent; and
- (ii) the Issuer will not distribute any dividends if:
 - (A) total Equity minus Non-Controlling Interest will be less than US\$150 million following such distribution; or
 - (B) the ratio of Net Financial Debt to Total Assets will be more than 70 per cent following such distribution.

Cash and Cash Equivalents means 'cash and cash equivalents' as set out in the Issuer's Financial Statements.

Financial Debt means the sum of current loans and borrowings and non-current loans and borrowings as set out in the Issuer's Financial Statements.

Financial Statements means the audited annual consolidated financial statements prepared in accordance with the generally accepted accounting practice and principles applicable to the business the Issuer conducts, currently International Financial Reporting Standards (**IFRS**).

Net Financial Debt means Financial Debt minus Cash and Cash Equivalents.

Non-Controlling Interest means 'non-controlling interest' as set out in the Issuer's Financial Statements.

Total Assets means the 'total assets' as set out in the Issuer's Financial Statements.

Total Equity means the 'total equity' as set out in the Issuer's Financial Statements.

(b) Financial Information

Within four months of its most recent financial year-end, the Issuer shall send to the Trustee a copy of its Financial Statements for such financial year, together with the report thereon by the Issuer's independent auditors; and (ii) within two months of the end of the first half of a financial year, the Issuer shall send to the Trustee a copy of its unaudited semi-annual consolidated financial statements as at, and for the period ending on, the end of such period.

(c) Calculation Adjustment

In the event that IFRS changes from the IFRS applicable as at the Issue Date, the calculations in Condition 4(a) shall nonetheless be adjusted to take into account such figures as if IFRS were still applicable as at the Issue Date.

5. Interest

Each Bond bears interest from (and including) the Issue Date. The interest rate payable on the Bonds shall be at the rate per annum equal to the Rate of Interest specified in the applicable Final Terms, or if Rate Adjustment is specified as being applicable in the applicable Final Terms, the Rate of Interest shall be the Initial Rate of Interest subject to adjustment as detailed below (each such adjustment, a **Rate Adjustment**).

Any Rate Adjustment shall apply from (and including) the date of the relevant Step Up Event or Step Down Event, until (but excluding) the date on which either a further Rate Adjustment becomes effective or the Bonds cease to bear interest, as the case may be.

The Rate Adjustment is as set out below:

- (i) an additional 0.5 per cent per annum if a Step Up Event occurs resulting in the Rating of the Bonds falling two notches below the Issue Date Rating (or its equivalent);
- (ii) an additional 0.25 per cent per annum in respect of each notch below thereafter; and
- (iii) upon the occurrence of a Step Down Event, the reversal of the Rate Adjustment pursuant to paragraphs (i) and (ii) above *mutatis mutandis* in accordance with the improvement of the Rating of the Bonds,

provided that any increase to the Rate of Interest pursuant and attributable to this Condition 5 shall not in any event be more than 1 per cent per annum above the Initial Rate of Interest. If a Series of Bonds was rated on its Issue Date but ceases to be rated by any Rating Agency during its term and if Rate Adjustment is specified as being applicable in the applicable Final Terms, then the Rate of Interest shall be adjusted so that it is 1 per cent per annum above the Initial Rate of Interest.

Issue Date Rating means, in relation to a Series of Bonds, the Rating of the Bonds as set out in the applicable Final Terms.

The Issuer will cause each Rate Adjustment to be notified to the Principal Paying Agent and the Trustee and notice thereof to be given to the Bondholders in accordance with Condition 14 as soon as possible after the occurrence of the relevant Step Up Event or Step Down Event, as the case may be, but in no event later than the tenth Business Day thereafter.

Each Bond will cease to bear interest from the due date for redemption pursuant to Conditions 7(a) to 7(d) (inclusive) unless, upon due presentation, payment of such principal is improperly withheld or refused. In such event, interest will continue to accrue until (but excluding) whichever is the earlier of:

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- (i) the date on which all amounts due in respect of such Bonds have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given in accordance with Condition 14.

As used in these Conditions:

Business Day means a day on which commercial banks and foreign exchange markets are open for general business in Amsterdam and London;

Interest Period means the period from (and including) an Interest Payment Date (or the Issue Date) to (but excluding) the next (or first) Interest Payment Date.

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, the day count fraction used will be the number of days in the relevant period, from (and including) the date from which interest begins to accrue to (but excluding) the date on which it falls due, divided by the product of: (i) the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last), and (ii) the number of Interest Periods normally falling in any year.

Interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Bonds which are represented by a global Bond, the aggregate outstanding principal amount of the Bonds represented by such global Bond; or
- (b) in the case of Bonds in definitive form, the Calculation Amount;

and, in each case,

multiplying such sum by the day count fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency (the **Unit**), half of any such sub-unit being rounded upwards. Where the Specified Denomination of a Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Bond shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denominations, without any further rounding.

Rating means a rating of the Bonds.

Rating Agency means Midroog Limited, an Israeli subsidiary of Moody's Investor Service Inc., or any other rating agency specified in the applicable Final Terms (or any other rating agency selected by the Issuer in its discretion as a substitute or replacement rating agency from time to time) and, in each case, their successors but excluding any rating agency providing a Rating on an unsolicited basis.

Step Down Event means following the occurrence of a Step Up Event, the Bonds achieving a higher Rating than the Rating the Bonds had as a result of a Step Up Event.

Step Up Event means the Bonds having a Rating lower than the Issue Date Rating (or its equivalent) from the Rating Agency.

6. Payments

(a) Method of Payment

Subject as provided below, payments in a Specified Currency other than euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or at the option of the relevant holder by a cheque in such Specified Currency

drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is US dollars shall be New York City).

Payments will be subject in all cases to any (i) fiscal or other laws and regulations applicable thereto in the place of payment and (ii) withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

(b) Presentation of Bonds and Coupons

Payments of principal in respect of definitive Bonds will (subject as provided below) be made in the manner provided in Condition 6(a) only against presentation and surrender of definitive Bonds, and payments of interest in respect of definitive Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States.

Bonds in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined below) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due but in no event thereafter.

Upon any Bond in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

If the due date for redemption of any definitive Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Issue Date shall be payable only against surrender of the relevant definitive Bond.

Payments of principal and interest (if any) in respect of Bonds represented by any global Bond will (subject as provided below) be made in the manner specified above in relation to definitive Bonds and otherwise in the manner specified in the relevant global Bond against presentation or surrender, as the case may be, of such global Bond at the specified office of any Paying Agent. On the occasion of each payment, a record of such payment made on such global Bond, distinguishing between any payment of principal and any payment of interest, will be made on such global Bond by the Agent, and such record shall be *prima facie* evidence that the payment in question has been made.

The holder of a global Bond (or, as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Bonds represented by such global Bond and the Issuer will be discharged by payment to, or to the order of, the holder of such global Bond (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular principal amount of Bonds represented by such global Bond must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Bond (or the Trustee, as the case may be). No person other than the holder of such

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global Bond (or the Trustee, as the case may be) shall have any claim against the Issuer in respect of any payments due on that global Bond.

Notwithstanding the foregoing, US dollar payments of principal and interest in respect of the Bonds will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)):

- (a)
 - (i) if the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in US dollars at such specified offices outside the United States of the full amount of principal and interest on the Bonds in the manner provided above when due;
 - (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in US dollars; and
 - (iii) such payment is then permitted under United States law; or
- (b) at the option of the relevant holder if such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences for the Issuer.

(c) *Payment Day*

If the date for payment of any amount in respect of any Bond or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, Payment Day means any day which (subject to Condition 9) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including trading in foreign exchange and foreign currency deposits) in:
 - (a) in the case of Bonds in definitive form only the relevant place of presentation; and
 - (b) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is US dollars shall be New York City) or (B) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System is open.

(d) *Interpretation of Principal and Interest*

Any reference in these Terms and Conditions to principal in respect of the Bonds shall be deemed to include, as applicable:

- (i) the Final Redemption Amount of the Bonds;
- (ii) the Optional Redemption Amount (if any) of the Bonds; and
- (iii) any premium and any other amounts which (other than interest) may be payable by the Issuer under or in respect of the Bonds.

7. Redemption and Purchase

(a) *At Maturity*

Unless previously redeemed or purchased and cancelled as specified below or Mandatory Redemption is specified as being applicable in the applicable Final Terms, each Bond will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

(b) *Mandatory Redemption*

If Mandatory Redemption is specified as being applicable in the applicable Final Terms, the Issuer shall on each Mandatory Redemption Date(s) specified in the applicable Final Terms redeem each Bond in part, at an amount equal to:

- (i) the original outstanding principal amount of such Bond as at its Issue Date; multiplied by;
- (ii) the Applicable Percentage(s) set out in the applicable Final Terms.

(c) *Redemption at the Option of the Issuer (Issuer Call)*

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 20 nor more than 60 days' notice to the Bondholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption (the **Optional Redemption Date**)), redeem all or some only of the Bonds then outstanding on the Optional Redemption Date at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case, as may be specified in the applicable Final Terms. Such Issuer Call may not be exercised during the Blocked Period (as may be specified in the applicable Final Terms) and not more than once every calendar year.

If Make-Whole Amount is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be an amount calculated by the Issuer equal to the higher of (i) 100 per cent of the principal amount outstanding of the Bonds to be redeemed or (ii) the Aggregated Amount of Scheduled Payments, discounted to the date of redemption on an annual basis at the Reference Bond Rate plus the Margin (as may be specified in the applicable Final Terms).

In this Condition (c):

Reference Bond shall be as set out in the applicable Final Terms.

Reference Bond Price means, with respect to any date of redemption, the arithmetic average of the Reference Bond Dealer Quotations for such date of redemption.

Reference Bond Rate means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such date of redemption.

Reference Date will be set out in the relevant notice of redemption.

Reference Bond Dealer means two banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues.

Reference Bond Dealer Quotations means, with respect to each Reference Bond Dealer and any date for redemption, the arithmetic average, as determined by the Issuer, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) on the Reference Date quoted in writing to the Issuer by such Reference Bond Dealer.

Remaining Term Interest means, with respect to any Bond, the aggregate amount of scheduled payment(s) of interest on such Bond for the remaining term of such Bond determined on the basis of the rate of interest applicable to such Bond from (and including) the date on which such Bond is to be redeemed by the Issuer pursuant to this Condition (c).

In the case of a partial redemption of Bonds, the Bonds to be redeemed (the **Redeemed Bonds**) will be redeemed *pari passu* or selected individually by lot, in the case of Redeemed Bonds represented by definitive Bonds, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion), in the case of Redeemed Bonds represented by a global Bond not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Bonds represented by definitive Bonds, a list of the serial numbers of such Redeemed Bonds will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant global Bond will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition (c) and notice to that effect shall be given by the Issuer to the Bondholders in accordance with Condition 14 at least five days prior to the Selection Date.

The **Aggregated Amount** of Scheduled Payments means the sum of the present values of the principal amount outstanding of the Bonds to be redeemed and the Remaining Term Interest on such Bond (exclusive of interest accrued to the date of redemption).

(d) Redemption at the Option of the Bondholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the occurrence of a Change of Control Event (as defined below) (unless the Issuer has given notice under Condition 7(c)) the holder of any Bond may, by giving to the Issuer in accordance with Condition 14 not less than 20 nor more than 30 days' of notice (which notice shall be irrevocable), require the Issuer to redeem in whole (but not in part) such Bond on the Put Date (as defined below) at its principal amount together with interest accrued to (but excluding) the Put Date.

The Issuer shall as soon as practicable following the occurrence of a Change of Control Event and in any case not later than 10 Business Days thereafter, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of not less than 40 per cent in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders, the Trustee shall (subject in each case to the Trustee being indemnified and/or prefunded and/or secured to its satisfaction), give notice (a **Change of Control Event Notice**) to the Bondholders in accordance with Condition 14 and the Trustee (except in the case of a notice given by the Trustee) specifying the nature of the Change of Control Event and the procedures for exercising the option contained in this Condition.

A Change of Control Event shall occur if any person or any persons, other than Brack Capital Investments Ltd or its controlled subsidiaries or controlling entities, acting in

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concert (as defined in the City Code on Takeovers and Mergers), or any person(s) acting on behalf of such person(s), shall become interested in:

- (i) more than 50 per cent of the issued or allotted ordinary share capital of the Issuer; or
- (ii) shares in the capital of the Issuer carrying more than 50 per cent of the voting rights normally exercisable at a general meeting of the Issuer.

Such option may be exercised by the holder delivering its Bond(s) together with all Coupons appertaining thereto maturing after the Put Date (as defined below), during business hours of the relevant Paying Agent on any business day falling within the period (the **Put Period**) of 45 days after a Change of Control Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Put Notice**) and in which the holder may specify a bank account (in the currency of the Bonds) to which payment is to be made under this Condition.

Payment in respect of any Bond so delivered will be made, if the holder duly specified a bank account (in the currency of the Bonds) in the Put Notice to which payment is to be made, on the date (the **Put Date**) falling seven days after the expiry of the Put Period by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of receipt of the Bond at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable. The Issuer shall redeem the relevant Bonds on the Put Date at their principal amount together with any interest accrued up to (but excluding) the Put Date unless previously redeemed.

(e) Purchases

The Issuer or any of its respective subsidiaries may at any time purchase Bonds (provided that, in the case of definitive Bonds, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Bonds may be held, reissued, resold or, at the option of the Issuer or its subsidiary, surrendered to any Paying Agent for cancellation. If purchases are made by tender, tenders must be available to all Bondholders alike.

(f) Cancellation

All Bonds which are redeemed will forthwith be cancelled (together with all unmatured Coupons attached thereto or surrendered therewith at the time of redemption). All Bonds so cancelled and all Bonds purchased and cancelled pursuant to Condition 7(e) (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

8. Taxation

All payments of principal and interest in respect of the Bonds and Coupons by the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges (**Taxes**) of whatever nature imposed or levied by or on behalf of the Netherlands or any political subdivision of, or any authority in, or of, the Netherlands having power to tax unless the withholding or deduction of the Taxes is required by law. In that event, the relevant payments will be made subject to such withholding or deduction. The Issuer will not be required to pay additional or further amounts in respect of such withholding or deduction.

9. Prescription

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The Bonds and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

As used herein, the **Relevant Date** means the date on which such payment first becomes due but, if the full amount of the moneys payable has not been duly received by the Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect shall have been duly given to the Bondholders by the Issuer in accordance with Condition 14.

10. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 40 per cent in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), subject (save for the events referred to in paragraphs (a) or (d) below) to the Trustee having certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Bondholders, give notice to the Issuer that the Bonds are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount together with accrued interest, if any of the following events (**Events of Default**) occurs and is continuing:

- (a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Bonds or any of them and the default continues for a period of 14 days; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the conditions of the Bonds or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any indebtedness of the Issuer is not paid on its due date (or in the case of indebtedness payable on demand, is not paid within 10 business days of such demand (or in either case, if later and if applicable, by the expiry of any applicable grace period)) and a formal legitimate claim is made for enforcement or if any indebtedness of the Issuer becomes due and payable prior to its stated maturity by reason of default, or if any guarantee or indemnity of the Issuer is not honoured when due and called upon (or if later and if applicable, by the expiry of any applicable grace period) provided that no such event shall constitute an event of default unless (a) the indebtedness or other relevant liability (either alone or when aggregated with other indebtedness or other relevant liabilities of the Issuer in respect of which any such non-payment, default or dishonor has occurred) shall amount to more than US\$10 million (or its equivalent in any other currency) and (b) such indebtedness or other relevant liability has been finally judicially determined to be due and payable by the Issuer; or
- (d) if any order is made or an effective resolution is passed for the winding up of, or an administration order is made in relation to, the Issuer and, where possible, not discharged or stayed within a period 90 days (save with the prior written consent of the Trustee or the prior sanction of any Extraordinary Resolution of the Bondholders in each case for the purpose of or in connection with an amalgamation, reconstruction or merger); or

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- (e) if the Issuer ceases to carry on the whole or substantially the whole of its business, or if the Issuer stops payment to its creditors generally (save with the prior written consent of the Trustee or the prior sanction of any Extraordinary Resolution of the Bondholders in each case for the purpose of or in connection with an amalgamation, reconstruction or merger); or
- (f) if an encumbrancer takes possession or an administrative or other receiver is appointed of the Issuer or of the whole or substantially the whole of the undertaking, property and assets of the Issuer or if a distress or execution is levied or enforced upon or sued out against the whole or substantially the whole of the chattels or property of the Issuer and, in the case of any of the foregoing events, is not discharged within 90 days (or such longer period as the Trustee may permit); or
- (g) the Issuer is insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or substantially all 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 substantially all of the debts of the Issuer.

11. Replacement of Bonds, Coupons and Talons

Should any Bond, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent, or any other place approved by the Trustee of which notice shall have been published in accordance with Condition 14, upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds, Coupons or Talons must be surrendered before replacements will be issued.

12. Agent and Paying Agents

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is, with the prior approval of the Trustee, entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Bonds are listed on any stock exchange or admitted to listing by any other relevant authority there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (ii) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in Europe outside the Netherlands; and
- (iii) there will at all times be an Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in paragraph 7 of Condition 6(b). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Bondholders promptly by the Issuer in accordance with Condition 14.

13. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be

surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Bond to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

14. Notices

All notices regarding the Bonds shall be published in the Financial Times or any other daily newspaper in London approved by the Trustee. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Bonds are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication in all the required newspapers.

Until such time as any definitive Bonds are issued there may so long as the global Bond(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Bonds. Any such notice shall be deemed to have been given to the holders of the Bonds on the business day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Bonds shall be in writing and given by lodging the same, together with the relative Bond or Bonds, with the Agent. Whilst any of the Bonds are represented by a global Bond, such notice may be given by any holder of a Bond to the Agent *via* Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. Meetings of Bondholders, Modification and Waiver

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or Bondholders holding not less than five per cent in principal amount of the Bonds for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Bonds or Coupons (including modifying the date of maturity of the Bonds or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Bonds or altering the currency of payment of the Bonds or Coupons) or certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Bondholders shall be binding on all the Bondholders, whether or not they are present at the meeting, and on all Couponholders.

In addition, a resolution in writing signed by or on behalf of all Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one

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document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

The Trust Deed provides that the Trustee may agree, without the consent of the Bondholders or Couponholders, to any modification (subject as provided by the provisions of the Trust Deed) of, or to any waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any of the provisions of the Trust Deed, or may determine that any condition, event or act which, but for such determination, would constitute an Event of Default, shall not be treated as such which in any such case, in the opinion of the Trustee, is not materially prejudicial to the interests of the Bondholders or to any modification of any of these Terms and Conditions or any of the provisions of the Trust Deed which is of a formal, minor or technical nature or which is made to correct a manifest error. Any such modification, waiver, authorisation or determination shall be binding on the Bondholders and Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Bondholders as soon as practicable thereafter in accordance with Condition 14.

In connection with the exercise by it of any of its trusts, powers, authorities, or discretions (including, but without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the interests of the Bondholders as a class and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Bondholders and Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders.

16. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Bondholders or Couponholders to create and issue further bonds having terms and conditions the same as the Bonds or the same in all respects save for the amount, the issue date and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Bonds.

