



CPI PROPERTY GROUP

€330 million 5.0 per cent. Notes due 2025

**(to be consolidated and form a single series with the
€170 million 5.0 per cent. Notes due 2025 issued on 20 August 2015)**

Issue price: 100 per cent.

(plus 77 days' accrued interest in respect of the period from and including 20 August 2015 to but excluding the Closing Date (as defined below))

The € 330 million 5.0 per cent. Notes due 2025 (the **Notes**) are issued by CPI PROPERTY GROUP, a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 40, rue de la Vallée, L-2661 Luxembourg and being registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés Luxembourg*) under number B 102 254 (the **Issuer**). The Notes are unsecured obligations of the Issuer only, and are not guaranteed by any other person. The Notes are to be consolidated and form a single series with the €170,000,000 5 per cent. Notes due 2025 issued on 20 August 2015. Any reference herein to the "Notes" includes, following such consolidation, the Notes issued on 20 August 2015.

Interest will be payable annually in arrear on 20 August of each year (each an **Interest Payment Date**), subject to adjustment for non-Business Days in accordance with the Conditions of the Notes. Interest will accrue from and including 20 August 2015 to but excluding the Final Maturity Date and will be at a rate of 5.0 per cent. per annum, as further described under "*Terms and Conditions of the Notes - Interest*". The Notes mature on 20 August 2025 (the **Final Maturity Date**). See "*Terms and Conditions of the Notes - Redemption*".

Payments of interest under the Notes will be made without deduction or withholding for tax, unless required by law. If any such deduction or withholding is required to be made, neither the Issuer nor any paying agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

The Issuer may, at its option, redeem all, but not some only, of the Notes on any Interest Payment Date at par plus accrued interest, upon giving not less than 30 days nor more than 45 days' notice to Noteholders.

Application has been made to the Luxembourg Stock Exchange, in its capacity as market operator of the Euro MTF market (the **Euro MTF Market**) under the rules and regulations of the Luxembourg Stock Exchange, to approve this document as a Prospectus (the **Prospectus**) pursuant to Part IV of the Luxembourg law on prospectuses for securities dated 10 July 2005, as amended. Application has been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market. The Euro MTF Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). This Prospectus does not constitute a prospectus pursuant to the Directive 2003/71/EC as amended.

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 5 November 2015 (the **Closing Date**) with a common safe-keeper for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, upon certification as to non-U.S. beneficial ownership. Upon exchange of the Temporary Global Note for the Permanent Global Note, the Notes will be consolidated and form a single series with the €170,000,000 5 per cent. Notes due 2025 issued on 20 August 2015. The Global Notes will be exchangeable for definitive notes only in the limited circumstances described under "*Description of the Notes in Global Form*".

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" on page 5.

The date of this Prospectus is 5 November 2015

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus should be read and construed on the basis that such documents are incorporated and form part of the Prospectus.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any person other than the Issuer as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes. No person other than the Issuer accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act). For a further description of certain restrictions on the offering and sale of the Notes and on the distribution of this document, see "*Subscription and Sale*" below.

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

European Economic Area (including the United Kingdom and Luxembourg) and Japan; see "*Subscription and Sale*".

Each person receiving this Prospectus, by acceptance hereof, hereby acknowledges that this Prospectus has been prepared by the Issuer solely for the purpose of offering the Notes described herein.

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

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. These factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

Risks related to the business of the Issuer and its subsidiaries (together, the Group)

Any decline in occupancy levels may have a direct impact on the Group's cashflows.

The Group invests in real estate and derives a significant proportion of its cashflows from rental payments received from the tenants occupying its properties (the **Properties**). Any significant decline in occupancy levels in respect of the Properties could have a material adverse effect on the ability of the Issuer to make payments of interest on the Notes. Factors affecting occupancy may include, but are not limited to:

1. age, quality and design of a property relative to comparable properties in the local market;
2. location relative to public transportation;
3. relative maintenance and upkeep of a property, including any work done by third-party service providers; and
4. perceptions regarding the safety, convenience and attractiveness of the property.

As leases expire, there can be no assurance that the tenants will renew their leases on terms favourable to the Group at the end of their current tenancies or, if they do not, that new tenants of equivalent standing (or any new tenants) will be found to take up replacement leases.

Any failure of the Group to sustain an adequate occupancy level could have a material adverse effect on any Group member's ability to collect rent payments. Further, the relevant Group member would continue to face fixed costs (subject to certain exceptions) to cover service charge contributions in respect of any vacant units, which would reduce amounts available to make payments of interest on the Notes.

The valuations performed on the Group's real estate portfolio represent the analysis and opinion of independent experts and are not guarantees of present or future value.

The financial statements of the Group reflect property valuations performed by external valuation agents and are not guarantees of present or future value. One external valuation agent may reach a different conclusion to the conclusion that would be reached if a different external valuation agent were appraising the same property, and similarly the same external valuation agent may come to a different conclusion at different periods of time. This variation may be due to the use of different methodologies and assumptions.

