



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

BCRE-Brack Capital Real Estate Investments N.V., a public company with limited liability incorporated under Dutch law (*naamloze vennootschap*), having its official seat in Amsterdam, the Netherlands and with address: Barbara Strozziilaan 201, 1083 HN Amsterdam, the Netherlands (the **Issuer**), has updated its programme for the issuance of bonds, which was established in 2014, and increased the maximum aggregate amount for which bonds can be outstanding under this Programme from US\$60 million to US\$180 million (or its equivalent in other currencies) (the **Programme**), for which a base prospectus (the **Base Prospectus**) and final terms have been made available following the approval of the Prospectus by the Netherlands Authority for the Financial Markets on 3 March 2016. It is contemplated that application will be made for bonds to be issued under the Programme (the **Bonds**).

This supplement (the **Supplement**) is supplemental to, forms part of and must be read and construed in conjunction with the Base Prospectus and any other supplements to the Base Prospectus (to be) issued by the Issuer. This Supplement, together with the Base Prospectus, constitutes a prospectus for the purposes of article 5:23 of the Dutch Act on financial supervision (**AFS**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement has been filed with and approved by the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the **AFM**) as a prospectus supplement, in accordance with Directive 2003/71/EC, as amended (the **Prospectus Directive**), and relevant implementation measures in the Netherlands. A request has been made to the AFM to passport this Supplement to the Financial Conduct Authority as competent authority in the United Kingdom.

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

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

No person has been authorised to give any information or to make any representation other than those contained in this Supplement or the 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 or any of the Dealers or the Arranger (as defined in the Base Prospectus). Neither the delivery of this Supplement or the 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 the 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 the Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Base 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.

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

To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Supplement and the Base Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Bonds. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Supplement and the Base Prospectus or any such statement. Neither this Supplement nor the Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Supplement and the Base Prospectus or any other financial statements should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Supplement and the Base Prospectus and its purchase of Bonds should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Supplement and the Base Prospectus nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Dealers or the Arranger.

This Supplement 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 “estimates”, “forecasts”, “projects”, “expects”, “may”, “will”, 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. 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 Issuer's operations, financial position, and the development of the markets and the sector in which the Issuer operates, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Supplement.

In addition, even if the results of operations, financial position and the development of the markets and the sector in which the Issuer operates are consistent with the forward-looking statements contained in this Supplement, those results or developments may not be indicative of results or developments in subsequent periods. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Supplement 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 Issuer's operations, results of operations and growth strategy. 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 Supplement that may occur due to any change in the Issuer's expectations or to reflect events or circumstances after the date of this Supplement. Please see Chapter 2 (*Important Information*), section 2.2 (*Information regarding forward looking statements*) for more information regarding forward-looking statements contained in the Base Prospectus and the Supplement.

The purpose of this Supplement is the publication of estimates of the net asset value of the Group as per of 31 December 2015 in the trading update published by the Issuer on the date hereof and a profit forecast in connection with certain US properties. A copy of this Supplement and the Base Prospectus can be obtained from the Issuer, without charge. Requests for such documents should be directed to the Issuer at its registered office set out at the end of the Base Prospectus. Copies of documents incorporated by reference in the Base Prospectus can also be obtained from <http://www.brack-capital.com>.

NAV ESTIMATE AND PROFIT FORECAST

1.1 NAV estimate

The following table presents the Issuer's unaudited projection of the NAV of the Group as of 31 December 2015, based on the Issuer's estimations. The Issuer expects to publish the audited consolidated financial statements as of 31 December 2015 in April 2016.

Table 1

(in €1,000,000)	Estimated range	Mid-range
BCRE Germany ¹	€131 – €135	€133
BCRE US	€126 – €138	€132
BCRE Russia	€60 – €80	€70
Cash and Others	€40 – €48	€44
Corporate Debt	-€ 134	-€134

The NAV based on the mid-range estimation above, reflects a €22 million decrease from the €267 million equity attributed to shareholders in the Issuer's June 2015 financial statements.

1.2 Profit forecast

The Issuer expects to realise a significant upside in the near future (one to five years depending on the project) relating to the following projects in the United States:

Table 2

Projects	Potential upside (in €1,000,000)
720 West End Ave.	€55 – €65
90 Morton St. and Manhattan Hotels ²	€25 – €30

Basis of preparation

The Issuer declares that the information contained in this Supplement has been properly prepared on the basis stated and that the basis of accounting is consistent with the accounting policies of the Issuer.

The potential upside is calculated as the estimated difference between (i) the projects' expected profit before tax upon stabilisation (i.e. stabilisation of the performance of the hotels) or sale of the assets and (ii) the project's revaluation profits before tax as estimated in the Issuer's financial statements as of 31 December 2015 as projected in Table 1.

The profits will be subject to tax in the United States at corporate tax rates.

¹ The NAV mentioned is based BCRE Germany's NAV in its books.

² The Manhattan Hotels are the Citizen M Hotels in Times Square and Bowery St., and the Hotel Indigo as part of the Orchard project.

Explanatory notes to the profit forecast

Factors outside the Issuer's influence

The potential upside is generally subject to factors which are beyond the control of the Issuer. These factors and the related assumptions of the Issuer are listed below:

Factor: unforeseen events such as geopolitical circumstances and force majeure

The Issuer assumes that no material changes occur that could result in material or lasting constraints on the ongoing operations of the Issuer, such as (but not limited to) force majeure (e.g. fire, floods, hurricanes, storms, earthquakes or terrorist attacks), strikes, exceptional macroeconomic events, war or a material change in geopolitical circumstances.

Factor: legislative and other regulatory measures

The Issuer assumes that no material changes occur to the current legal and regulatory framework to which the Issuer is subject.

Factor: developments in the real estate industry

For the purpose of forecasting the potential upsides from each project, the Issuer assumes that there will be no material negative economic developments (i) in the Manhattan residential market with regard to demand and supply and (ii) in the Manhattan lodging market with regard to demand and supply and cap rates.

Factors that can be influenced by the Issuer to a limited extent

In addition to the factors outside the Issuer's influence, further factors may also influence the potential upside, over which the Issuer has control to a limited extent.

Factor: stabilisation of occupancy rate

The Issuer assumes that its partners in the holding of the Manhattan Hotels, who are also operating the Manhattan Hotels, will fulfil the business plan and lead the assets to stabilisation at approximately 85% occupancy.

Factor: conversion of the 720 West End Ave. and the 90 Morton St.

The potential upside forecast assumes that the conversion of 720 West End Ave. will commence at 2018 H1, following the Issuer's assistance to the construction of an alternative accommodation facility for the asset's current residents. The potential upside forecast further assumes that the conversion of 90 Morton St. will commence in 2016.

Factor: commitments toward third parties

90 Morton St. and the Manhattan Hotels are held through shareholders' agreements and/or joint venture arrangements with principal third parties, meaning that ownership and control of such real estate assets is shared with such third parties. The Issuer assumes that no material change occurs in the status of and the relationship with such third parties during the remaining terms of these projects.

Factors that can be influenced by the Issuer

In addition to aforementioned factors, further factors may also influence the potential upside, over which the Issuer has control.

Factor: development and sales

Based on the assumption of a conversion (see above), the Issuer assumes that (i) the potential upside it will realise for the 720 West End Ave. project will be in the range of €320 up to €350 per net square feet, based on an assumed average sale price of approximately US\$2,213 per net square feet and (ii) the potential upside it will realise for the 90 Morton St. project will be approximately €220 per net square feet, based on an assumed sale price of US\$3,220 per net square feet.