17. Enforcement

The Trustee may at its discretion and without further notice take such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under the Trust Deed and the Bonds and Coupons, but it shall not be bound to take any such proceedings or any other action unless (a) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by holders of not less than 40 per cent in principal amount of the Bonds outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

No Bondholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure is continuing.

18. Substitution

The Trustee may, without consent of the Bondholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Bonds, the Coupons and the Trust Deed of any of the Issuer's subsidiaries, subject to (a) the Bonds being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution, and (c) certain other conditions set out in the Trust Deed being complied with.

19. Indemnification

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances including provisions relieving it from instituting proceedings to enforce repayment unless indemnified to its satisfaction.

20. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Bond, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21. Governing Law and Submission to Jurisdiction

(a) Governing law

The Trust Deed, the Bonds and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Bonds and the Coupons are governed by, and shall be construed in accordance with, English law.

(b) Submission to jurisdiction

- (i) Subject to Condition 21(b)(iii) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Bonds and/or the Coupons including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Bonds and/or the Coupons (a **Dispute**) and all Disputes will be submitted to the exclusive jurisdiction of the courts of England.
- (ii) For the purposes of this Condition 21(b)(ii), each of the Issuer and the Trustee and any Bondholders or Couponholders taking proceedings in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (iii) This Condition 21(b)(iii) is for the benefit of the Trustee, the Bondholders and the Couponholders only. To the extent allowed by law, the Trustee, the Bondholders and the Couponholders may, in respect of any Dispute or Disputes, take (A) proceedings in any other court with jurisdiction; and (B) concurrent proceedings in any number of jurisdictions.

The Issuer has in the Trust Deed appointed Mr. Ben Turner at BCRE UK Limited, Suite 2, Second Floor, 1 Duchess Street, London W1W 6AN, England for the time being as its agent in England for service of process on its behalf and has agreed that in the event of Mr. Ben Turner ceasing so to act they will appoint such other person as their agent for service of process.

7 USE OF PROCEEDS

The net proceeds from each issue of Bonds by the Issuer are intended to be applied by the Issuer for the refinancing of existing or future debt upon or prior to their maturity, to make investments, to on-lend and/or for general corporate purposes.

8 INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus, provided however that any statement contained in any document incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such statement:

- (a) the audited consolidated annual financial statements of the Issuer dated 31 December 2014 (as published on its website indicated below) and dated 31 December 2013 (as set forth under Part X, Financial information, p. 172 et seq. of the prospectus dated 21 May 2014 made publicly available in connection with the Share Admission (as defined in Chapter 9 (*Information on the Group*), section 9.2) (the **Annual Reports**);
- (b) the unaudited consolidated semi-annual financial statements of the Issuer dated 30 June 2015 (the **Semi Annual Report 2015**); and
- (c) the section entitled “Terms and Conditions of the Bonds” set out in the base prospectus dated 28 November 2014, relating to the Programme (for the avoidance of doubt, the applicable Final Terms for a Tranche of Bonds will indicate the Terms and Conditions applicable to such Tranche and unless otherwise indicated in the applicable Final Terms, the Terms and Conditions of all Bonds issued after the date hereof shall be those set out in this Base Prospectus).

Copies of the documents incorporated by reference are available, free of charge, at the registered office of the Issuer. The documents incorporated by reference are also available for viewing on the Issuer's website <http://www.brack-capital.com/wp-content/uploads/2014/11/Binder-prospectus+-EY+-valuations-final.21.pdf>, document BRCE Brack Capital Real Estate Investments N.V, Prospectus 2014, <http://www.brack-capital.com/downloads/>, document: “BCRE INV Prospectus, May 2014” and <http://www.brack-capital.com/investor-relations/financial-reports/> documents: “BCRE ANNUAL REPORT 2014” and “Interim Financial Statements”.

9 INFORMATION ON THE GROUP

9.1 Introduction

The Group is an international real estate development and investment group, headquartered in the Netherlands. Through the Issuer's subsidiary and associated undertakings, the Group is interested in, develops and operates an international portfolio of real estate assets, predominantly located in the US, Germany, Russia and India.

The current portfolio of properties in which the Group is interested comprises income producing residential and commercial properties with a total built area of 1,296,459m² (1,179,000m² in December 2014 and 1,196,050m² on 30 June 2015). In addition, the Group is interested in development projects currently under construction with a total combined lettable and saleable area of approximately 94,629m² (190,000m² in December 2014 and in 30 June 2015). The Group is also interested in approximately 349,000m² of land available for sale as plotted development (same as in December 2013 and in June 2014), and approximately 194,091m² of lettable and saleable area available for development (186,000 m² in December 2014 and 30 June 2015), where development has not yet started. In addition, the Group has an interest in approximately 453 hectares of land available for future development (296 hectares in December 2014 and 451 hectares in 30 June 2015).

While the majority of the assets in which the Group is interested are jointly owned with third parties, the Group seeks to retain day-to-day management and operating control of its projects using its highly experienced local management teams.

The Group has established local management team platforms with significant local market expertise in the US, Germany, Russia and India. The Group's established platforms have exclusive access to over 550 staff, around 35 in the US, 150 in Germany, 340 in Russia (of which asset level positions, such as security and maintenance are manned by about 300 different employees) and 13 in India. Most of the senior management of each of its platforms have between seven and thirty years' of real estate experience in the relevant market and most of them have been with the Group for over five years. These teams are supported by head office functions provided by 3 staff in the Netherlands and 18 in Cyprus.

The Issuer's net assets as at 31 December 2014 were €267.3 million and €267.7 million on 30 June 2015. The Issuer had revenues of €165.8 million in the financial year ended 31 December 2014 and €64.8 million on 30 June 2015.

The Group's German platform is BCP. At the latest practical date prior to this Base Prospectus, the Group has a 34.76% interest in BCP and acts on behalf of another subsidiary of Brack Capital Investments Ltd. (**BCI**) (the controlling shareholder in the Issuer), in respect of an additional 6.3% interest. Accordingly, the Issuer holds effective management control of BCP, whose financial results are consolidated with the Issuer's. BCP is listed on TASE with net assets of €279.6 million as at 31 December 2014 and €325.5 million on 30 September 2015 and revenues of €153.5 million in the financial year ended 31 December 2014 and €77.6 million on 30 September 2015.

9.2 History

The Issuer was established in December 2004 to carry out the real estate activities of BCH and its subsidiaries (the **Brack Capital Group**), a group of companies formed in 1992 primarily by Shimon Weintraub and Ronen Peled to invest, initially, in capital markets activities. In 1994, the focus of Brack Capital Group expanded to the real estate, energy and private equity sectors (worldwide). Brack Capital Group, which is currently controlled by Shimon Weintraub, has almost 20 years of history in the real estate sector, having invested in properties with other investors which have a combined property value

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in excess of US\$10 billion primarily in the US and in Europe and an aggregate gross area of over 4 million m² of office, retail, hotels and residential space.

The Group can trace its real estate history back to the mid 1990's when Brack Capital Group started investing in rental properties in the Manhattan commercial property market and later (in the late 1990's to early 2000's) in residential conversions and condominium development projects through a series of one-off acquisitions and developments, typically with co-investors.

Brack Capital Group extended its activity outside New York in the late 1990's with investments in Hungary and the UK. In 2002, a consortium led by a member of Brack Capital Group (also comprising Apollo, Merrill Lynch, Lehman Brothers and others) made a successful bid for 82.7% of the issued share capital of Haslemere N.V. (**Haslemere**) (a Dutch company listed on Euronext in Amsterdam, with secondary listings in London and Frankfurt and a listing on the Marché Libre in Paris, and with a UK real estate portfolio of 130 properties worth approximately €2.4 billion), valuing the whole company at €1.46 billion. Following completion of the acquisition in 2002, Haslemere remained publicly traded with remaining minority holders, and Brack Capital Group managed the execution of the business plan on behalf of the consortium, until the end of 2004, when Haslemere was sold to GE Capital Real Estate.

Since the sale of Haslemere and the incorporation of the Issuer in 2004, all real estate activities of Brack Capital Group outside of Israel have been carried out by the Group. Between 2004 and 2006, the Group's real estate platforms in Germany, Russia and India were established.

Since its inception, the Group has developed strong relationships with a number of international partners, with whom the Group has owned jointly a number of its properties and developments particularly in Manhattan and Russia. In March 2007 the Group established a US\$109 million fund primarily for Israeli pension fund and insurance company investors called the Brack Capital Real Estate (India-China) Fund L.P. (**BCRE India Fund**). The BCRE India Fund was established to invest in India and China but after initial investment in India turned in March 2009 to invest in Manhattan. In addition, the Group established in April 2011 a co-investment pool (the **Co-Investment Club**) of high net worth individuals and family offices, to which the Group granted certain co-investment rights in appropriate developments and properties. The Co-Investment Club has co-invested with the Group in transactions in Germany, Russia and the US since 2011. While the obligations on the Issuer to offer transactions to the members of the Co-Investment Club expired in April 2014, the Group intends to continue to offer co-investment opportunities to members of the Co-Investment Club and others where appropriate. The Group generally receives management fees and performance fees from its co-investors, the amounts of which vary depending on the jurisdiction of the investment.

For the purposes of funding its own equity investment in its projects, the Issuer has effected a number of private placings, raising approximately €100 million in aggregate. In April 2007, WP Holdings I B.V. (**WP Holdings**), an indirect subsidiary of Warburg Pincus Real Estate I L.P., invested approximately €41 million in exchange for a 25% shareholding in the Issuer. Furthermore, in May and July 2011, around 30 private investors (mainly private companies and individuals) invested a total of approximately €59 million in the Issuer (€12 million of which was used to buy part of the Issuer's shares held by WP Holdings). In November 2012, WP Holdings, using funds contributed by its shareholder WP I Investments Sarl (**WP I Sarl**) (which funds were the result of the sale of WP I Sarl's interest in a development joint venture in Russia) made an additional investment in the Issuer, which jointly with other investors totalled approximately €13.5 million in the Issuer.

On 28 May 2014, the ordinary shares in the capital of the Issuer (the **Shares**) of €0.01 each were admitted to the standard listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities (together, the **Share**

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Admission). At the Share Admission, the Issuer issued 16,097,883 new Shares to certain new and existing investors, raising €26,052,010.

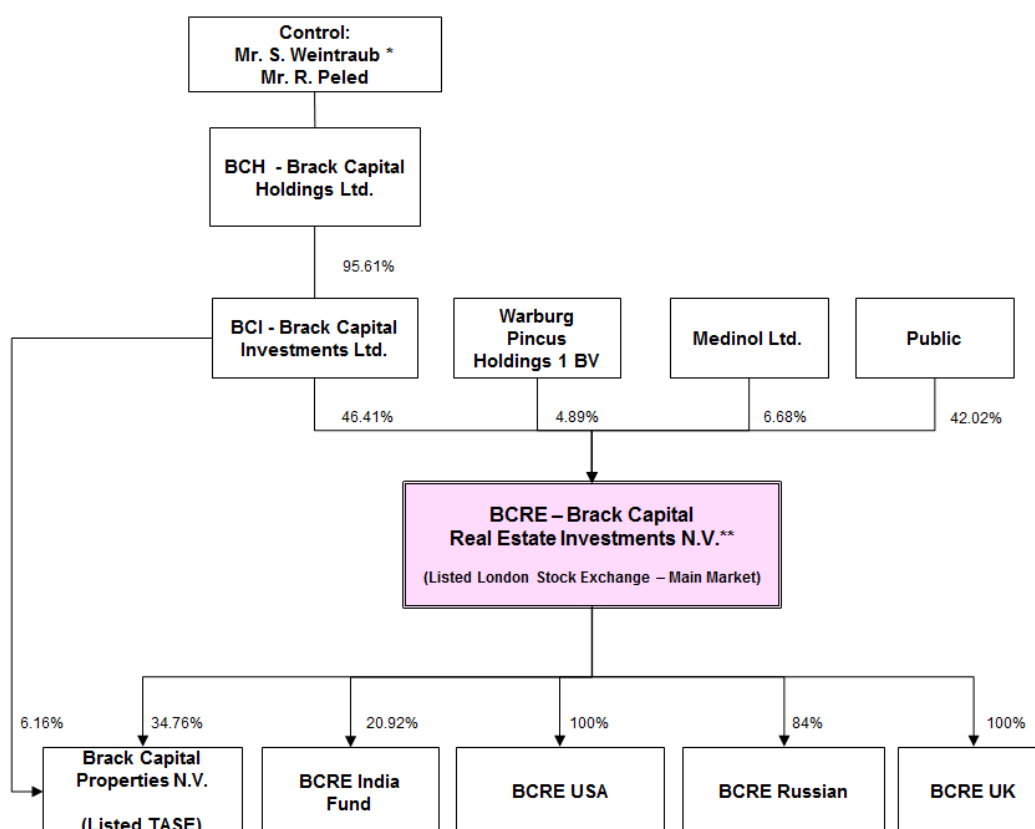
On 28 November 2014, the Issuer launched the Programme pursuant to which bonds with an aggregate principal amount of US\$60,000,000 were issued.

In December 2014, the Issuer raised approximately €1,528,000 pursuant to the issuance of 920,481 Shares. In addition, the Issuer raised €16,800,000 pursuant to the issuance of convertible loan notes. The convertible loan notes bear 2.25% annual compounded interest and will have a term maturing on 14 November 2016. The convertible loan notes (including accrued interest) will be convertible in whole into Shares (i) at the holder's option at any time up to the end of the term, and (ii) at the Issuer's option on the maturity date. The conversion price is €1.68 per share, adjusted to future dividends (or capital reductions) and/or new issued shares (or new convertible notes) at a lower price per share.

In December 2015, the Issuer entered into two loan agreements with an aggregate principal amount of respectively US\$2.6 million and US\$10.25 million. See Chapter 9 (*Information on the group*), section 9.8 (*Relationship with key shareholders*).

9.3 Group structure

The Group's simplified corporate structure at the latest practical date prior to this Base Prospectus is shown in the chart below.



* Interests in BCH

** Interests in BCP held indirectly through the issuer's subsidiaries Brack Capital First B.V & Reinstock Ltd.

9.4 Platforms and portfolio overview

The Group operates through its key geographical platforms in the US, Germany, Russia, and India. The Group currently is interested in 10,147 income producing residential units (9,493 as at 31 December 2014 and 9,717 as at 30 June 2015) and in 40 income producing commercial properties (38 as at 31 December 2014 and 30 June 2015) across the US, Germany and Russia. Such properties have a total built area (both commercial and residential) of approximately 1,296,459m² (1,179,000m² as at 31 December 2014 and 1,196,050m² as of 30 June 2015). As at 30 June 2015, the aggregate value of these properties in which the Group is interested in differing percentages was approximately US\$1.84 billion and approximately US\$1.83 on 31 December 2014.

The Group also has an interest in 10 residential and commercial projects (11 as at 31 December 2014 and 30 June 2015) in various stages of development and refurbishment across the US, Germany and Russia, with a total lettable or saleable area of such properties expected to be approximately 288,000m² (approximately 375,000m² as at 31 December 2014 and 30 June 2015). The Group is also interested in approximately 349,000m² of land plots available for sale and in approximately 300 hectares of land plots available for future development. The combined value of these properties in which the Group is interested in differing percentages was approximately US\$0.9 billion as at 30 June 2015.

The Group operates through highly experienced and on the ground management teams. For each property, the relevant local team performs the entire project cycle of activities; from market research and deal sourcing, negotiating and financing, to asset and property management. The Group is also active in running the development process and closely supervises the construction phase of its developments.

The Chief Financial Officer (**CFO**) of the Issuer leads the key financial activities of the Group. The global operations of the Group and the management of key activities, such as financial operations and corporate secretarial work, are directed from the Amsterdam-based headquarters of the Issuer and carried out in Cyprus, where the Group also has an office. Other back office-related activities, such as financial reporting, budgeting and cash flow management, are performed through the Issuer's office in Cyprus.

9.4.1 US

Overview

Historically, the US has been the Group's principal investment market and, over the past two decades, the Group's New York team has accumulated extensive experience and expertise in Manhattan, having led the development of several residential buildings and hotels, as well as a number of large-scale conversion and renovation projects.

The Issuer currently operates in the US through its subsidiary, Brack Capital USA B.V. (**BCRE USA**). From 2009 until 2011, BCRE USA's investments were made through the BCRE India Fund, a fund which originally invested in India but subsequently shifted (in 2009) its focus to Manhattan. Since 2011, the Co-Investment Club has also co-invested with the Group in its US projects.

Portfolio activities

Currently, BCRE USA mainly focuses on residential conversions and hotel developments in Manhattan, but the Group has also started focusing on another income producing activity that includes the acquiring and owning of multifamily residential properties outside New York using the Group's experience of multifamily in New York and in other parts of the world. The new multifamily residential properties under this activity will be held under a (private) REIT legal structure jointly with members of the Co-Investment Club.

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Hotel developments

The Group completed the disposal of a hotel, the James New York (on 1 May 2013), and a rental building, the Greystone (on 20 December 2013), in Manhattan in which the Group was interested, as well as the disposal of the remaining units in a retail and condominium complex in Manhattan known as 15 Union Square West (the final unit of which closed on 13 March 2014), and the remaining units in a condominium complex known as the Wellington project (the final unit of which closed on 6 May 2013). These projects were sold for an aggregate price of US\$458 million (100% assets value), i.e. US\$85 million for James New York, US\$139 million for Greystone, US\$9 million for the Wellington and US\$225 million for 15 Union Square West. The Group also completed the sale of the garage and retail space owned by it in Hotel Indigo in Manhattan (on 13 February 2015), as well as the sale of the last few units in Axis (during August 2015), a residential development in Miami in which it retains only a small minority interest.

Following these disposals, the Group is currently carrying out one major hotel development in Manhattan which it is carrying out jointly with other partners and which is scheduled to complete in 2017. As at 30 June 2015, the total value of the Company's three hotels (one development and two operating) exceeded US\$420 million.

For further details on the US hotel portfolio, see Chapter 10 (*Detailed overview of the Group's portfolio and projects*).

Multifamily residential properties

BCRE USA has commenced, about two years ago, investing in the multifamily real estate market in the US, using the Group's extensive experience of this asset class in Manhattan and in other parts of the world. In January 2014, BCRE USA acquired (together with the Co-Investment Club) a residential property of around 292 units in Cincinnati, Ohio, for US\$19 million. Later that year, BCRE USA acquired another 224 residential units in Cincinnati, Ohio, bringing the total number of units under management in the region to over 500.

The holding of the new multifamily residential assets will be made through a (private) REIT structure. The properties are managed by the Group's proprietary on the ground experienced and dedicated team. BCRE USA is predominantly targeting stabilised assets in the Mid-West of the US, potentially expanding to additional hubs at a later stage, with the intention of creating value through internal management. Further value enhancement is intended through the acquisition and management of value add assets as well as portfolio premium and improved economics.

BCRE is currently looking for other opportunities in areas outside New York, offering similar value added potential. The Group will refurbish and manage the property and intends to significantly increase its US multifamily portfolio over the next few years, among other things, to obtain the benefits of scale.