Any change to valuation methodology may result in gains or losses in the Group's consolidated income statement, based on the change to each property's valuation compared with prior valuations. There can be no assurance that any revaluation could be realised in a third-party sale.

The valuations given to properties by any external valuer and reflected in the Group's financial statements may exceed or be below the actual amount of net proceeds which would be realised on the relevant property at the time of any sale, and are subject to fluctuation over time. Such variations may be driven by factors outside the control of the Group. The net proceeds realised from any future disposal may vary from the related valuation and such variations may be material and the relevant Group member may not be able to realise the full property value reflected in any valuation report. This could have a material adverse effect on the ability of the Issuer to repay in full principal under the Notes.

The Group's consolidated income statement has been and may be significantly affected by changes in the fair market value of the Group's Properties.

The Group's investment properties are generally revalued annually in accordance with IAS 40 at their respective market value on the reporting dates. Since changes in the fair value of investment property are recognised in the Group's consolidated income statement for the period in which they arise, such non-cash valuation gains or losses can materially affect the Group's consolidated income statement.

If the values of comparable commercial real estate properties decrease, the Group may experience revaluation losses in the future.

Geographic concentration.

The Properties are located throughout Central and Eastern Europe, with a material concentration of units located in Berlin and Prague. The market value of the Properties and ultimately, funds available to the Issuer to make repayments under the Notes and could be adversely affected by conditions in the property markets where the Properties are located, acts of nature, for example floods (which may result in uninsured losses), and other factors which are beyond the control of the Group. In addition, the performance of the Properties will be dependent upon the strength of the economy in the regions in which the Properties are located.

The Group is exposed to general commercial property risks.

The Group is exposed to all of the risks inherent in the business of owning, managing and using commercial and residential real estate. Its performance may be adversely affected by an oversupply or a downturn in the commercial real estate market in general, or the commercial real estate market in those cities in which the Properties are located. For example, rental income and the market value for properties are generally affected by overall conditions in the EU and national and local economy, such as growth in gross domestic product (**GDP**), inflation and changes in interest rates. Changes in GDP may also impact employment levels, which in turn may impact the demand for premises generally.

Other factors which could have an impact on the value of a Property are more general in nature, such as national, regional or local economic conditions (including key business closures, industry slowdowns and unemployment rates, and any cyclical patterns relating to these trends); local property conditions from time to time (such as the balance between supply and demand); demographic factors; consumer confidence; consumer tastes and preferences; changes in governmental regulations including retrospective changes in building codes; planning/zoning or tax laws; potential environmental legislation or liabilities; the availability of refinancing, and changes in interest rate levels or yields required by investors in income producing commercial properties.

The demand for commercial properties and the ability of such properties to generate income and sustain market value is based on a number of factors, including:

- the economic and demographic environment;

- renovation work required on vacant units before they are re-let;
- tenant credit risk;
- workplace trends including its growth rate, telecommuting and tenant's use of space sharing;
- local infrastructure and access to public transportation;
- the competitive environment; and
- tenant expectations of facility quality and upkeep.

Any deterioration in demand may result in increased pressure to offer new and renewing tenants financial and other incentives, which may lead to an overall negative impact on net rental incomes as operating expenses increase. The occurrence of any one or a combination of the factors noted above may have a material adverse effect on the value of the Properties and any potential to increase rent following rent reviews. Any deterioration on net rental income or the value of the Properties could adversely affect the ability of the Issuer to make payments of interest and/or principal on the Notes.

The Group may not be able to successfully refinance its obligations under the Notes on the Final Maturity Date.

Unless previously redeemed, the Notes will be required to be repaid by the Issuer in full on the Final Maturity Date. The ability of the Issuer to repay the Notes in their entirety on the Final Maturity Date will depend, among other things, upon it having sufficient available cash and/or upon its ability to find a lender willing to lend to it sufficient funds to enable repayment of the Notes. The availability of funds in the credit market fluctuates and it is always possible that at the relevant time there will be a shortage of credit to redeem the Notes or other indebtedness.

If the Issuer is unable to refinance the Notes, it may be forced, in unfavourable market conditions, into selling some or all of the Properties in order to repay the Notes, and there can be no assurance that the assessed fair value of the Properties would be realised under such circumstances. Failure by the Issuer to repay or refinance the Notes or by the Group to sell the Properties on or prior to the Final Maturity Date (or any sale occurring at an unfavourable price) may result in the Issuer defaulting on the Notes and in its insolvency.

Certain of the Group's Properties are subject to legacy restrictions incurred through historical receipt of public subsidies.