In October 2015, with the approval of the Supreme State Court, BCRE USA acquired a residential building in the Upper West Side of Manhattan, New York. The building has a gross internal area of circa 240,000ft.

For further details, see Chapter 10 (*Detailed overview of the Group's portfolio and projects*).

Real estate lending

In addition BCRE USA, together with the members of the Co-Investment Club, has started to provide loans to selected smaller residential real estate development projects in the wider New York area (mostly Brooklyn), leveraging the Group's many years of development experience in Manhattan. As at 31 December 2015, BCRE USA and the

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Co-Investment Club had committed to a total of US\$36.6 million of loans, out of which US\$19.9 million had been drawn down. All loans are senior loans and are secured by securities over the relevant properties and by personal guarantees and/or equity pledges.

The real estate lending business has been, since inception, undertaken at a relatively limited scale compared to other activities of the Group and outside the Group's core business. In light of this and with the intention of focusing on its main activities, the Group has recently decided to discontinue this business by not granting new loans awaiting the conclusion of the outstanding ones. The lending business accounts for 0.7% of the Group's total portfolio value as of June 2015.

Operations

BCRE USA's head office is based in New York City, with a new regional office in Cincinnati. BCRE USA has approximately 35 employees.

9.4.2 *Germany*

Background

The Group started investing in income producing properties in Germany in 2005, having identified the German real estate market as an attractive market for investment. In June 2006, BCP was established as the holding company of the German platform, with the primary aim of acquiring and operating income producing residential and commercial properties and four properties were transferred to it from Brack German Properties B.V. BCP was listed on the TASE in December 2010 and is a member of the Tel Aviv 100, the 100 largest companies in the TASE. BCP's net assets as at 31 December 2014 were €279.6 million and €325.5million as of 30 September 2015 with revenue of €153.6 million as of 31 December 2014 and €77.5 million for the period of 9 months that ended on 30 September 2015. BCP and BCP's bonds are currently rated iA+/stable and iA+, respectively, by Standard & Poor's Maalot, an Israeli subsidiary of McGraw-Hill Financial, Inc. (**Maalot**).

Portfolio

BCP's German portfolio comprises: (a) a portfolio of income producing commercial (mainly retail) properties owned by BCP (either wholly or in conjunction with members of the Co-Investment Club or other third parties); (b) a portfolio of income producing residential properties owned by BCP (either wholly or in conjunction with members of the Co-Investment Club or other third parties); and (c) a large mixed use development site (residential and commercial) in the centre of Düsseldorf, which is owned jointly by BCP, Brack Capital First B.V., a wholly owned subsidiary of the Issuer (**Brack Capital First**), members of the management and a third party investor.

Income producing

The income producing properties in which BCP is interested in consist of two main types:

- a. multifamily residential properties spread across several medium-sized and large cities in the Federal State of North Rhine Westphalia and in certain cities in North Germany, Hannover and Leipzig. BCP is currently interested in a total of 9,631 housing units (leasable) (9,201 as at 31 December 2014 and 9,631 as of 30 June 2015) with a total leasable area of approximately 573,000m² (524,000m² as at 31 December 2014 and 553,000m² as of 30 June 2015). As at 31 December 2014, the annual average occupancy rate of these properties was approximately 96% (and did not change on 30 September 2015);
- b. commercial properties comprising mainly shopping centres and DIY stores spread across medium-sized and large cities in western Germany. BCP is currently interested in 32 commercial properties with a total lettable area of approximately

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380,000m² (which has not changed since December 2014). The occupancy rate of these properties is approximately 96%, with a significant part of this portfolio benefiting from leases with major retail tenants OBI and Kaufland.

For further details on the income producing properties of the German portfolio, see Chapter 10 (*Detailed overview of the Group's portfolio and projects*).

Development property

In addition to its income producing properties, the German portfolio includes a major development site of approximately 250,000m² (215,000m² net) in a central area in the city of Düsseldorf, known as Grafental.

For further details on the Grafental project, Chapter 10 (*Detailed overview of the Group's portfolio and projects*).

Operations

The German platform's operational headquarters are located in Düsseldorf, with regional offices in Leipzig and Frankfurt.

The German platform's managerial headquarters are located in Budapest, where the CFO, Financial Controller, Group Accountant and a number of additional accounts and administration managers are located.

In addition, BCP's Board meetings and shareholder assemblies are held in BCP's registered headquarters in Amsterdam.

Around 150 staff members are currently engaged in the German platform, almost all of which are employed by RT Facility Management UG & Co., KG¹. Almost all of the remaining staff members are employed by BCP or its subsidiaries.

9.4.3 *Russia*

Background

In 2006, the Issuer established BCRE Russia (a Cyprus incorporated subsidiary) as its Russian platform, with the aim of focusing primarily on the development of commercial properties. Since 2007, BCRE Russia has led investments in six development projects with co-investors, three of which have been with Apollo, now known as AREA (the development of a shopping centre in Dimitrov, located in the Moscow Oblast district 65 kilometres north of Moscow; a logistics centre in Lobnia, located in the Moscow Oblast district 27 kilometres north of Moscow; and a mixed use building in Baza, located in Moscow, which has since been sold).

BCRE Russia developed a shopping centre in Lyubertsy located in the south east of Moscow which was originally established as part of a joint venture with WP I Sarl, the sole shareholder of WP Holdings. BCRE Russia and members of the Co-Investment Club and a local partner, Newgen Media (Cyprus) Ltd., purchased WP I Sarl's interest in the Lyubertsy development in November 2012. WP I Sarl used a portion of the proceeds from the joint venture interest sale to make an additional investment into WP Holdings, enabling WP Holdings to increase its ownership in the Issuer to 12.53%.

In addition, BCRE Russia, members of the Co-Investment Club and Newgen Media (Cyprus) Ltd have an interest in a site of approximately 200 hectares in Kazan, the state capital of Tatarstan and eighth most populous city in Russia. Part of this site is being developed initially as a wholesale and retail centre.

¹ A German company in which Mr. Ofir Rahamim (a Co-CEO of BCP) holds shares and which provides services exclusively to BCP by agreement on a cost plus basis.

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BCRE Russia has also just completed building a residential villa complex in Uspenka which is located approximately 20 km west of Moscow, and which is being sold on a unit by unit basis.

Portfolio

BCRE Russia's portfolio is primarily focused on large retail commercial developments and is concentrated in the Moscow region and in Kazan. Each asset is jointly owned and the entire portfolio is managed locally by BCRE Russia's management team and currently comprises of:

- a. operational income producing commercial freehold and leasehold properties in Dmitrov (13,500m²), Lobnia (39,000m²), Lyubertsy (27,000 m²) and Kazan (88,000 m²);
- b. a luxury complex of 13 residential villas currently offered for sale in Uspenka; and
- c. BCRE Russia has signed an agreement to potentially develop a land plot in Novosibirsk, Russia. Until now BCRE Russia has invested approximately \$1.5 million in planning, design and permitting. The Company does not intend to pursue the development of the site until the economic situation in Russia improves considerably. As a result of this policy BCRE Russia may lose the opportunity to develop the property and write off its investment in the deal. The maximum loss of such write off will be US\$ 1,5 million.

For further details on the Russian portfolio, see Chapter 10 (Detailed overview of the Group's portfolio and projects).

Operations

BCRE Russia's head office is based in Moscow, where its legal, financial development and marketing teams are also located. BCRE Russia also has a regional office in Kazan. 335 employees are currently engaged in the Russian platform, most of which are employed either by BCRE Russia's subsidiaries or by its parent undertakings within the Group.

9.4.4 *India*

Background

In 2005, the Issuer established BCRE India B.V. (**BCRE India**) in respect of its Indian operations. Since 2007, BCRE India through the BCRE India Fund has led investments in three projects with a local partner. In 2009, the BCRE India Fund diverted its outstanding undrawn amounts to investment opportunities in Manhattan. BCRE India currently concentrates on the development of residential projects in addition to its investment in a hospitality project. The Group is presently focusing on managing its existing Indian portfolio.

Portfolio

The Indian portfolio comprises of developments in the outskirts of large cities, including one large residential development in Ludhiana (where the first phase is under advance development and is partially sold) and several land plots acquired for development on the outskirts of Mumbai, off the Mumbai-Pune Expressway. Additionally, a subsidiary of the BCRE India Fund granted a convertible loan to the owner of the hospitality component of a project located on the outskirts of New Delhi.

For further details on the Indian portfolio, see Chapter 10 (Detailed overview of the Group's portfolio and projects).

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Operations

BCRE India's operations are based in New Delhi and include 13 employees, all employed by members of the Group.

9.4.5 *UK*

The Group has entered the UK with its first acquisition of a 26,000ft² office property in Manchester for refurbishment. In the context of current market conditions, the Group has decided to divest the property in Manchester and has recently completed the sale of the building.

9.4.6 *Other*

The Group owns a mixed-use residential and commercial development scheme over a 4,000 m² plot in Rome, Italy (the Marconi project). The project comprises the development of approximately 23,500 m² of built-up area and around 300 parking places. For further details on this property, see Chapter 10 (*Detailed overview of the Group's portfolio and projects*).

9.5 **Key strengths**

Combination of local market presence and international transactional expertise

The Group combines local knowledge of, and contacts within, its key markets with international experience of research, due diligence, structuring, financing, developing and delivering large scale real estate projects to international standards. The Issuer considers this combination uncommon.

Focus on known markets and sectors

The Group has been active in its key markets for many years – in Manhattan since 1994 (initially, as Brack Capital Group), in Germany since 2005, in Russia since 2006 and in India since 2005. The Group focuses its attention mostly on specific sectors in these markets which it knows and understands – in Germany commercial (mainly retail) and multifamily residential income producing, in Russia development for commercial (mainly retail) and in the US on Manhattan conversion, renovation and development (recently mainly in the residential and hospitality sectors). The Issuer believes this enables the Group to understand its markets and to analyse the real risks and opportunities of each project in the context of those markets.

Substantial "on the ground" platforms

The Issuer believes that real estate is a local business and believes the foundation of its strength is real, local experience and expertise. The Group's local teams in each market are managed by dedicated, specialised, experienced and incentivised professionals with a local knowledge and an understanding of the business they are carrying out. Their capabilities and expertise are full service and include sourcing off-market deals, in-house research and analysis, underwriting budgets, timetables, sales and leases, raising finance from local and international lenders, maintaining close working relationships with local authorities, detailed, hands on, property management, development capabilities, experience of refurbishment works and improvements and lease negotiations. The Issuer believes this depth of knowledge, experience and contacts gives the Group a competitive advantage over other international investors in its key markets and the Issuer believes this enables the Group to identify and deliver transactions other international investors are often unable or unwilling to source or deliver.

Experienced management team

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Most of the senior executives of the Group's platforms have between 7 and 30 years' experience in real estate transactions in their local market and most of them have been with the Group for over 5 years. In addition, in most of the Group's platforms the Group has experienced management below these senior executives who also have been with the Group for a number of years. The Group believes the depth of its management expertise in its key markets gives it a competitive advantage over its competitors.

Significant large scale development expertise

The Group has significant expertise of delivering large scale development projects and is able to use and transfer that experience to develop large scale projects in each of its key markets. Since its establishment, the Group has developed projects with a significant lettable area, including the Group's major developments currently underway in Kazan and Düsseldorf.

Strong transaction structuring skills

The Group is experienced in structuring transactions so as to seek to mitigate risk. It occasionally seeks to do this as early as practicable in the transaction through co-investing with international investors or its Co-Investment Club, seeking pre-lets or other contractual protections wherever practicable prior to development, adopting phased development when possible in large developments and only commencing a phase when the previous phase is significantly underwritten by sales or leases. The Group adopts an analytical approach to identify the risks in its projects in accordance with international standards before acquiring a property and continues throughout the project to seek to find ways to reduce risk and realise value as early as possible through sales or refinancing.

Access to co-investors

The Group is able to leverage its operational platform by co-investing with international investors and its Co-Investment Club. This often enables it to share the risk and in many cases earn management fees and potential promote fees in addition to its equity interest in the project. The Group's relationship with its co-investors enables it to react quickly and flexibly to investment opportunities.

Good access to debt financing

The Issuer believes that the Group's deep connections with local and international banks enable it to secure finance for its projects either internationally or locally on favourable terms. For instance, the Group has been able to achieve financing and refinancing for its projects in Russia in the past with local banks at a time when bank lending has been difficult or almost impossible to obtain from the international financial markets. The Issuer believes that the depth of its relationships with both international and local banks enables it to source debt financing even when availability is relatively limited.

9.6 Objective and strategy

The Group's objective is to identify and execute opportunities in local markets by leveraging off its global investment, development and management experience and to generate exceptional returns by employing expert local management teams.

The following are key components of the Group's strategy:

- a. an analytical approach to investment decisions based on multi-layered risk management throughout the life cycle of a project, taking into consideration the special financial attributes of the project, including the length of the project, liquidity and transaction costs. The Group's financial approach to portfolio allocation is focussed on the continuous monitoring and adjustment of its portfolio,

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ensuring diversification by country, asset class, currency, specification and development to income producing properties;

- b. maintaining independently managed local teams in each of its key markets;
- c. focusing investment primarily on the Group's key markets;
- d. benefiting from organic return growth at project level;
- e. accessing quality deal flow in each local market through the strength and depth of its local platforms and their connections;
- f. retaining staff with a substantial aggregate knowledge base and diversified experiences who have remained with the Group over a long period of time;
- g. taking a global view on investment based on detailed knowledge of the drivers in its key markets which allows for diverse risk analysis and efficient funds allocation;
- h. developing and retaining in-house research and finance capabilities including experience with M&A transactions and structured finance;
- i. developing and retaining in-house development capabilities such as design coordination, procurement and property management; and
- j. developing and retaining in-house construction, management, supervision, procurement and estimation capabilities by employing internal construction and engineering experts, and maintaining financial flexibility through reasonable leverage and debt duration and maturity.

9.7 Co-investments

Since its inception, the Group has proved its ability to attract co-investors to its projects, whether it be international real estate fund managers, institutional investors such as the Israeli pension funds and insurance companies that invested in the BCRE India Fund, or members of its Co-Investment Club.

Co-Investment Club

Pursuant to a framework agreement entered into between the Issuer and a number of co-investors in April 2011, the Issuer agreed to offer its co-investors the right to participate in any new real estate deal sourced by the Group, subject to certain limitations. A number of shareholders of the Issuer are currently members of the Co-Investment Club. At present, members of the Co-Investment Club have interests in a number of German properties (the properties listed under the headings "OBI-Titan Portfolio" and "Matrix Portfolio" in the table contained in Chapter 10 (*Detailed overview of the Group's portfolio and projects*), section 10.2.1, and the properties in Rostock, Kassel, Leipzig and Leipzig Am Zoo), Russian properties (Lobnia, Lyubertsy and Kazan) and US properties (Orchard, Cobblestone). All these properties are jointly held with the Group and other third parties. Members of the Co-Investment Club also participate in the Group's real estate lending activities in New York.

While the obligations on the Issuer to offer transactions to the members of the Co-Investment Club expired in April 2014, the Group intends to continue to offer co-investment opportunities to members of the Co-Investment Club and others where appropriate.

Joint ventures

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Where the Board has considered it beneficial for its shareholders to do so, the Group has entered into a joint venture with local and/or international partners, outside the Co-Investment Club. The Group is party to joint venture agreements with the following main local partners:

- (a) Newgen Media (Cyprus) Ltd., in relation to the Group's development in Kazan and in Lyubertsy. Newgen Media (Cyprus) Ltd. (a Cypriot company owned by Mr. Khaldey) and BCRE Russia jointly control the company that holds the Kazan project;
- (b) InterContinental Hotels Group (**IHG**), in relation to the Hotel Indigo in Manhattan. IHG is one of the world's largest hotel companies by number of rooms, with a global experience across a range of segments from luxury to mid-scale. IHG, BCRE India Fund and members of the Co-Investment Club jointly control the company that holds the Hotel Indigo;
- (c) Citizen M, in relation to two Citizen M hotels in Manhattan. Citizen M is a new brand of boutique hotels based in the Netherlands which is co-owned by KRC Capital (an independent private equity firm with a unique focus on the lifestyle segment) and Stichting Pensioenfonds ABP (a Dutch pension fund). Citizen M and BCRE India Fund jointly control the companies that hold the two Citizen M hotels;
- (d) Apollo (now ARES), in relation to certain investments in Russia. In 2006, Apollo entered into a joint venture agreement with BCRE Russia to invest in Russia as a co-partner. Following this agreement, the parties invested together in three projects – Dmitrov (a land plot for the development of a shopping centre), Lobnia (a land plot for the development of a warehouse and logistics centre, part of which has since been sold by Apollo to BCRE and to the Co-Investment Club) and Baza (sold jointly by BCRE and Apollo in September 2012 to a third party); and
- (e) An Agreement between a Company's subsidiary and its partner OSIB Bowery Street Propco Inc (**OSIB**) in the development of a hotel at 185-191 Bowery Street, New York, New York, was signed on 14 July 2010 and was amended on 6 May 2015. The agreement sets forth the rights and obligations of the members in connection with the development and ownership of the hotel. The amendment of the agreement effected the following material changes: (i) OSIB replaced the Company's subsidiary as the administrative member and Company's subsidiary received approval rights over certain major decisions enumerated in the agreement, (ii) Company's subsidiary no longer has any obligation to fund capital for construction (beyond the US\$11.634 million already funded), (iii) Company's subsidiary is protected against cost overruns above the current budget and (iv) if an affiliate of OSIB goes public Company's subsidiary has the right, before the IPO of the said public company, to exchange its membership interest for shares of such public company at a 10% discount to their market price. After the completion of the hotel, each member is obligated to fund its pro rata share of any costs. According to the agreement, Company's subsidiary is entitled to a development management fee, and an administrative member fee; OSIB is entitled to an advisory fee, professional advisory fee and technical services fee.

Management of jointly-owned properties

The Group seeks significant day-to-day management control over its projects. In the case of the BCRE India Fund, BCRE has a 20.9% equity interest in the fund, receiving a management fee and a performance fee on all of the investments made by BCRE India Fund. In the case of the Co-Investment Club, the Group acts as asset manager and receives a management fee and a performance fee on each of the investments made by members of the Co-Investment Club, the amounts of which vary from jurisdiction to jurisdiction. With regard to the joint ventures outside of the Co-Investment Club, the Group

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receives a management fee and performance fee in respect of the property owned jointly with ARES and a development fee in respect of the property owned jointly with IHG.

9.8 Relationship with key shareholders

General

The controlling shareholder in the Issuer is BCI, an Israeli incorporated company, controlled indirectly by Shimon Weintraub and Ronen Peled. Further details of BCI's interests in the capital of the Issuer are contained in Chapter 15 (*General information*), section 15.5.

Controlling Shareholders Agreement

The Issuer and each of BCI, Brack Capital Holdings Ltd. (**BCH**) CH and Shimon Weintraub have entered into a controlling shareholders agreement (the **Controlling Shareholders Agreement**), pursuant to which they have each undertaken to the Issuer to not pursue any real estate opportunities (subject to certain exceptions) without first referring them to the Issuer for consideration. BCI has further undertaken not to sell or transfer any Shares held by it for a period of six months from the Share Admission (other than, subject to prior notification to Peel Hunt LLP (**Peel Hunt**), the grant of security over Shares by BCI and/or its associates). BCH and Shimon Weintraub have further undertaken that for a period of six months from the Share Admission, they shall not sell or permit to be sold any direct or indirect (respectively) interests held by them in BCI such that BCH and/or Shimon Weintraub shall cease to control (directly or indirectly) 30% or more of the Shares. Further details of the Controlling Shareholders Agreement are contained in Chapter 12 (*Material contracts*), section 12.1.

BCH Services Agreements

The Group is supported by BCH through the provision of certain consulting services, including rating, investor relations and other financial services (**BCH Consulting Services**). The BCH Consulting Services are provided to the Group on arm's length terms pursuant to the agreements entered into between BCH and each of BCRE, BCRE USA, Brack Capital Cyprus Management Limited, Dalefield Limited, Brack Capital Real Estate (India-China) Management Limited (the **BCH Services Agreements**). An additional services agreement has been proposed to be entered into after the Share Admission between BCH and BCP in respect of BCP and its subsidiaries. This additional agreement has not yet been concluded. Further details of the BCH Services Agreements are contained in Chapter 12 (*Material contracts*), section 12.1.3.

BJA Services Agreements

The Group is supported by B Joel Advisors Limited (**BJA**) (a trust having Shimon Weintraub as its beneficiary) through the provision of services relating to fund raisings, investors' connections and real estate initiation and development consultation (**BJA Consulting Services**) for a total annual fee of \$280,000 (plus annual interest at 12 month LIBOR). The BJA Consulting Services will be continued to be provided after Admission to the Group on arm's length terms pursuant to the agreements entered into between BJA and each of Dalefield Limited, Brack Capital Real Estate (India-China) Management Limited, BCM USA LLC and Brack Capital First (the **BJA Services Agreements**), further details of which are contained in Chapter 12 (*Material contracts*), section 12.1.4.

Put Option

Pursuant to the shareholders' agreement in relation to BCH, a number of BCH's shareholders have the right, for a period of two years following the Share Admission, to sell to BCH all or part of their shares in BCH and to use the proceeds of such sale to acquire Shares from BCH and/or its subsidiaries (including BCI). The price at which

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Shares are to be purchased by a BCH investor following the sale of its shares in BCH is equal to: (a) the value attributable to such shares on the Share Admission (prior to the issuance of the new Shares upon the Share Admission), for the first six months following the Share Admission; or (b) the share market price, for the remaining 18 months following the Share Admission. If all the shareholders of BCH who hold this option chose to exercise it, BCI's percentage in the Shares would be reduced and might end up between 15% and 20%, with or without the option of BCI to purchase Shares or pay for the BCH shareholders to buy Shares in the market. see Chapter 9 (*Information on the group*), section 9.8 (*Relationship with key shareholders*).

Takeover considerations

For so long as BCI continues to hold at least 30% of the voting rights of the Issuer, BCI will be able to acquire Shares and increase its interest in Shares without incurring any obligation under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) to make a mandatory offer for the remaining Shares.

Private Loan Agreements

A loan agreement was entered into in December 2015 between the Issuer and few of its subsidiaries, pursuant to which the Issuer borrowed from a trust having Ronen Peled as its beneficiary US\$2.6 million under the terms as detailed in the agreement with a maturity date of 16 February 2017. As a security for the loan, the Issuer's subsidiaries pledged its rights in BCP shares. This loan will be converted into Bonds upon the first issuance of Bonds under the Programme.

Another loan agreement was entered into in December 2015 between the Issuer and few of its subsidiaries, pursuant to which the Issuer borrowed from third party lenders US\$10.25 million under the terms as detailed in the agreement with a maturity date of 31 December 2018. As a security for the loan, the Issuer's subsidiaries pledged their rights in BCRE Funding Holdings LLC. A trust having Shimon Weintraub as its beneficiary signed a loan agreement as lender on the same terms as the other third party lenders.

10 DETAILED OVERVIEW OF THE GROUP'S PORTFOLIO AND PROJECTS

10.1 US Platform

10.1.1 *The following is an overview of the US properties in which BCRE USA and/or the BCRE India Fund is interested:*

Name	City	BCRE Ownership (%)	Partners	Net lettable area (100% net ft ²)	Development / Operating (as at 31 December 2015)	No. of units/rooms	Type
218 W. 50 th Street (Citizen M Times Square)	New York, NY	7.3*	Citizen M	84,600	Operating	230	Hotel
185 – 191 Bowery (Citizen M)	New York, NY	19.1*	Citizen M	99,700	Development	300	Hotel Development
Orchard (Indigo Hotel)	New York, NY	15.3*	IHG & Co-Investment Club	145,000	Development	295	Boutique Hotel
Cobblestone Grove	Cincinnati, OH	53.1	Co-Investment Club	252,608	Operating	292	Multi Family Complex
90 Morton st.	New York, NY	51.1	Co-Investment Club	90,000	n/a	n/a	Commercial Building
720 West End Avenue	New York, NY	100	Co-Investment Club	187,000	n/a	n/a	Senior Community Rental / Residential
Century Lake	Cincinnati, OH	47.0	Co-Investment Club	183,000	Operating	224	Multi Family Complex

* Includes the Issuer's interest through its interest of 20% in the BCRE India Fund.

10.1.2 *The following is a summary of the material properties in which BCRE USA is interested:*

Citizen M in Times Square

The Group holds a 7% interest (via the BCRE India Fund which holds a 35% interest) in the leasehold owner of a development site for the Citizen M Hotel being developed in Times Square, on 218 W. 50th Street, in the heart of Midtown, New York City. The remaining 65% of the leasehold rights are held indirectly by Citizen M. The Group has completed the development of this 84,600ft² (gross), 22-storey ground-up boutique hotel. The development features 230 rooms, a uniquely designed living room-like lobby, pantry area, fitness centre, bars and a rooftop lounge. The construction phase started in September 2011 and was completed in March 2014. The leasehold owner of the property has entered into a 25 year sublease agreement with an affiliate of Citizen M, who will operate the hotel. The project is financed mostly by equity, save for a US\$6 million loan from Signature Bank which has been redeemed on 16 September 2015. As of June 2015, a US\$68 million loan is in place in respect of the property, with a fixed interest rate (by a swap instrument) of 4.7%, and is due to mature by July 2022.

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Orchard (Hotel Indigo and adjacent garage and retail space)

In conjunction with IHG, BCRE USA has developed a new 295-room Hotel Indigo, on 180 Orchard Street in Manhattan. The 295 room Indigo Lower East Side Hotel opened in November 2015.

The BCRE India Fund owns 17.1% and the Group directly owns 11.7% of the hotel. The balance of the hotel is held by IHG and members of the Co-Investment Club.

In December 2015 the US\$80.5 million construction loan has been refinanced with a US\$103 million facility, carrying a Libor plus 325 basis points. The loan is due to mature on 1 January 2021. A US\$10 million second tier loan was taken by an Issuer's subsidiary, which is secured also by the Issuer's interest in the Indigo hotel and will be repaid, according to the lenders option, at 31 October 2016 (maturity date) or, at the consummation of a sale of the hotel if occurred prior to the maturity date.

90 Morton st. (Manhattan, New York)

On 11 July 2014 a subsidiary of the Issuer entered into a contract for the acquisition of the property located at 627 Greenwich Street, New York NY. The site is improved by an existing 107,324ft² vacant, twelve-story industrial and storage facility. The Issuer has closed this acquisition on 12 November 2014 for an amount of US\$106 million. The subsidiary of the Issuer has secured, at closing, an acquisition loan in the amount of US\$87,000,000, consisting of a US\$67,000,000 A Note and a US\$20,000,000 B Note. The Issuer is guaranteeing the B Note and received a back-to-back guaranty from the 51% partner with regard to this guaranty. The Group intends to capitalise a portion of the deal with debt investment from lenders whose interests will be to a condominium unit, in case a condo will be developed, or a fairly nominal interest rate (if they elect not to receive a condominium unit) and who will not have any decision rights in respect of the operation or development of the project.

720 West End Avenue (Manhattan, New York)

In June 2014, the Issuer announced that a subsidiary entered into a contract for the acquisition of the property located 720 West End Avenue, New York NY from The Salvation Army (the **Army**), subject to several conditions. The purchase price is approximately US\$108.75 million. The closing occurred on 16 October 2015. The site is improved by an existing 251,228ft² 15-story apartment building which is currently operated as a senior residence by the Army. The Group leased back the building to the Army for approximately 3 years so that the Army can vacate the building. The Army is providing a US\$38.75 million purchase money mortgage to the Group which will only become due when the Army has vacated the building. After the Army delivers vacant possession of the building, the Group plans to convert it to high-end luxury condominiums. The Group intends to capitalise a portion of the deal with debt investment from lenders whose interests will be to a condominium unit, in case a condo will be developed, or a fairly nominal interest rate (if they elect not to receive a condominium unit) and who will not have any decision rights in respect of the operation or development of the project.

10.2 German Platform

10.2.1 *The following is an overview of the properties in which BCP is interested:*

Name	City	Ownership (%)		Partners	Gross lettable area (gross m ²)	*Development / Operating	No. of units/ rooms	Type
		BCP	BCRE					
Arcadia Hotel	Hamburg	100	34.8	N/A	4,999	Operating	100	Hotel

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Name	City	Ownership (%)		Partners	Gross lettable area (gross m²)	*Development / Operating	No. of units/ rooms	Type
		BCP	BCRE					
Celle	Celle	100	34.8	N/A	26,694	Operating	N/A	Commercial
Hamm	Hamm	100	34.8	N/A	12,676	Operating	306	Residential
Rostock	Rostock	56.14	19.5	Co-Investment Club	61,213	Operating	N/A	Commercial
Velbert	Velbert	100	34.8	N/A	48,041	Operating	718	Residential
Wuppertal	Wuppertal	94.0	32.8	Third Party	24,515	Operating	334	Residential
LEG Roßstrasse	Düsseldorf	100	34.8	N/A	4,491	Operating	N/A	Office
LEG Vagedestrasse	Düsseldorf	100	34.8	N/A	3,985	Operating	N/A	Office
OBI Kassel	Hesse	51.0	17.7	Co-Investment Club	12,079	Operating	N/A	Commercial
Tethys	North Germany (Bremen, Bremerhaven, Emmerich, Göttingen, Essen, Leipzig)	100	34.8	N/A	91,200	Operating	1,570	Residential
Castrop-Rauxel	Widumer	100	34.8	N/A	12,928	Operating	N/A	Commercial
Dortmund	Dortmund	100	34.8	N/A	15,100	Operating	308	Residential
Krefeld/ Hannover	North Rhine Westphalia	100	34.8	N/A	18,300	Operating	267	Residential
Dusseldorf (Grafenberg)	Dusseldorf	100	34.8	N/A	20,000	Operating	N/A	Mixed use with potential conversion to residential
BCP's latest acquisition in June	North Germany	100	34.8	N/A	29.000	Operating	430	Residential
Panther Portfolio								
Chemnitz	Chemnitz	60	20.9	Third Party	6,643	Operating	N/A	Office

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Name	City	Ownership (%)		Partners	Gross lettable area (gross m²)	*Development / Operating	No. of units/ rooms	Type
		BCP	BCRE					
Bad Kreuznach	Bad Kreuznach	100	34.8	N/A	3,602	Operating	N/A	Office
Hanover	Hanover				27,593		566	Residential
LEG Oberhausen	Oberhausen				37,423		474	Residential
LEG Schanzenstr.	Düsseldorf				3,905		N/A	Office
LEG Duisburg	Duisberg				16,946		307	Residential
LEG Gelsenkirchen	Gelsenkirchen				18,376		301	Residential
Ludwigsfelde	Ludwigsfelde				8,687		N/A	Commercial and office
Neubrandenburg	Neubrandenburg				2,590		N/A	Commercial
Remscheid	Remscheid				5,050		N/A	Commercial
Falcon Portfolio								
Dortmund	Dortmund	100	34.8	N/A	52,121	Operating	1,003	Residential
Duisberg	Duisberg							
Essen	Essen							
Grafental								
Grafental	Düsseldorf	83.0	35.1 ²	BCRE third parties and BCP's CEOs	214,900 (Net buildable area)	Development	N/A	Residential and office

² Comprises the indirect interest held through BCP and an additional 6.3% interest held directly by Brack Capital First, a wholly owned subsidiary of the Issuer.

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Name	City	Ownership (%)		Partners	Gross lettable area (gross m²)	*Development / Operating	No. of units/ rooms	Type
		BCP	BCRE					
Leipzig Portfolio								
Leipzig	Leipzig	51.0	17.7	Co-Investment Club	135,725 (including 1,555 as commercial area)	Operating	2,789	Residential
Leipzig am Zoo					14,660	Operating	435	
OBI-Mars Portfolio								
Cologne	Cologne	100	34.8	N/A	8,951	Operating	N/A	Commercial
Düsseldorf	Düsseldorf				9,391			
Matrix Portfolio								
Aschersleben	Aschersleben	52.3	18.1	Co-Investment Club	147,160	Operating	N/A	Commercial
Augsburg	Augsburg							
Bad Aibling	Bad Aibling							
Biberach an der Riß	Biberach an der Riß							
Borken	Borken							
Erlangen	Erlangen							
Geislingen an der Steige	Geislingen an der Steige							
Glauchau	Glauchau							
Ludwigsburg	Ludwigsburg							
Ludwigsfelde	Ludwigsfelde							
Lutherstadt Wittenburg	Lutherstadt Wittenburg							

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Name	City	Ownership (%)		Partners	Gross lettable area (gross m²)	*Development / Operating	No. of units/ rooms	Type
		BCP	BCRE					
Neckarsulm	Neckarsulm							
Vilshofen	Vilshofen							
OBI-Titan Portfolio								
Bad Segeberg	Bad Segeberg	52.3	18.1	Co-Investment Club	7,028	Operating	N/A	Commercial
Dreieich	Dreieich				11,771			
Dresden	Dresden				6,364			
Emden	Emden				8,208			
Hannover	Hannover				13,371			
Leverkusen	Leverkusen				9,053			

In December 2015, a wholly owned subsidiary of BCP entered into a sale agreement to purchase 296 residential units in Northern Germany. The total leasable area of the portfolio is approximately 20,500m² and the units are let to a number of tenants. This transaction is scheduled to be closed on 29 February 2016.

10.2.2 *The following is a summary of the material properties in which BCP is interested:*

10.2.2.1 Residential

Leipzig Portfolio

Overview

BCP has a 51% interest in a portfolio of 96 buildings in Leipzig, Germany which consist of 2,789 residential units which it acquired in July 2011 for €76,768,000 (including transaction costs). The remaining 49% interest is held by members of the Co-Investment Club. The total area of the development portfolio covers approximately 147,319m² with an average unit size of around 52m². A loan facility of €60,750,000 has been entered into by the property owning company in respect of this portfolio, which is due to mature in June 2016. The property was valued at €105,250,000 as at 31 December 2014.

Selected financial and operating information as at 31 December 2014:

Number of units: 2,789

Net lettable area: 147,319²

Average occupancy rate: 95%

Net operating income: €6,894,000

10.2.2.2 Commercial

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Matrix Portfolio

Overview

BCP's subsidiary together with the members of the Co-Investment Club own through a Luxembourg company 13 properties with approximately 158,256m² of leasable retail commercial real estate centres across Bavaria, Baden-Württemberg, North Rhine Westphalia and Berlin. The assets are owned as to 52.3% by BCP and the balance by members of the Co-Investment Club and a third party. The assets were purchased in June 2011 and were valued at €185,229,000 as at 31 December 2014. On acquisition, a loan facility was entered into in respect of these properties for an amount of €105 million, which is due to mature in June 2016. In February 2014, BCP refinanced the loan with a new €125 million loan and which is due to mature in December 2018. The loan balance as of December 2014 is approximately €121,250,000.

The anchor tenant in the properties is Kaufland which leases around 48.47% of the lettable area of these properties pursuant to 7 to 14 year leases expiring in 2023 and 2030 respectively.

Kaufland is one of Germany's leading discount food retailers. In 2014, Kaufland represented approximately 14% of BCP's income.

Selected financial and operating information as at 31 December 2014:

Number of assets: 13

Net leasable area: 158,256m²

Occupancy rate: 95.8%

Net operating income: €11,421,000

Rostock

Overview

In June 2013, BCP acquired 56.14% of a commercial portfolio with a gross leasable area of 61,213m² for €67.9 million (including transaction costs) in Rostock, in Mecklenburg-Vorpommern in northern Germany. The remaining 43.86% is owned by members of the Co-Investment Club. In June 2013, a loan facility agreement was entered into in respect of the properties in the sum of approximately €51.5 million, which is due to mature in September 2018 and balance as of December 2014 is approx. €48,444,000. The portfolio was valued at €91,690,000 as at 31 December 2014.

Selected financial and operating information as at 31 December 2014:

Number of assets: 1

Net leasable area: 61,213m²

Occupancy rate: 100%

Net operating income: €5,655,000

10.2.2.3 Development projects

Düsseldorf (Grafental)

BCP holds an 83% interest in approximately 37 acres of land known as "Grafental" in a central location in the city of Düsseldorf. An additional 6.3% interest is held in the project directly by Brack Capital First. The remaining interest in the project is held by third parties

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and by BCP's CEOs (who jointly hold 1.105%). The land was purchased in June 2008, following which BCP has worked to improve the land. The shareholders have invested material sums in planning, purchasing adjacent land, constructing access roads and moving railways. BCP is currently developing a large-scale residential and office project, which will cover a total of approximately 240,000m² on the site.

Of this project, 116,000m² is designated for the construction of 850 residential units. The development is planned to take place in several stages, with the aim of achieving a high level of advance sales. BCP sold all 202 apartments in phase I in the amount of approximately €80.9 million. Handing over apartments to tenants began in April 2014, and is expected to be completed during the fourth quarter of 2015. In view of the rapid advances in the marketing of stage A, BCP began marketing stage B1 during September 2013 (114 units). Stage B of the project will include 284 residential units of high-density construction and 20 private homes (totalling 45,600m²). There will be three sub-stages of stage B ("B1", "B2" and "B3"). Construction of B1 and B2 began during the second quarter of 2014. In July 2013, BCP entered into a contingent sale agreement with a German pension fund for the sale of B2 for a total consideration of €30 million. B2 is comprised of 79 residential units in two buildings with a net area of 7,803m² and a commercial space of 713m² with 101 parking spaces. The marketing of B1 began in September 2013, and as of the date of signing BCP's third quarter reports, 116 apartments were sold (signed contracts and subscriptions), representing approximately 98% of the units in this phase, for a monetary consideration of approximately €54.9 million. In respect of B3, BCP began marketing in the first quarter of 2015 and as of the date of signing BCP's third quarter reports 66 units were sold (signed contracts and subscriptions), representing approximately 62% of the units in this phase, for a monetary consideration of approximately €31.9 million.

In November 2011, BCP entered into a loan agreement for the development of stage A in the amount of €20 million. BCP has met the early sale targets which were set by the bank as a condition to further financing. However, the income received from advance sales has been used to finance the construction of stage A, meaning that this loan was not utilised.

On 13 November 2013, an agreement with a German bank was signed for a €101.4 million loan. Of this amount:

- (a) €15 million is for the refinancing of a €25 million loan (the €10 million balance of the loan was repaid from the free cash flow of stage A during the final quarter of 2013 and the first quarter of 2014); As of the report date of BCP's 2015 third quarter reports, the loan balance per this loan is approximately €10 millions
- (b) €15 million is for the renewal of the guarantees relating to the financing of the construction of stage A. Of this amount, €10.8 million was spent for the benefit of the city of Dusseldorf to meet various undertakings granted under the public infrastructure development agreement as of the signing date of the report; and
- (c) €71.4 million is for a construction loan for the financing of the construction of stages B1 and B3. As of the report date of BCP's 2015 third quarter reports, the loan balance is €0.

In February 2014, BCP has reached a preliminary agreement with Dusseldorf municipality for the rezoning of the mixed use income producing property as well as an agreement in principle to change the zoning of the land to residential zoning. If and when the change of zoning is consummated, the construction of residential project that will include up to 80 to 100 flats will be feasible (about 20,000 m² built, gross) on the land, adding ca. 650 residential units to the Grafental project. BCP expects that the above plans will be approved by the municipality by the end of 2016 and that the land will be available for construction to commence by the second half of 2017.

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10.3 Russia

10.3.1 The following is an overview of the properties in which the Group is interested in Russia:

Name	City	BCRE Ownership (%)	Principal Partners	Net lettable area (net m ²)	Development / Operating (occupancy rate as at 31 December 2013 (%))	No. of units	Type
Kazan – Wholesale Market	Kazan	34.6	Newgen Media (Cyprus) Ltd & Co-Investment Club and members of the management	79,500	Three modules currently operating	2,513 units currently operational	Retail and Wholesales
Lyubertsy – Shopping Centre	Lyubertsy	64.1	Newgen Media (Cyprus) Ltd & Co-Investment Club	27,000	Operating	N/A	Shopping Center
Dmitrov – Shopping Centre	Dmitrov	42.5	ARES	13,500	Operating	N/A	Retail
Lobnia – Class A Logistics Centre	Lobnia	52.6	Filuet & Co-Investment Club	39,000	Operating	N/A	Warehouse
Uspenka – Villa Development	Uspenka	59.5	Third parties	7,000	Development complete and villas being sold	13	Residential Villas Complex for sale

10.3.2 The following is a summary of the material properties comprised within the Group's Russian portfolio:

10.3.2.1 Operational projects

Kazan

Overview

In 2012, the Group acquired a 22.3% interest in a land plot of approximately 196.58 hectares in the city of Kazan designated for wholesale and retail (including agricultural retail) use. Kazan is one of the major economic business centres in Russia, the capital of Tatarstan and the eighth most populous city in Russia. Kazan has a favourable location approximately 750 kilometres east of Moscow along the Western Europe – Western China road corridor currently under construction. Currently, the Group holds a 34.6% interest in the project and the remaining interest is held by members of the Co-Investment Club and indirectly by Newgen Media (Cyprus) Ltd., a company owned by Mr. Alexander Khaldey, a Russian real estate investor and by members of the Group's Russian management team.

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The first pavilion was completed at the beginning of 2013 and the second pavilion was completed in late 2013. The third pavilion was opened in September 2014. The first pavilion was partially burnt down by a fire due to an electrical fault in mid-2013 and the remainder (mostly the footprint and the parking) was recently leased to an agro operator. The 5 year lease terms include a capex investment to be made by the tenant, a non-material payment for the first year of the lease, followed by a fixed annual payment for the balance of the lease. The construction loan facility of an amount of US\$44 million in respect of pavilions 1 and 2 was refinanced by a new loan of US\$94 million, which is due to mature in March 2023. The last tranche of this loan was drawn down in November 2013. In December 2013, a loan facility agreement of an amount of approximately US\$31 million for the construction of pavilion 3 was signed, which is due to mature in September 2018. As of 31 December 2015, the aggregate amount drawn down under the loans is US\$116.1 million and US\$116.3 million as of 30 June 2015. The loan facilities are secured by way of a pledge over the property, land, shares of the property company and by two limited guarantees granted by the Issuer for a total amount up to approximately US\$17 million. The guarantee with the limit of approximately US\$4.2 million will expire on 28 September 2021, or earlier in case the debt service coverage ratio of the project is less than 1.5 within 6 months from the date of 30 September 2014 and registration of pledge for pavilion 3. The guarantee with the limit of approximately US\$12.8 million will expire on 28 March 2026 or upon the performance by the borrower of its obligations under the facility agreements.

Selected financial and operating information in respect of pavilion 1, 2 and 3 as at 30 June 2015:

Number of units: 2,513

Net leasable area: 88,000m²

Combined occupancy rate (pavilions 2 and 3) of 74% in addition to pavilion 1 which is fully let Operating income (100%): US\$6 million*

* Applies only for the 6 months ending 30 June 2015. Rent is collected in Ruble, and is subject to exchange rate variance.

10.3.2.2 Operational project

Lyubertsy

In October 2007, the Group acquired a 50% interest in the leasehold (later to be converted to freehold) in a 17,429m² land plot in Lyubertsy, one of the largest and most densely populated cities in the Moscow region. The remaining 50% interest was held by WP I Sarl, the sole shareholder of WP Holdings.

In 2012, WP I Sarl sold its interest to the Group, Newgen Media (Cyprus) Ltd. and members of the Co-Investment Club. In July 2014, the Group brought Newgen Media interest in the project

Construction of the project commenced in June 2013 and completed in December 2015. It holds 27,080 m² of leasable area over 4 retail floors and 650 indoor and outdoor parking places. As of the date of the Base Prospectus, 18,900m² are occupied and for 3,550m² signed term sheets have been received. The income from tenants at full occupancy, under the current market and currency uncertainty conditions, is expected to be between \$10m to \$13m

Two loan facilities have been entered into with the same bank in respect of this property for an aggregate amount of US\$95million, of which US\$80 million had been drawn down as at 31 December 2015. Both loan facilities are due to mature in May 2023. The loan facilities are secured by way of a pledge over the property, land, shares of the property company and the utilities company, and a limited guarantee granted by the Issuer for an amount up to US\$15,683,020 and will expire on the earlier of both conditions: 2026 or

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debt service coverage ratio of the project shall not be less than 1.2 within 6 months from the date of commissioning of the shopping centre.

10.4 India

10.4.1 *The following is an overview of the Indian properties in which the Group is interested:*

Name	City	Company ownership* (%)	Partners	Land	Development / Operating	No. of units/rooms
Imperial Golf Estate	Ludhiana	12.9	BCRE India Fund Silverglades and ILFS	280 acres	Development	Approximately 350,000m ² of plotted development and 10,000m ² currently under construction
Mumbai**	Off Mumbai-Pune Expressway	32.3	BCRE India Fund Silverglades	417 acres	Development	N/A

* BCRE India Fund, in which BCRE has a 20.9% interest, holds 61% (profit rights and not voting rights) in the Imperial Golf Estate, Ludhiana.

** This represents an interest in Emerald Buildcon Private Limited which has an interest in development rights³ in approximately 417 acres of land. 25% of Emerald Buildcon Private Limited is held by the BCRE India Fund (in which BCRE has 20% interest) and 25% by a member of the Group.

Additionally, a subsidiary of the BCRE India Fund granted a convertible loan to the owner of the hospitality component of a project located on the outskirts of New Delhi. Repayment has been requested. The amount due to BCRE is US\$1.3 million.

10.4.2 *The following is a summary of the material property comprised within the Group's Indian portfolio:*

Ludhiana

The BCRE India Fund holds a 61% (profit rights and not voting rights) interest in Emerald Lands (India) Private Limited (**ELPL**) which holds an interest in the development rights of the Imperial Golf Estate, a 280-acre golf resort and premium residential township located on the outskirts of Ludhiana in Punjab, a major city in the north of India. The remaining 39% interest in ELPL is held by Silverglades and ILFS. Silverglades is a local partner in the project and ILFS is a prominent financial institution in India. ILFS acquired a 28% stake through transactions which took place in 2010 and 2011. The project will include an 18-hole championship golf course designed by Jack Nicklaus, a club house and a golf academy. On the residential side, the project will include approximately 350,000m² of plotted development and 10,000m² is currently under construction, ranging from plots to luxury villas and suites. The plots offered range between 210m² and 1,670m² each. Suites and villas range between 148m² and 770m². The project is currently under a phased construction and sale, is expected to complete in 2017 and, as of 31 December 2015, 287 units have been sold. The pace of development and sales has slowed down in line with tough market conditions. As of December 31 2015 the balance of the loan facility is US\$ 4.5 million to be repaid up to April 2016.

³ Such an arrangement is customary for foreign investments in real estate development projects in India where ownership of land cannot be acquired owing to local regulations.

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Name	City	Ownership (%)	Partners	Gross area (gross m ²)	Development / Operating	No. of units/ rooms	Type
Marconi	Rome	88.05	N/A	23,500m ²	Development	N/A	Mixed-use

The following is a summary of the property comprised within the Group's Italy portfolio:

The Marconi project is a mixed-use residential and commercial development project comprising approximately 23,500m² of built-up area over a 4,000m² plot in Rome. The project is planned over a 9-Storey building with 8 Residential floors and 1 Commercial floor, and around 300 parking places. Once the necessary permits are received for the development of the project, the Issuer will assess whether to sell or develop the property.

11 DIRECTORS AND SENIOR MANAGEMENT

11.1 The Board and Senior Managers

11.1.1 Board structure

The Issuer has a one-tier board of directors, consisting of two executive directors (the **Executive Directors**) and three non-executive directors (the **Non-executive Directors**). The articles of association (*statuten*) of the Issuer (the **Articles**) provide that the number of Directors shall be determined by the meeting of shareholders of the Issuer (the **General Meeting**), and shall consist of at least one and no more than four Executive Directors and at least two and no more than six Non-executive Directors. The Board presently consists of two executive directors, one non-executive director who is considered independent, one non-independent Chairman and one non-independent non-executive director. None of the Directors has been nominated by BCI.

The Board comprises individuals with many years of experience and expertise in various aspects of the Group's business. It is well supported in decision making by a team of senior executives with many years of relevant experience, qualifications, skills and track record of performance over the years and in a number of jurisdictions. In addition to its Directors and the senior managers of the Group, other than the Directors (the **Senior Managers**) (details of whom are set out below), the Group also has exclusive access to over 550 professionals worldwide. Most of the senior managers in respect of each of its platforms have between seven and 30 years of real estate experience in the relevant market and have been with the Group for over five years.

11.1.2 Directors

The Directors of the Issuer as at the date of this Base Prospectus are:

Harin Thaker (61) – Chairman, Non-executive Director (Non-independent) and member of the Audit, Remuneration, Nomination and Investment Advisory Committees

Harin Thaker has been with the Group since April 2013 and is currently the Chairman of the Issuer. He was initially appointed as Executive Director and has been re-appointed as Non-executive Director with effect from 15 May 2014. Harin has also been serving as the Chief Executive of Aeriance Investments S.A. since 2013, which is an independent multi-strategy and multi product Debt Manager, established in 2008. Aeriance has raised €600 million of equity across 4 closed-end funds focusing on commercial and residential lending such as whole loans, stretch senior, mezzanine and bridge financing across North western countries of Europe. Harin has also been serving as a non-executive director of Secure Property Development & Investment since 2012. Prior these appointments, Harin was Head of International Real Estate Finance at PBB Deutsche Pfandbriefbank, a specialised lender in real estate finance and public sector finance from 2008 until 2012. Harin also served as a General Manager at Hypo Real Estate Bank International, before becoming a member of its management board in 2007 (prior to its merger with Hypo Real Estate Bank in 2009). Between 2005 and 2008, he was Chief Executive – EMEA at Hypo Real Estate Bank International. In 1992, Harin joined Hypo Property holdings, a principal finance activity of the bank. Harin Thaker holds an MBA from London Guildhall University.

Jan van der Meer (77) – Non-executive Director (Non-independent) and member of the Remuneration Committee

Jan H van der Meer was initially appointed as an Executive Director in September 2007 and has been reappointed as a Non-executive Director of the Issuer with effect from 15 May 2014. In addition, Jan van der Meer is the current Chairman of BCP. Previously, between 1998 and 2008, Jan was Chairman of the supervisory board of Woonstad Rotterdam, a housing corporation with 50,000 apartments, and Chairman of the supervisory board of Kuiper Compagnons, an office for urban development, architecture

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and landscaping. Between 1998 and 2002, Jan van der Meer was a member of the supervisory board at Rodamco UK and was CEO of the Rodamco Continental Europe division from 1991 to 1998, which had a number of investments across Western Europe. Prior to this, Jan was also the CEO of area West / South of Hollandsche Beton Maatschappij and has worked with Ballast Nedam Group. Jan van der Meer holds an engineering degree in general building construction from Technical University Delft, Netherlands. Jan van der Meer is a Dutch citizen and resident.

Michiel Olland (56) – Executive Director and member of the Audit and Nomination Committees

Michiel Olland has been an Executive Director of the Issuer since 15 May 2014. Michiel is also the principal of MO Real Estate B.V., an investment, capital and finance services firm based in the Netherlands and is Chairman and Managing Partner of SHUMAN Capital, a real estate investment management platform based in Paris. Between 2006 and 2011, Michiel was a Managing Director International at SNS Property Finance, formerly known as Bouwfonds Property Finance, an ABN Amro subsidiary. Previously, Michiel was Executive Vice President and Global Co-head of the real estate investment division of Dutch pension fund ABP (APG) and was also Chief Financial Officer at KFN, ABP's Dutch office fund. Between 1992 and 2001, Michiel was a real estate banker at ING Group. Michiel has been a founding member and Chairman of the board of INREV, the European association for Investors in Non-listed Real Estate Vehicles. Michiel's experience includes real estate fund management, finance and investment, capital markets, private equity, risk analysis and governance. Michiel has completed the general management program from INSEAD (CEDEP) (France) and holds a Master in Law degree from the University of Utrecht, Netherlands.

Daniel Aalsvel (44) – Non-executive Director (Independent) and member of the Audit, Remuneration and Nomination Committees

Daniel Aalsvel has been a Non-executive Director of the Issuer since 15 May 2014. Daniel is a founding partner of Coast Capital Partners (CCP), a real estate investment and development company, which was founded in London in 1995 and later expanded with the establishment of its Czech Republic and Florida offices in 2004. In the Czech Republic Daniel is developing high-end luxury residential projects, specialising in historical heritage protected buildings in Prague's old town. He also leads investments in excess of US\$100 million of equity in residential assets in South of Florida and is part of the investment committee of Florida Opportunity Fund, a Czech regulated real estate fund investing in Florida. Between 1995 and 2007, Daniel was managing multiple joint-ventures, running portfolios in the UK which yielded extraordinary returns for investors. Daniel has over 20 years of experience in the real estate industry including fund raising, investments and asset management.

Luca Tomesani Melotti (32) – Executive Director

Luca Tomesani Melotti has been an Executive Director of the Issuer since 30 June 2015. Luca has been working with the Group since January 2012. He has been involved with project management and execution of many tasks within the Group. Luca is Lecturer of Real Estate Investment Strategy at LUISS Guido Carli. He holds an Executive MBA Global Network from Northwestern University in partnership with Tel Aviv University and a Master's Degree in Real Estate Finance from LUISS Guido Carli.

The Issuer's business address (Barbara Strozilaan 201, 1083 HN Amsterdam, the Netherlands), serves as the business address for all Directors.

11.1.3 Senior Managers

The Senior Managers who are relevant to establishing that the Group has the appropriate expertise and experience to manage its business (other than the Directors) and their functions within the Group are as follows:

Ariel Podrojski (46) – CEO and a member of the Investment Advisory Committee

Ariel Podrojski has been with the Group for over a decade and is currently the CEO of the Issuer. His key experience includes investments, financing, development and asset management and has over 19 years of professional experience predominantly in the real estate sector. Within the Group, he has been in charge, among others, for establishing the Group's operations in India and the UK, setting up and running the BCRE India Fund, which is mainly comprised of institutional investors and invested in the US and India. Prior to joining the Group, Ariel worked with Doughty Hanson & Co European Real Estate Fund where he headed the Central and Eastern European operations. Before this, Ariel worked as a lawyer where he specialised in corporate law focusing on capital markets and large-scale property transactions. Ariel received a M.Sc. in Property Investment from City University (Cass Business School), London and a LLB from the University of London.

Nansia Koutsou (35) – CFO, COO and a member of the Investment Advisory Committee

Nansia Koutsou has been working with the Group since 2007 and is currently the CFO and the COO of the Issuer. Her key experience includes financial reporting, budgeting, control, corporate finance, audit and international accounting and has over nine years of professional experience. At the Issuer, Nansia is responsible for the preparation of the Group's financial reports, budgets and cash flows, leading the secretarial and legal work of the Amsterdam and Cyprus offices and facilitating payments. She is also responsible for supervising the financial operations of the Issuer's regional activities. Previously, Nansia worked as a Senior Associate with PricewaterhouseCoopers in Cyprus in the International Business Unit. Nansia currently holds a BA in Economic Analysis from the University of Cyprus and a Master of Science in Accounting from Fairleigh Dickinson University in the US. Nansia has also been a member of NJ Certified Public Accountant (CPA) (in the US) since 2006, a member of AICPA (in the US) since 2007 and a member of SELK (Institute of Certified Accountants of Cyprus) since 2012.

Eyal Gutman (53) – Member of the Investment Advisory Committee

Eyal Gutman is a member of the Investment Advisory Committee of the Issuer. Eyal has been with the Brack Capital Group for over 14 years and also worked on the acquisition of Haslemere in 2002 on behalf of the consortium. His key areas of expertise include finance, economics and real estate. During the 1990s, Eyal was a consultant to a number of real estate companies and was a regular visitor to several universities and colleges as a lecturer in the area of finance, economics and real estate. Eyal holds a B.Sc. in Economics and Management from Technion, Israel Institute of Technology, a M.Sc. in Economics from Technion and a PhD from Technion and Haifa University.

Shai Shamir (41) – CEO, US Operations

Shai Shamir has been with the Group since 2003 and is responsible for the Group's operations in the US. Recently he took the lead of the Group's operations in the US. In his 13 years with the Group, he led the development of the various BCRE USA hotels, including the James New York and Orchard hotels in SoHo and the CitizenM hotel in Times Square, as well as 35th street hotel. Shai holds an M.S. degree in Real Estate from Columbia University and a B.A. in Economics. He is an Adjunct Professor at NYU and Columbia University.

Gal Tennboun (42) – Co-CEO, Germany Operations

Gal has been with Brack Capital Group since 2003 and is currently the Co-CEO of BCP. He was involved in setting up BCP and is currently involved with the operation of the business with the aim of successfully implementing the long-term strategy and business plan of BCP. Gal has significant experience in real estate transactions worth over €1 billion, and a good understanding of the banking system in Germany, having performed asset purchase financing transactions and the refinancing of existing assets. Gal, along

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with his other team members, was instrumental in the listing of BCP on the Israeli stock exchange and its transformation into a public company, raising capital and debt (public and private). Gal holds a BA in Economics and a MBA from Tel Aviv University, Israel.

Ofir Rahamim (45) – Co-CEO, Germany Operations

Ofir joined BCRE in 2004 and is currently the Co-CEO of BCP. Ofir was involved in setting up BCP and is currently involved with the day-to-day management of BCP. Ofir has significant knowledge and experience having supervised a number of asset purchases and the financing and refinancing of properties worth over €1 billion. Ofir also supervises the legal, accounting, tax and other regulatory-related business management activities in Germany. Ofir, along with his other team members, was also instrumental in the listing of BCP on the Israeli stock exchange and its transformation into a public company, raising capital and debt (public and private). Ofir holds a BA in Law and Economics from the University of Haifa and a MBA from Technion in Haifa, Israel.

Yosef Levin (66) – CEO, Russia Operations

Yosef Levin has been with the Group since 2006 and is currently heading the Russian operations for the Group. He has over 38 years of real estate experience including over 18 years of experience in Russia. Yosef, together with his Russian team, is currently involved with the Group's Russian portfolio which comprises of income producing properties across the retail and warehouse sectors and large development projects. Prior to joining the Group, Yosef held several senior positions at the Africa Israel Group, including latterly the Head of the Income producing Properties Division and Chief Engineer. In 1998, Yosef established Africa Israel's development and investment operations in Russia and was responsible for the development of a large and versatile Russian property portfolio across various real estate sectors – more than one million m² over a 10-year period. Prior to this, Yosef has also held various positions in other companies such as Solel Boneh and Even Ziv. Yosef is a qualified civil engineer from the Technion in Haifa, Israel.

Lior Shmuel (41) – CEO, India Operations

Lior Shmuel joined the Group in 2008 with over 14 years of professional experience and is currently the CEO of BCRE India. At BCRE India, Lior is involved with the development of projects in India. Besides this, he is also involved with financial planning, reporting, taxation and the budgeting aspects of the business. Prior to joining the Group, Lior worked with Gmul Investment Company Ltd, an Israel-based listed firm dealing with investments in real estate and other asset classes with interests in the United States and Eastern Europe. Previously, Lior also worked with Deloitte & Touche LLP for four years. Lior holds a BA in Business Management from the College of Management (Rishon Lezion), a LLM from Bar Ilan University and is a CPA.

Prof. Pradeep Dubey (64) – Member of the Investment Advisory Committee

Prof. Pradeep Dubey is a member of Investment Advisory Committee at the Issuer. Prof. Dubey is a leading professor and coordinator at the Center for Game Theory at Stony Brook University, US, and specialises in Game Theory and Mathematical Economics. He is also a visiting professor at Yale University, US. Prof. Pradeep Dubey is a fellow of the Econometric Society and a member of the Council of the Game Theory Society. Previously, through short academic visits, Prof. Dubey has been associated with the University Catholique de Louvain, Belgium, the Institute for Advanced Studies, Vienna, the Santa Fe Institute, US and many other reputable institutions. Prof. Dubey holds a B.Sc. in physics from the University of Delhi and a Ph.D. in applied mathematics from Cornell University.

The Issuer's business address (Barbara Strozziilaan 201, 1083 HN Amsterdam, the Netherlands), serves as the business address for all Senior Managers.

11.2 Board Committees

11.2.1 *Nomination Committee*

A Nomination Committee has been established and comprises Michiel Olland (the Chairman), Harin Thaker and Daniel Aalsvel. The Nomination Committee leads the process for Board appointments and makes recommendations to the Board. The Nomination Committee also reviews the structure, size and composition of the Board and makes recommendations to the Board with regard to any changes. The Nomination Committee also gives consideration to succession planning and keeps under review the leadership needs of the Issuer.

11.2.2 *Remuneration Committee*

A Remuneration Committee has been established and comprises Harin Thaker, Daniel Aalsvel and Jan van der Meer. The Remuneration Committee advises the Board on an overall remuneration policy. The Remuneration Committee also proposes individual remuneration of the Chief Executive Officer, Chief Financial Officer, the Chairman of the Board, the Executive Directors, the Issuers secretary, and such other members of the executive management of the Issuer to whom the Board has extended the remit of the Remuneration Committee. The remuneration of all Directors (including Non-executive Directors and members of the Remuneration Committee) shall be determined by the Board within the limits set in the Articles and within the scope of the remuneration policy, provided that no director or manager shall be involved in any decisions as to his or her own remuneration. A remuneration policy for the Board was adopted on 2 February 2015 by the General Meeting. The fundamental principle of the remuneration policy is that remuneration and other terms of employment for the members of the Board shall be in line with the market and in accordance with services and time commitment of the Board members. The total remuneration to members of the Board may consist of a fixed salary, remuneration for additional services and other benefits.

11.2.3 *Audit Committee*

An Audit Committee has been established and comprises Harin Thaker, Michiel Olland and Daniel Aalsvel. The Audit Committee assists the Board in observing its responsibility for ensuring that the Group's financial systems provide accurate and up-to-date information on its financial position and that the published financial statements represent a true and fair reflection of this position. It also assists the Board in ensuring that appropriate accounting policies, internal financial controls and compliance procedures are in place. The Audit Committee receives information from the external auditors and makes recommendations to the Board as regards the appointment, re-appointment and removal of the external auditors.

11.2.4 *Investment Advisory Committee*

An Investment Advisory Committee has been established to consider and provide advice only to the Board in respect of the new acquisitions, asset management, financing and disposal of the Group's assets or, in relation to the German platform, the acquisition and disposal of shares in BCP. The committee will be responsible for providing an independent evaluation on market movements, assessing their impact on the Group's portfolio over the medium to long term and make recommendations to the Board concerning potential investments and/or the management of risks associated with the Group's investments. The Investment Advisory Committee comprises Nansia Koutsou (the Chairman), Harin Thaker, Ariel Podrojski, Pradeep Dubey and Eyal Gutman.

12 MATERIAL CONTRACTS

For a brief summary of all material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to security holders in respect of the securities being issued, please refer to the information below.

12.1 General

12.1.1 Controlling Shareholders Agreement

The Issuer and each of BCI, BCH and Shimon Weintraub entered into the Controlling Shareholders Agreement in May 2014. Under the Controlling Shareholders Agreement, each of BCI, BCH and Shimon Weintraub has agreed that all arrangements between such person and its respective associates on the one hand and each member of the Group, on the other hand, will be on arm's length terms and on a normal commercial basis. Each of BCI, BCH and Shimon Weintraub has further undertaken that, in the event that he/it or any of his/its associates encounters a real estate investment opportunity (other than investments in: (a) real estate located in Israel; (b) the shares of BCP (or any other company within the Group) purchased in the market; (c) shares in public companies up to a 5% passive minority interest purchased in the market; (d) real estate held by any of BCI, BCH and Shimon Weintraub; and (e) in the case of Shimon Weintraub, personal residences), he/it will notify the Issuer of the opportunity and he/it will not pursue such opportunity without first referring it to the Issuer for consideration. If the Issuer decides not to pursue such an opportunity in relation to such a property, BCI, BCH or Shimon Weintraub (as the case may be) shall be entitled to pursue that opportunity himself/itself on the same or no better terms. BCI has further agreed that it shall not, and shall procure, insofar as it is reasonably able, that its associates shall not, sell or transfer any Shares held by them respectively in BCI for a period of six months from the Share Admission (unless such person has obtained the prior written consent of the Issuer). However, provided such associates have given prior written notice to Peel Hunt, they shall be permitted to, inter alia, grant security over the Shares. In addition, BCI has undertaken, with effect from the Share Admission, not to sell or transfer any Shares held by it for a period of six months from the Share Admission (other than, subject to prior notification to Peel Hunt, the grant of security over Shares by BCI and/or its associates). BCH and Shimon Weintraub have further undertaken that for a period of six months from the Share Admission, they shall not sell or permit to be sold any direct or indirect (respectively) interests held by them in BCI such that BCH and/or Shimon Weintraub shall cease to control (directly or indirectly) 30% or more of the Shares.

12.1.2 PH Agreement

Under the agreement entered into between the Issuer and Peel Hunt, Peel Hunt was appointed to act as financial advisor and broker to the Issuer in connection with its application for the Share Admission. The Issuer gave Peel Hunt certain customary warranties and undertakings.

12.1.3 BCH Services Agreements

The Group is supported by BCH through the provision of services by its employees paid for on a cost basis and the provision of rating, investor relations and other financial services for a fixed amount totalling US\$1,100,000 per annum (BCH Consulting Services). The BCH Consulting Services are provided to the Group on arm's length terms pursuant to seven Services Agreements, six of which are already in place between BCH and each of BCRE, BCRE USA, Brack Capital Cyprus Management Limited, Dalefield Limited, BCM USA LLC and Brack Capital Real Estate (India-China) Management Limited. An additional services agreement was proposed to be entered into after the Share Admission between BCH and BCP in respect of BCP and its subsidiaries.

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12.1.4 BJA Services Agreements

The Group is supported by BJA through the provision of services relating to fund raisings, investors' connections and real estate initiation and development consultation (BJA Consulting Services). The BJA Consulting Services are provided on arm's length terms pursuant to the BJA Services Agreements.

12.1.5 BCRE – Bond A Trust Agreement

The BCRE – Bond A Trust Agreement was entered into on 3 October 2006 (and subsequently amended on 19 December 2006, 30 August 2007, 19 December 2007 and 31 December 2007 between the Issuer and Aurora Fidelity Trust Company Ltd. (as the trustee) in respect of the issuance by the Issuer of registered Series A Notes (the **Series A Notes**) in an aggregate amount of NIS 446,000,000. The unpaid principal of the Series A Notes carries an annual interest rate of 6.504%. The principal of the Series A Notes is payable in seven (7) equal annual instalments, on 19 December of each of the years 2012 until 2018 (inclusive).

The Issuer may not issue additional notes if such issue shall immediately adversely affect the rating allocated to the Series A Notes by the relevant rating company (either Maalot or Midroog or any other accredited Israeli rating company), causing the rating to immediately fall below the basic rating level, in consequence of such issue. Should there be a decline in the basic rate (the rating provided on the determining date by a rating agency, which is not lower than A rating) (the basic rate) of at least 30 days without the basic rate being reinstated (the rating decline date) the following shall apply: (a) if the basic rate declines to a rate of BBB+, then, as of the rating decline date, the outstanding principal of the Series A Notes, shall bear an additional annual interest of 1% per annum (the additional interest); (b) if the basic rate declines to a rate of BBB, then, as of the rating decline date, the outstanding principal of the Series A Notes, shall bear an additional annual interest (in addition to the annual interest and to the additional interest) of 0.5% per annum (the second additional interest).

The Series A Notes are immediately repayable upon the occurrence of certain events specified in the Bond A Trust Agreement, including if the Issuer fails to pay any interest and/or principal owed in respect of the Series A Notes within 30 days from the due date; if a permanent liquidator or a permanent receiver is appointed in respect of any substantial assets of the Issuer ("substantial assets" being defined as assets with an aggregate book value of more than 25% of the Issuer's equity); if the Issuer enters into insolvency proceedings; if the Issuer is in material breach of its undertakings and fails to remedy such breach; if another series of recourse notes of the Issuer is called for immediate repayment; and/or if Shimon Weintraub directly or indirectly transfers control of the Issuer without the prior written consent of the trustee.

12.1.6 BCRE – Bond B Loan Agreement

The BCRE – Bond B Loan Agreement was entered into in November 2013 between the Issuer, Brack Capital First, and certain lenders, including a trust having Ronen Peled as its beneficiary, pursuant to which the Issuer borrowed from the lenders US\$25 million (the **Series B Notes**). To secure the repayment of the Series B Notes, Brack Capital First granted the lenders a first priority right of pledge over 864,537 shares in BCP (US\$50 million). The Series B Notes carry an annual interest rate of 7% (payable quarterly) and is repayable in seven unequal annual payments on 31 December of each of the years 2015 through 2021 (inclusive), such that each of the first four payments shall constitute 6.25% of the Series B Notes principal and each of the last three payments (meaning the fifth, sixth and seventh payment) will be 25% of the Series B Notes principal.

Pursuant to the Bond B Loan Agreement, the Issuer has given certain undertakings, including that it shall not make any distribution to its shareholders if as a result the Issuer's

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equity is reduced below US\$200 million or if the net financial debt to net financial debt to equity and debt ratio of the Issuer (solo) exceeds 37.5%.

The Issuer has further undertaken that its solo equity (excluding minority rights) will not be less than US\$140 million and BCP's solo equity (excluding minority rights) will not be less than €135 million. The ratio between the net solo financial debt to the total solo capital and debt (**CAP**) of the Issuer will not exceed 36.5%. The net solo financial debt to net financial debt to equity and debt ratio of BCP shall not exceed 45%. In the event that the Issuer deviates from such targets, the Issuer will be required to deposit cash in an amount equal to a certain percentage of the unpaid balance of the Series B Notes. In addition, the Issuer has undertaken that the ratio of the value of the pledged shares to net debt shall be 200% (failing which the Issuer shall either release part of the pledged shares or deposit additional BCP shares, as necessary in order to comply with the target ratio). The Bond B Loan Agreement also includes adjustment provisions in the event that the BCP shares cease to be traded.

The Series B Notes will be immediately repayable upon the occurrence of certain events specified in the Bond B Loan Agreement, including if the Issuer fails to pay any interest and/or principal owed within 14 days from the due date; if a permanent liquidator is appointed in respect of the Issuer or BCP or Brack Capital First; if a permanent receiver is appointed in respect of any substantial assets of the Issuer ("substantial assets" being defined as assets with an aggregate value (as shown in the Issuer's latest consolidated financial information) of more than 25% of the Issuer's equity); if the Issuer, BCP or Brack Capital First enters into insolvency proceedings; if the Issuer ceases dealing in its principal operations; if a merger occurs without the lenders' prior approval; if the Series A Notes or any substantial debt of the Issuer is called for immediate repayment; if a change of control of the Issuer and/or BCP and/or Brack Capital First occurs without the prior approval of the majority of the lenders.

12.1.7 *BCRE – Series C Bonds*

The Issuer has issued in aggregate US\$60,000,000 in principal amount of 6.5% Fixed Rate Bonds due 2022 (the **Series C Bonds**). To secure repayment of the Series C Bonds, Brack Capital First B.V., a wholly-owned subsidiary of the Issuer, agreed to and entered into the Share Pledge in respect of certain BCP Shares. The Collateralisation Percentage for the Series C Bonds is 120%. The repayment of principal of the Series C Bonds is amortised and 5% of their principal amount has been repaid on 5 December 2015.

The Series C Bonds will be immediately repayable upon the occurrence of certain events (subject to certain exceptions), including if the Issuer fails to pay any interest and/or principal owed within 14 days from the due date; upon the insolvency or liquidation of the Issuer and upon cross-acceleration of indebtedness amounting to more than US\$10 million (either alone or in aggregate). The Series C Bonds contain financial covenants as set out in Condition 4 of Chapter 6 (*Terms and Conditions of the Bonds*). Should the rating of the Series C Bonds fall two notches below iIA2 as rated by Midroog (or any substitute or replacement rating agency from time to time), the interest rate payable thereon shall increase by an additional 0.5%, and for each notch below thereafter, by an additional 0.25%, subject to any overall maximum of 1% increase above 6.5% (including where the Series C Bonds ceases to be rated). Any improvement in the rating of the Series C Bonds following a downgrade would result in the corresponding reversal of such additional interest rate.

12.1.8 *BCRE – Private Loan Agreements*

In December 2015, the Issuer entered into two loan agreements with an aggregate principal amount of respectively US\$2.6 million and US\$10.25 million, see Chapter 9 (*Information on the group*), section 9.8 (*Relationship with key shareholders*).

12.1.9 *BCP – Bond A Trust Agreement*

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The BCP – Bond A Trust Agreement was entered into on 24 February 2011 between BCP and Reznik Paz Nevo Trusts Ltd., as trustee for the Series A bondholders of BCP. To secure the repayment of the bonds, BCP granted the trustee a first priority right of pledge over 1,007,994 shares in Brack German Properties B.V. (**BGP**). Pursuant to the BCP – Bond A Trust Agreement, BCP has agreed that for as long as the Series A bonds remain in issue, BCP's equity (excluding minority rights) will be at least €80 million and that BCP will not make any distribution of dividends and/or capital to its shareholders or purchase its shares if, as a result of such distributions or purchase, the equity of BCP (excluding minority rights) will be reduced below €80 million. In addition, BCP has undertaken to comply with certain financial covenants, including that the ratio of BCP equity (excluding minority rights) as appearing in BCP's individual financial statements to its financial obligations, as appearing in BCP's individual financial statements (less cash, cash equivalents and short-term investments) at the end of each quarter will not be less than 187.5%, and that the net financial debt to equity and debt ratio will not exceed 90%. In the event that: (a) BCP's equity (excluding minority rights) is reduced to below €80 million; and/or (b) the ratio of BCP's equity (excluding minority rights) as appearing in BCP's individual financial statements to its financial obligations, as appearing in BCP's individual financial statements (less cash, cash equivalents and short-term investments) at the end of quarter is less than 187.5%, the outstanding principal of the notes will bear, in each case, an additional annual interest of 0.5% per annum for one covenant breach and 1% per annum for breach of both covenants.

In the event that (a) BCP made a distribution of dividends and/or capital to its shareholders or purchased its shares and as a result of such distributions or purchase, the equity of BCP (excluding minority rights) is reduced to below €80 million; (b) the net financial debt to equity and debt ratio has exceeded 90%; (c) BCP's equity (excluding minority rights) is less than €70 million; (d) the ratio of BCP's equity (excluding minority rights) as appearing in BCP's individual financial statements to its financial obligations, as appearing in BCP's individual financial statements (less cash, cash equivalents and short-term investments) at the end of quarter is less than 175%; and/or (e) the ratio of the value of the BGP pledged shares to the outstanding principal, linkage and interest of the notes is less than 160%, and this default is not cured within an agreed term, the bondholders will have the right to call for an immediate repayment of any unpaid balance on the bonds. With regards to covenants (a), (c) and (d) listed above, the bond holders may chose not to do so, and then the loan will bear an additional interest of 0.5% per annum for each covenant breach (yet no more than 1% per annum additional interest).

In addition, BCP has undertaken that the ratio of the value of the BGP pledged shares to the outstanding principal, linkage and interest of the notes shall not exceed 175% (failing which the Issuer shall either release part of the pledged shares or deposit additional BGP shares, as necessary in order to comply with the target ratio).

BCP granted the bondholders the right to demand immediate repayment of the loan upon the occurrence of additional certain events specified in the Bond A Trust Agreement, including, inter alia, if a permanent receiver is appointed in respect of any substantial assets of the Issuer; if BCP enters into insolvency proceedings; if BCP ceases dealing in its principal operations; if a merger occurs without the bondholders' prior approval; if any substantial debt of BCP is called for immediate repayment; if a change of control of BCP occurs without the prior approval of the majority of the bondholders.

12.1.10 BCP – Bond B Trust Agreement

The BCP Bond B Trust Agreement was entered into on 9 May 2013 between BCP and Reznik Paz Nevo Trusts Ltd., as trustee for the Series B bondholders of BCP. To secure the repayment of the bonds, BCP granted the trustee a first pledge over 616,919 shares in BGP pursuant to the BCP – Bond B Trust Agreement, and agreed that the ratio of the value of the pledged shares to the outstanding principal, linkage and interest of the notes shall not reduce below 175% (failing which BCP shall either release part of the pledged shares or deposit additional BGP shares, as necessary in order to comply with the target ratio).

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BCP granted the bond holders the right to immediately repay the loan upon the occurrence of certain events specified in the Bond B Loan Agreement, including, inter alia: (a) BCP's equity (excluding minority rights) is less than €150 million for two consecutive quarters; (b) the net financial debt to equity and debt ratio exceeded 75% for two consecutive quarters; (c) the ratio of the value of the BGP pledged shares to the outstanding principal, linkage and interest of the notes is either less than 160% for two consecutive quarters (and this default is not cured within an agreed term) or less than 120% (with no cure term); (d) BCP made a distribution of dividends and/or capital to its shareholders or purchased its shares, and as a result of such distribution or purchase, the equity of BCP (excluding minority rights) is reduced below €160 million and/or the net financial debt to equity and debt ratio exceeded 70%; (e) BCP fails to pay any interest and/or principal owed within 14 days from the due date; (f) a permanent liquidator is appointed in respect of BCP; (g) a permanent receiver is appointed in respect of any substantial assets of BCP; (h) BCP enters into insolvency proceedings; (i) BCP ceases dealing in its principal operations; (j) a merger occurs without the lenders' prior approval; (k) if any substantial debt of BCP is called for immediate repayment; (l) if a change of control of BCP occurs without the prior approval of the majority of the lenders.

12.1.11 BCP – Bond C Trust Agreement

The BCP Bond C Trust Agreement was entered into on 14 July 2014 between BCP and Reznik Paz Nevo Trusts Ltd., as trustee for the Series C bondholders of BCP. To secure the repayment of the bonds, BCP granted the trustee a first pledge over 394,430 shares in BGP pursuant to the BCP – Bond C Trust Agreement, and agreed that the ratio of the value of the pledged shares to the outstanding principal, linkage and interest of the notes shall not reduce below 175% (failing which BCP shall deposit additional BGP shares, as necessary in order to comply with the target ratio).

BCP granted the bondholders the right to immediately repay the loan upon the occurrence of certain events, including, inter alia: (a) BCP's equity (excluding minority rights) is less than €190 million for two consecutive quarters; (b) the net financial debt to equity and debt ratio exceeded 75% for two consecutive quarters; (c) the ratio of the value of the BGP pledged shares to the outstanding principal, linkage and interest of the notes is either less than 160% for two consecutive quarters (and this default is not cured within an agreed term) or less than 120% (with no cure term); (d) BCP made a distribution of dividends and/or capital to its shareholders or purchased its shares, and as a result of such distribution or purchase, the equity of BCP (excluding minority rights) is reduced below €200 million and/or the net financial debt to equity and debt ratio exceeded 70% and/or an event of default has occurred (or there is a concrete fear that it will occur) prior to the distribution and/or in the last audited/unaudited financial statements of BCP published prior to the distribution, one of the following warning signs exists: (1) a deficit in shareholders' equity; and (2) an opinion or review by BCP's external auditor as of the date of the report contains a "pay attention comment" that relates to BCP's financial situation; (e) BCP fails to pay any interest and/or principal owed on the due date; (f) a permanent liquidator is appointed in respect of BCP; (g) a permanent receiver is appointed in respect of any substantial assets of BCP; (h) BCP enters into insolvency proceedings; (i) BCP ceases dealing in its principal operations; (j) a merger occurs without the lenders' prior approval; (k) if any substantial debt of BCP is called for immediate repayment; (l) if a change of control of BCP occurs without the prior approval of the majority of the bondholders. It should be stated that this event will not be considered an event of default, as long as (1) the Issuer is registered either in London or in Israel and (2) the Issuer (either directly or indirectly, either by itself or together with others) is the largest shareholder in BCP.

12.2 Russia (Kazan)

12.2.1 Lease Agreement in respect of Pavilion 2

A lease agreement was entered into on 15 January 2015 between LLC "Management Company" Technopolis "New Tura" and "BARSIL" LLC (OOO). Pursuant to the

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agreement, the parties agreed the terms of a lease in respect of whole pavilion no. 2 of the Kazan development project.

12.2.2 *Lease Agreement in respect of Pavilion 3*

A lease agreement was entered into on 6 November 2015 between LLC "Management Company" Technopolis "New Tura" and "Agrotorg" LLC (OOO). Pursuant to the agreement, the parties agreed the terms of a lease in respect of a part of pavilion no. 3 of the Kazan development (818m²).

Another lease agreement was entered into on 8 November 2015 between LLC "Management Company" Technopolis "New Tura" and "BARSIL" LLC (OOO). Pursuant to the agreement, the parties agreed the terms of a lease in respect of another part of pavilion no. 3 of the Kazan development (approximately 40,000m²).

12.2.3 *Lease Agreement in respect of Pavilion 1*

A lease agreement was entered into on 15 November 2015 between LLC "Management Company" Technopolis "New Tura" and "BARSIL" LLC (OOO). Pursuant to the agreement, the parties agreed the terms of a lease in respect of whole pavilion no. 1 of the Kazan development project.

12.2.4 *Lease Agreement No. ZEM-1-742A**

Lease Agreement No. ZEM-1-742A* was entered into on 29 March 2012 between the executive committee of Zelenodolsky municipal district, Republic of Tatarstan and LLC "Management Company" Technopolis "New Tura". Pursuant to the agreement, the parties agreed the terms of a lease in respect of a plot of land within the Kazan development with a total area of approximately 751,854m².

12.2.5 *Lease Agreement No. ZEM-1-790A*

Lease Agreement No. ZEM-1-790A was entered into on 22 June 2012 between the executive committee of Zelenodolsky municipal district, Republic of Tatarstan and LLC "Management Company" Technopolis "New Tura". Pursuant to the agreement, the parties agreed the terms of a lease in respect of a plot of land within the Kazan development with a total area of approximately 1,109,239m².

12.2.6 *Lease Agreement No. ZEM-1-793A*

Lease Agreement No. ZEM-1-793A was entered into on 22 June 2012 between the executive committee of Zelenodolsky municipal district, Republic of Tatarstan and LLC "Management Company" Technopolis "New Tura". Pursuant to the agreement, the parties agreed the terms of a lease in respect of a plot of land within the Kazan development with a total area of approximately 104,722m².

12.2.7 *Non-Revolving Credit Line Agreement No. 2071*

Non-Revolving Credit Line Agreement No. 2071 was entered into on 12 April 2013 between a financing bank and LLC "Management Company" Technopolis "New Tura" in connection with a refinancing of the borrower.

12.2.8 *Non-Revolving Credit Line Agreement No. 2282*

Non-Revolving Credit Line Agreement No. 2282 was entered into on 13 December 2013 between a financing bank and LLC "Management Company" Technopolis "New Tura" in connection with the construction financing of pavilion no. 3 of the Kazan development.

12.3 *Russia (Novosibirsk)*

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12.3.1 Shareholders Agreement

On 30 December 2014, a shareholders agreement in relation to the Novosibirsk project in Russian Federation, Novosibirsk region, Novosibirsk district, Verh-Tulinsky selsovet, village Verh-Tula was signed between the Issuer's subsidiaries, BCRE Russia Properties Ltd and Emfelia Ltd, Newgen Media (Cyprus) Ltd and a local partner. The project will include an agro industrial, wholesale and distribution center, which will be implemented by phases. According to this agreement, 51% of the shares is held by ALONTIO Ltd., a fully owned subsidiary of BCRE Russia, and the remaining 49% by the local partner.

12.4 Russia (Lyubertsy)

12.4.1 Investment Contract No. 78/2-5

Investment Contract No. 78/2-5 was entered into on 30 June 2007 between LLC "Investmanagementstroy", the administration of Luberetskiy municipal district of Moscow region and the administration of Luberetsy City of Luberetskiy municipal district of Moscow region in connection with the payment of 12 million RUB, to the local administration for the provision of certain services and in connection with the construction of a shopping and leisure centre, underpass and pedestrian footpath.

12.4.2 Non-Revolving Credit Line Agreement No. 00040213/60013200

Non-Revolving Credit Line Agreement No. 00040213/60013200 was entered into on 21 May 2013 between OSJC "Sberbank of Russia" and LLC "Investmanagementstroy" in connection with a refinancing by the borrower.

12.4.3 Non-Revolving Credit Line Agreement No. 00040113/60013200

Non-Revolving Credit Line Agreement No. 00040113/60013200 was entered into on 21 May 2013 between OSJC "Sberbank of Russia" and LLC "Investmanagementstroy" in connection with a refinancing by the borrower.

12.4.4 Mezzanine loan agreement

A loan agreement was entered in August 2014 between Altramino Trading Ltd., a subsidiary of the Issuer, and several lenders for the purposes of the mezzanine loan to the Lyubertsy project, pursuant to which Altramino Trading Ltd. borrowed an amount of US\$12 million from the lenders. To secure the repayment of this loan, the subsidiary granted the lenders a pledge over 100% of the issued share capital of Havenpitch Holdings Ltd., also a company belonging to the Group. The loan carries an annual interest rate of 13% (payable quarterly) and is repayable upon 42 months from the date of the agreement.

12.5 US (180 Orchard)

12.5.1 Hotel Management Agreement

A Hotel Management Agreement was entered into on 17 May 2011 between 180 Orchard Owner LLC and IHG Management (Maryland) LLC (as amended by a certain Amendment to Management Agreement dated 10 May 2013) for an initial term of 20 years from the date the hotel opens for business, subject to two, ten year extension options in favour of IHG Management (Maryland) LLC, in connection with the provision of certain hotel management services. The 295 room Indigo Lower East Side Hotel opened in November 2015.

12.5.2 Construction Loan Agreements

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A Loan Agreement was entered into on 30 December 2015 between 180 Orchard Owner LLC, as borrower and financing entities, as lender and administrative agent, in connection with a loan facility in the aggregate principal amount of US\$103,500,000 for an period of approximately five years. The loan agreement contain standard events of default provisions.

12.5.3 *Limited Liability Company Operating Agreement of BCRE IHG 180 Orchard Holdings LLC*

The Limited Liability Company Operating Agreement of BCRE IHG 180 Orchard Holdings LLC was entered into on 17 May 2011 between BCRE Orchard Member LLC and IHG Orchard Street Member LLC, which agreement sets forth the rights and obligations of the members in connection with the development and ownership of 180 Orchard Street, New York, New York. Under the agreement, BCRE Orchard Member LLC is the administrative member and has an initial percentage interest of 51%; IHG Orchard Street Member LLC has an initial percentage interest of 49% and approval rights over certain major decisions enumerated in the agreement. Each member is obligated to fund their pro rata share of any costs or expenses in the operating budget and certain other costs. Orchard Retail Owner LLC was the sole beneficial owner of the retail and garage units in the condominium constructed. The agreement states that BCRE Orchard Member LLC or an affiliate is entitled to (a) a development fee and (b) a loan guarantee fee for the provision of the completion guarantee to the lender.

12.5.4 *Purchase and Sale Agreement*

A purchase and sale agreement was entered into on 22 August 2013 between Orchard Retail Owner LLC, as seller, and 180 Orchard Retail LLC, as purchaser, in connection with the sale and purchase of the retail unit and the garage units in the condominium on the property for a purchase price of US\$21 million which closed on 13 February 2015.

12.6 US (Bowery)

12.6.1 *Limited Liability Company Agreement of OSIB BCRE Bowery Street Holdings LLC*

An agreement between a subsidiary of the Issuer and its partner OSIB Bowery Street Propco Inc ("OSIB") in the development of a hotel at 185-191 Bowery Street, New York, New York, was signed on 14 July 2010 and was amended on 6 May 2015. The agreement sets forth the rights and obligations of the members in connection with the development and ownership of the hotel. The amendment of the agreement effected the following material changes: (i) OSIB replaced BCRE's subsidiary as the administrative member and this subsidiary received approval rights over certain major decisions enumerated in the agreement, (ii) BCRE's subsidiary no longer has any obligation to fund capital for construction (beyond the US\$11.634 million already funded), (iii) BCRE's subsidiary is protected against cost overruns above the current budget and (iv) if an affiliate of OSIB goes public BCRE's subsidiary has the right, before the IPO of the said company, to exchange its membership interest for shares of such public company at a 10% discount to their market price. After the completion of the hotel, each member is obligated to fund its pro rata share of any costs. According to the agreement, BCRE's subsidiary is entitled to a development management fee, and an administrative member fee; OSIB is entitled to an advisory fee, professional advisory fee and technical services fee.

12.6.2 *Lease Agreement*

The Lease Agreement was made on 14 July 2010 between OSIB BCRE Bowery Street Holdings LLC and OSIB Bowery Street Operator LLC in connection with the lease of the property and improvements (excluding the restaurant space) located at 185-191 Bowery Street, New York, New York. The lease is for a term of 25 years.

12.7 India

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12.7.1 *Tarudhan Put Option*

In 2008, the subsidiary of BCRE India Fund granted \$3.50 million as a loan to the company owning the hospitality component of Tarudhan (located on the outskirts of New Delhi) for a period of 5 years at an interest rate of 13% per annum (compounded on an annual basis to the extent outstanding). Out of the total loan, BCRE's share was \$0.70 million. Against the loan the subsidiary of BCRE India Fund was issued a convertible instrument with a Put Option (exercisable within 5 years) requiring the Indian promoters of Tarudhan to repurchase the loan together with accrued interest. In February 2013 and in April 2013, the subsidiary of the BCRE India Fund exercised its Put Option (within 5 years) and requested the promoter for the repayment of the loan amount together with accrued interest. Following the exercise of the Put Option, the Indian company in which the investment has been made wrote to the Reserve Bank of India seeking consent so as to enforce the Put Option. The Reserve Bank of India, by way of a letter issued to the Indian company clarified that the Put Option would require prior approval of the Indian government including the Reserve Bank of India before any disposal of the investment by the subsidiary of the BCRE India Fund. Subsequently, in December 2013, the law was amended to specifically permit put options granted in favour of foreign investors (including those granted prior to the new law), subject to certain conditions. The repayment of the convertible loan is currently under discussion with the Indian promoter of Tarudhan and it is being considered to undertake an arbitration against the Indian promoter.

12.8 BCP Agreements

12.8.1 *Controlling Shareholder Undertakings*

Pursuant to certain investment agreements entered into between BCP, Shimon Weintraub, Brack Capital First and a number of investors in December 2009, it was agreed that, subject to certain limitations, BCP (including its subsidiaries) will be the exclusive mechanism through which the Issuer and/or Brack Capital First will perform, directly or indirectly, real-estate activities in Germany which are identical or similar to the current and future activities of BCP in Germany. In addition, Shimon Weintraub, has undertaken to BCP that for so long as he is a controlling shareholder and/or officer of BCP, he will not pursue opportunities in the sphere of activity of BCP without first introducing them to BCP.

12.8.2 *Stage A General Contractor Agreement*

In May 2012, BCP, together with BAM Deutschland (a subsidiary of BAM Dutch construction company) entered into a main contractor turnkey agreement for the performance of all construction work (underground parking, skeleton, finishing and environmental development) of Stage A of the Grafental project to a value of approximately €41 million. Payment is made on a monthly basis in accordance with the pace of the construction's progress and the scope of construction performed in the relevant month. The contractor will provide BCP with a performance guarantee in the amount of 5% of the scope of the contract to secure the contractor's commitments in accordance with the said agreement. The performance guarantee will be replaced with a quality guarantee upon the completion of construction of an amount equivalent to 5% of the total agreement for the warranty period. A fine for delayed completion of construction is payable at a rate of 0.1% of the agreement amount per day beyond 14 days of delay, but no more than 5% cumulatively.

12.8.3 *Stage B1 General Contractor Agreement*

In December 2013, BCP, together with Nessler Grünzig Bau GmbH entered into a main contractor turnkey agreement to perform all of the construction work (underground parking lot, skeleton, completion and environmental development) of Stage B1 of the Grafental project to a value of approximately €26.5 million. Payment is made monthly in accordance

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with the pace of the advancement of the construction and the scope of the work performed in the relevant month. The contractor provided BCP with a performance guarantee in the sum of 5% of the contract scope to ensure the undertakings of the contractor in accordance with the said agreement. The performance guarantee shall be replaced with a quality guarantee upon the completion of construction of an amount equivalent to 5% of the total of the agreement for the liability periods. A fine for delayed completion is payable at a rate of 0.1% of the sum of the contract per day above a 14-day delay, but no more than 5% cumulatively.

12.8.4 Stage B2 General Contractor Agreement

In December 2013, BCP, together with Schmeing GmbH entered into a main contractor turnkey agreement for the performance of all the construction works (underground parking lot, skeleton, completion and environmental development) of Stage B2 of the Grafental project to a value of approximately €17 million. Payment is made monthly in accordance with the pace of the advancement of construction and the scope of the work performed in the relevant month. The contractor provided BCP with a performance guarantee in the sum of 5% of the scope of the contract to ensure the contractor's undertakings pursuant to the said agreement. The performance guarantee shall be replaced with a quality guarantee upon the completion of the construction of an amount equivalent to 5% of the total of the agreement for the liability periods. A fine for delayed completion is payable at a rate of 0.1% of the sum of the contract per day above a 14-day delay, but no more than 5% cumulatively.

12.9 Joint Venture Agreements

12.9.1 Joint Venture Agreements in relation to the Orchard

- a) Pursuant to the joint venture agreement in relation to BCRC IHG 180 Orchard Holdings LLC (the joint venture vehicle through which the Group and members of the Co-Investment Club indirectly hold interests in the Orchard (Hotel Indigo and adjacent garage and retail space) jointly with IHG), IHG's approval is required in respect of certain material decisions, including the approval of the construction budget and the annual operating budget, entering into certain material agreements, commencing or settling major litigation, transferring or rezoning the property, entering into related party transactions, incurring debt or guarantee obligations, changing the name or distribution policy of the joint venture vehicle, filing for bankruptcy or dissolution of the joint venture vehicle or engaging in any merger, consolidation or reorganisation transaction, acquiring further assets, engaging in business other than developing, owning and managing the property and changing the percentage interest of any of the members or admitting new ones.
- b) Pursuant to the joint venture agreements in relation to BCRC 180 Orchard First LLC and BCRC 180 Orchard Brack LLC (the joint venture vehicles through which the Group jointly with members of the Co-Investment Club holds interests in BCRC IHG 180 Orchard Holdings LLC), the consent of the members of the Co-Investment Club holding interests in the relevant joint venture vehicles is required for certain "material actions", including related party transactions with BCRC, engaging in activities beyond the scope of the vehicle's approved business, materially amending the vehicle's organisational documents, granting any financial remuneration or benefit to a joint venture partner or its affiliates beyond those set out in the business plan or the corporate documents of the joint venture vehicle (which expressly permit reimbursing certain expenses and paying the management fee and the promote), raising new debt or equity from third parties, asset level financing, calling additional capital and any bankruptcy filing.

12.9.2 Joint Venture Agreements in relation to the Orchard

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Pursuant to the joint venture agreements in relation to OSIB-BCRE 50th Street Holdings LLC and OSIB-BCRE Bowery Street Holdings LLC (the joint venture vehicles through which the two Citizen M properties on 218 W. 50th Street and 185-191 Bowery, respectively, are held), Citizen M has substantially the same rights as the rights of IHG set out in section 12.9 a) above.

12.9.3 *Joint Venture Agreements in relation to the multifamily complex in Cincinnati*

Pursuant to the joint venture agreements in relation to BCRE Cobblestone Grove Second LLC and BCRE Cobblestone Grove Third LLC (the two joint venture vehicles through which the multifamily complex in Cincinnati is held), the members of the Co-Investment Club holding interests in such vehicles have substantially the same rights as those set out in section 12.9 b) above.

12.9.4 *Joint Venture Agreement in relation to the Group's lending business in the New York area*

Pursuant to the joint venture agreement in relation to BCRE Lending Holdings LLC (the vehicle through which the Group carries out its lending activities in the wider New York area), the members of the Co-Investment Club holding interests in the joint venture vehicle have substantially the same rights as those set out in section 12.9 b) above.

12.9.5 *Joint Venture Agreements in relation to the multifamily residential properties*

Pursuant to the joint venture agreement in relation to BCRE USA MF Holdings LLC (the vehicle through which the Group carries out its multifamily residential activities outside the wider New York area), the members of the Co-Investment Club holding interests in the joint venture vehicle have substantially the same rights as those set out in section 12.9.1 b) above.

12.9.6 *Joint Venture Agreement with Apollo (now AREA) in relation to Dmitrov*

Pursuant to the joint venture agreement with AREA in relation to BCRE Russia Developments (CY) Limited, certain material decisions require the prior written consent of each of the shareholders, including entering into or amending an agreement with a local partner, adoption of and amendments to, or material deviations from, the business plan, any related party transaction with a shareholder or any of its affiliates, any sale, transfer or financing relating to the property, any new acquisitions of properties by the joint venture vehicle or its subsidiaries, any material transaction (including incurring debt or guarantee obligations) outside the ordinary course of business, the granting of any security by the joint venture vehicle or any of its subsidiaries, any bankruptcy filing or any reorganisation or insolvency proceedings in respect of the joint venture vehicle or its subsidiaries, any issue of new shares or alteration of rights attaching to shares of the joint venture vehicle or its subsidiaries, and other material decisions in relation to the joint venture company or its subsidiaries.

12.9.7 *Joint Venture Agreement with Newgen Media (Cyprus) Limited in relation to Kazan*

Pursuant to the joint venture agreement with Newgen Media (Cyprus) Limited in relation to Sontera Limited (the company holding the interests in Kazan), all decisions require the approval of both shareholders.

13 DUTCH TAXATION

This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of Bonds issued on or after the date of this Base Prospectus and does not purport to describe every aspect of taxation that may be relevant to a particular holder. Tax matters are complex, and the tax consequences of the issuance to a particular holder of Bonds will depend in part on such holder's circumstances. Accordingly, a holder is urged to consult his own tax advisor for a full understanding of the tax consequences of the issuance to him, including the applicability and effect of Dutch tax laws.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this summary the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Base Prospectus. The tax law upon which this summary is based, is subject to changes, possibly with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

The summary in this Dutch taxation paragraph does not address the Dutch tax consequences for a holder of Bonds who:

- (i) is a person who may be deemed an owner of Bonds for Dutch tax purposes pursuant to specific statutory attribution rules in Dutch tax law;
- (ii) is, although in principle subject to Dutch corporation tax, in whole or in part, specifically exempt from that tax in connection with income from Bonds;
- (iii) is an investment institution as defined in the Dutch Corporation Tax Act 1969;
- (iv) owns Bonds in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role; or
- (v) has a substantial interest in the Issuer or a deemed substantial interest in the Issuer for Dutch tax purposes. Generally, a person holds a substantial interest if (a) such person – either alone or, in the case of an individual, together with his partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner for Dutch tax purposes – owns or is deemed to own, directly or indirectly, 5% or more of the shares or of any class of shares of the Issuer, or rights to acquire, directly or indirectly, such an interest in the shares of the Issuer or profit participating certificates relating to 5% or more of the annual profits or to 5% or more of the liquidation proceeds of the Issuer, or (b) such person's shares, rights to acquire shares or profit participating certificates in the Issuer are held by him following the application of a non-recognition provision.

13.1 Withholding tax

All payments under Bonds may be made free from withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority of or in the Netherlands.

13.2 Taxes on income and capital gains

13.2.1 *Non-resident holders of Bonds*

Individuals

If a holder of Bonds is an individual who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch income tax, he will not be subject to Dutch income

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tax in respect of any benefits derived or deemed to be derived from or in connection with Bonds, except if he derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and his Bonds are attributable to such enterprise, or he derives benefits or is deemed to derive benefits from or in connection with Bonds that are taxable as benefits from miscellaneous activities performed in the Netherlands.

Corporate entities

If a holder of Bonds is a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, which is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch corporation tax, it will not be subject to Dutch corporation tax in respect of any benefits derived or deemed to be derived from or in connection with Bonds, except if it derives profits from an enterprise directly, or pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, and such enterprise either is managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative which is taxable in the Netherlands, and its Bonds are attributable to such enterprise.

General

A holder of Bonds will not be deemed to be resident in the Netherlands for Dutch tax purposes by reason only of the execution and/or enforcement of the documents relating to the issue of Bonds or the performance by the Issuer of its obligations under such documents or under the Bonds.

If a holder of Bonds is neither resident nor deemed to be resident in the Netherlands, such holder will for Dutch tax purposes not carry on or be deemed to carry on an enterprise, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands by reason only of the execution and/or enforcement of the documents relating to the issue of Bonds or the performance by the Issuer of its obligations under such documents or under Bonds.

13.3 Gift and inheritance taxes

No Dutch gift tax or Dutch inheritance tax will arise with respect to an acquisition or deemed acquisition of Bonds by way of gift by, or upon the death of, a holder of Bonds who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax except if, in the event of a gift whilst not being a resident nor being a deemed resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, the holder of Bonds becomes a resident or a deemed resident in the Netherlands and dies within 180 days after the date of the gift.

For purposes of Dutch gift tax and Dutch inheritance tax, a gift of Bonds made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

13.4 Registration taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with the execution and/or enforcement (including by legal proceedings and including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Bonds, the performance by the Issuer of its obligations under such documents or under Bonds, or the transfer of Bonds, except that Dutch real property transfer tax may be due upon an acquisition, in connection with Bonds, of real property situated in the Netherlands, (an interest in) an asset that qualifies as real property situated in the Netherlands, or (an interest in) a right over real property situated in the Netherlands,

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for the purposes of Dutch real property transfer tax or where Bonds are issued under such terms and conditions that they represent (an interest in) an asset that qualifies as real property situated in the Netherlands, for the purposes of Dutch real property transfer tax.

14 SELLING RESTRICTIONS

14.1 General

The Arranger has in an amended and restated programme agreement (as amended or supplemented from time to time, the **Programme Agreement**) dated 3 March 2016 agreed with the Issuer a basis upon which it may from time to time agree to purchase the Bonds, and each further Dealer appointed under the Programme will be required to enter into a similar agreement with the Issuer. Any such agreement will extend to those matters stated in Chapter 4 (*Form of the Bonds*) and Chapter 6 (*Terms and Conditions of the Bonds*). In the Programme Agreement, the Issuer has agreed to reimburse the Arranger for certain of its expenses in connection with the establishment of the Programme and the issue of Bonds under the Programme.

No action has been or will be taken in any country or jurisdiction that would permit a public offering of the Bonds, or the possession or distribution of this Base Prospectus (in preliminary, proof or final form) or any other document or material in connection with the Bonds, in any country or jurisdiction where action for that purpose is required.

Persons into whose hands this Base Prospectus or any Final Terms or Drawdown Prospectus comes are required by the Issuer, the Arranger and any relevant Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Bonds or have in their possession or distribute such offering material, in all cases at their own expense.

14.2 European Economic Area

In relation to each Relevant Member State, the Arranger has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**), it has not made and will not make an offer to the public of the Bonds which are the subject of the offering contemplated by this Base Prospectus in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer to the public in that Relevant Member State of the Bonds:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Bonds shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes hereof, the expression **offer to the public** in relation to the Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe to the Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

14.3 United Kingdom

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The Arranger has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

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 Financial Services and Markets Act 2000, as amended (**FSMA**)) received by it in connection with the issue of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

14.4 United States (Regulation S Category 2; TEFRA D)

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the US or to, or for the account or benefit of, US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bonds are subject to US tax law requirements and may not be offered, sold or delivered within the US or its possessions or to a US person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and regulations thereunder.

The Arranger has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that except as permitted by the Programme Agreement, it will not offer, sell or deliver Bonds (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of the Bonds comprising the relevant Tranche, as certified to the Agent by such Dealer (or, in the case of a sale of a Tranche of Bonds to or through more than one Dealer, by each of such Dealers as to the Bonds of such Tranche purchased by or through it, in which case the Agent shall notify each such Dealer when all such Dealers have so certified) within the US or to, or for, the account or benefit of, US persons, and such Dealer will have sent to each dealer to which it sells Bonds during the distribution compliance period relating thereto a confirmation or other notice setting for the restrictions on offers and sales of the Bonds within the US or to, or for the account or benefit of, US persons.

In addition, until 40 days after the commencement of the offering of Bonds comprising any Tranche, any offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

14.5 The Netherlands

The Bonds have not been and shall not be offered, transferred, sold or delivered in the Netherlands other than to persons or entities which are qualified investors as defined in section 1:1 of the Dutch Financial Supervision Act. Each purchaser of Bonds located in the Netherlands will be deemed to have represented, acknowledged and agreed that it is a qualified investor (*gekwalificeerde beleggers*) as defined in section 1:1 of the Dutch Financial Supervision Act. For the purposes of this provision, the expression an “offer of Bonds to the public” in relation to any Bonds in the Netherlands means to make a sufficiently specific offer addressed to more than one person as referred to in section 6:217(1) of the Dutch Civil Code to conclude a contract to purchase or otherwise acquire the Bonds, or to issue an invitation to make an offer of the Bonds.

15 GENERAL INFORMATION

15.1 History and development of the Issuer

The Issuer is a public company with limited liability (*naamloze vennootschap*), incorporated under Dutch law. The Issuer was incorporated under Dutch law by a notarial deed executed on 13 December 2004 under the name BCRE-Brack Capital Real Estate Investments B.V, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*). By a resolution passed on 15 May 2014, it was resolved to change the form of the Issuer to a public company under Dutch law under the name BCRE-Brack Capital Real Estate Investments N.V. The Issuer also uses BCRE as its commercial name.

The Issuer is registered with the Trade Register of the Chamber of Commerce of Amsterdam, the Netherlands under number 34217263. Its corporate seat is in Amsterdam, the Netherlands. Its business address is Barbara Strozziilaan 201, 1083 HN Amsterdam, the Netherlands. The Issuer's telephone number is + 31 (0)20 51 410 00.

The Issuer is a Dutch incorporated company. Whilst, following the Share Admission, the Issuer is subject to the listing rules of the UK Listing Authority made under Part VI of the UK Financial Services and Markets Act 2000 (as amended), as amended from time to time, and certain other UK requirements applicable to companies with a standard listing on the Official List, the Issuer is also subject to certain Dutch law requirements.

15.2 Organisational structure

The Issuer is a holding company with no material, direct business operations. The principal assets of the Issuer are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Issuer is dependent on loans, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of interest and principal under the Bonds. The ability of the Issuer's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to statutory, legal or contractual limitations. (See Chapter 1 (*Risk factors*), section 1.8.1).

15.3 Credit ratings

The ratings of the Series A Notes, the Series B Notes and the Series C Bonds issued by the Issuer and the credit rating of the bonds issued by BCP have been assigned by Midroog (in respect of the Issuer's bonds) and Maalot (in respect of BCP and BCP's bonds).

The Series A Notes and the Series B Notes were initially rated iIA3/stable by Midroog. This rating was increased to iIA2/stable in July 2014. In December 2014, Midroog placed Series A and Series B Notes and the Series C Bonds on its watch list due to the economic crisis in Russia and in November 2015 has reaffirmed the iIA2 rating, while changing the outlook to negative. BCP and BCP's bonds are currently rated iIA+/Stable and iIA+ respectively by Maalot. The Bonds to be issued under Programme are expected to be rated iIA2/negative by Midroog (or as may be specified in the applicable Final Terms) on or prior to Admission.

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

Midroog is a credit rating agency accredited by Israel and a subsidiary of Moody's Investors Service Inc. Midroog has its own policies and rating procedures, however, its methodologies are based on those of Moody's. According to Midroog's rating scale, companies or obligations rated "A" are considered by Midroog to be in the upper-end of

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the middle rating and involve low credit risk. Numerical modifier 3 in the "A" category indicates that the bonds are in the lower end of the "A" rating category.

Maalot is a credit rating agency accredited by Israel and a subsidiary of Standard & Poor's (S&P). Maalot has its own policies and rating procedures, however, its methodologies are based on those of S&P. According to Maalot's rating scale, companies rated "ilA" are considered by Maalot to be more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors, yet they are considered to have a moderately strong capacity to meet their financial commitments, relative to other Israeli obligors. The addition of a plus (+) or minus (-) sign to the rating is used to indicate the relative strength within the rating category.

The ratings provided herein are not issued by credit rating agencies established in the EU and registered under EU Regulation No. 1060/2009 on credit rating agencies (as amended).

15.4 Directors and Senior Managers conflicts of interests

No Director or Senior Manager has any potential conflict of interest between his duties to the Group and his private interests or other duties, other than in respect of:

- a. the provision of services by RT Facility Management UG & Co., KG, a German company in which Mr. Ofir Rahamim (a Senior Manager and Co-CEO of BCP) holds shares and which employs almost all of the staff currently engaged in the German platform; and
- b. the directorships held by Mr. Eyal Gutman in BCH and BCI.

In relation to Mr Harin Thaker (who holds co-investment interests in the Group's lending business) and Luca Tomesani Melotti (who holds 61,791 Shares and co-investment interests in the Group's lending business) and the Senior Managers (who have co-invested in developments and properties of the Group, as mentioned below), no potential conflict of interest is considered to exist between the duties of their respective duties to the Group and their private interests.

Certain Senior Managers have co-invested in developments and properties of the Group. Loans have been granted by the Issuer and its subsidiaries to Senior Managers in the aggregate amount of approximately €5.5 million at the date of this Prospectus. Such loans are secured by part of the Senior Managers' co-investment interests and options held by them in the German, US and Russian portfolios.

15.5 Major shareholders

At the latest practical date prior to this Base Prospectus, based on the online public register of the AFM regarding substantial holdings and gross short positions, dated 23 February 2016, the Issuer is aware of the following persons who have a substantial holding or short position which equals or exceeds 3% of the issued capital of the Issuer, directly or indirectly:

Name	Number of Shares	Total holding	Number of voting rights	Total holding
Warburg Pincus Real Estate I L.P.	7,907,127	4.92%	7,907,127	4.92%
Medinol Ltd.	10,797,120	6.72%	10,797,120	6.72%

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S. Weintraub	75,000,000	46.67%	75,000,000	46.67%
L.J. Schreyer	7,017,543	4.37%	7,017,543	4.37%

Save as disclosed above, the Issuer is not aware of any person who will be interested, directly or indirectly, in 3% or more of the issued share capital of the Issuer or could, directly or indirectly, jointly or severally, exercise control over the Issuer.

Neither the Issuer nor any of the Directors is aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Issuer.

15.6 Litigation and arbitration proceedings

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Base Prospectus, a significant effect on the Group's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against any member of the Group.

15.7 Financial and trading position and prospects

There has been no significant change in the financial or trading position of the Group since 30 June 2015, the date of its last published unaudited financial statements.

There has been no material adverse change in the prospects of the Issuer since 31 December 2014, the date of its last published audited financial statements.

15.8 Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the creation, issue and performance of the Bonds under the Programme. The creation and issue of the Bonds under the Programme was duly authorised by a resolution of the Board dated 25 February 2016.

15.9 Documents on display

Copies of the Articles, the Semi Annual Report 2015 and the Annual Reports may be obtained free of charge for the life of this Base Prospectus by sending a request in writing to the Issuer at its business address: Barbara Strozilaan 201, 1083 HN Amsterdam, the Netherlands and are also available at <http://www.brack-capital.com/downloads/> for the life of this Base Prospectus.

This Base Prospectus will be available on the Issuer's website at <http://www.brack-capital.com/downloads/>.

15.10 Statutory auditor; reporting accountant

The statutory consolidated financial statements of the Issuer for the financial years ended 31 December 2014 have been audited by Ernst & Young Accountants LLP, Netherlands, Boompjes 258, 3011 XZ, Rotterdam, the Netherlands. The responsible partner of Ernst & Young Accountants LLP, Netherlands is a member of the *Nederlandse Beroepsorganisatie van Accountants*.

The statutory consolidated financial statements of the Issuer for the financial years ended 31 December 2013 have been audited by JPA Van Noort Gassler & Co B.V., Nieuwe Parklaan 73, 2597 LB The Hague, the Netherlands. The responsible partner of JPA Van

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Noort Gassler & Co B.V. is a member of the *Nederlandse Beroepsorganisatie van Accountants*.

The Annual Report for the financial year ended 31 December 2013 has been reported on by Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, 3 Aminadav Street, Tel-Aviv 6706703, Israel, in accordance with the international standards on auditing as issued by the International Federation of Accountants through the International Auditing and Assurance Standards Board.

Prospective investors should consult their own professional advisers to gain an understanding of the statutory consolidated financial statements of the Issuer, the Annual Reports and the Semi Annual Report 2015.

15.11 Advisors

Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ, acted as legal advisor to the Issuer as to English law.

Loyens & Loeff N.V., Fred. Roeskestraat 100, 1076 ED Amsterdam, the Netherlands acted as legal advisor to the Issuer as to Dutch law.

Ben - Naftali, Erez, Zahavi & co, Daniel Frisch 3, Tel Aviv, Israel, acted as legal advisor to the Issuer as to Israelian law.

Peel Hunt LLP, Moor House, 120 London Wall, London EC2Y 5ET, United Kingdom as Arranger.

15.12 Estimated expenses

The total expenses relating to the Admission amount to approximately €100,000.

THE ISSUER

BCRE-Brack Capital Real Estate Investments N.V.

Barbara Strozziilaan 201
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The Netherlands

ARRANGER

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United Kingdom

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United Kingdom

AGENT

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PAYING AGENT

Citibank N.A., London Branch

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To the Issuer as to Dutch law:

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To the Issuer as to Israeli law:

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