GSG Berlin (as defined below) is a part of the Group and operates Properties of the Group in Berlin. GSG Berlin was the beneficiary of subsidies granted pursuant to the German Act on the Joint Scheme for Improving Regional Economic Structures (*Gesetz über die Gemeinschaftsaufgabe "Verbesserung der regionalen Wirtschaftsstruktur"*), which are specified by Regional Development Strategic Frameworks (*Rahmenplan*) that apply for set periods of time. The Properties to which these subsidies have been applied remain subject to certain conditions and restrictions, including on rent levels and tenant requirements.

Compliance with these restrictions may limit the Group's ability to fully exploit those Properties until the relevant expiration dates of such restrictions. Furthermore, there is some uncertainty as to the interpretation and period of application of these restrictions, and any breach by GSG Berlin of these obligations may lead to a full or partial revocation of the subsidies for the affected Properties, which may lead to GSG being required to reimburse the relevant public authorities. There can be no assurance that any interpretations made now may not be subsequently challenged as a result in change of interpretations or a change in the relevant agency.

The members of the Group may be exposed to the credit risk of their tenants and the risks of the industries in which they operate.

The Group may be exposed to the credit risk of its tenants. There can be no assurance that a tenant will remain solvent and able to perform its obligations throughout the term of its lease.

Income from, and the market value of, the Properties would be adversely affected if material numbers of tenants were unable to meet their lease obligations, were to become insolvent, or if, for any other reason, rental payments could not be collected.

An economic decline in the businesses operated by tenants can affect a building, including the Properties, and cause one or more significant tenants to cease operations and/or become insolvent. Further, the Group faces certain fixed costs which it is obligated to pay regardless of whether or not it receives payments from tenants to fund such expenses.

The Group may not be able to successfully recover operating, maintenance costs and capital expenditure costs from its tenants.

To maintain the Properties and comply with applicable law, it is necessary to perform maintenance and/or repairs. Such measures can be time consuming and expensive, and risks can arise in the form of higher costs than anticipated or unforeseen additional expenses for maintenance, repair or modernisation that cannot be passed on to tenants. Moreover, work can be delayed, for example, because of bad weather, poor performance or insolvency of contractors or the discovery of unforeseen structural defects. In the ordinary course of events, the Group may fund such capital expenditure out of cash flow generated by the Properties. If the necessary capital expenditure is not undertaken, this could lead to a decline in the value of the relevant Properties, impacting on the liquidation or refinancing value thereof and hence the ability to generate sufficient disposal refinancing proceeds. Changes in government regulations may result in additional capital expenditure requirements to modernise or maintain the Properties, for example refurbishment to comply with energy efficient standards or health and safety requirements, which may not always be possible to charge to tenants.

The Group is exposed to risks relating to hotel properties.

Ten per cent. by value of the Group's Properties are operated as hotels by the Group or by third parties. A number of factors may adversely affect the value and successful operation of a hotel property. Some of these factors include general economic conditions, the level of business and leisure travel in the local economy, the franchise affiliation of the hotel, the competition for the hotel and the desirability of the hotel's location.

Adverse economic and social conditions, either local or national, may limit the amount that can be charged for a room and may result in a reduction of occupancy levels. The construction or development of competing hotels can have similar effects. To meet competition in the industry and to maintain economic values, continuing expenditures must be made for modernising, refurbishing and maintaining existing facilities prior to the expiration of their anticipated useful lives. As hotel rooms generally are rented for short periods of time, hotels tend to respond more quickly to adverse economic conditions and an operator of a hotel may have an impact on such hotel's quality of service and economic performance. Additionally, the hotel industry is generally seasonal in nature and this seasonality can be expected to cause periodic fluctuations in a hotel property's room and other hotel revenues, occupancy levels, room rates and operating expenses. The demand for particular accommodations may also be affected by changes in travel patterns and other factors. In addition, as seen in recent years, acts of terrorism, outbreaks of disease and other difficulties not directly related to an economic downturn can have an adverse impact on both leisure and business travel and, therefore, should be considered as a potential factor in evaluating the performance of a hotel property.

Adverse changes in any of the factors described above could adversely affect income derived from the Group's hotel properties, which could in turn affect the ability of the Issuer to meet its obligations in respect of the Notes.

The Group's agricultural business is exposed to the risk of adverse weather, commodity prices or disease.

The Group has investments in farmland and agricultural production, which are primarily focussed on high-quality and vertically integrated production of beef, lamb and chicken.

Its agricultural business operates in a highly competitive environment. In addition to the risk of over-supply and competition from both domestic and imported products, the Group is exposed to volatility in commodity prices, which may affect both the prices it is able to achieve for its products, and the cost of its inputs such as stock feed and fertiliser, as well as drought, disease and the imposition of quarantine, import or export restrictions. Such factors may adversely affect the Group's return from its agricultural investments and therefore on its business, financial condition, results of operations and prospects.

The Group has significant investments in emerging markets.

The Group has significant investments in Central and Eastern Europe. Investors should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Investors should also note that emerging economies are subject to rapid change and that the information set out herein may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved, and investors are urged to consult with their own legal and financial advisors before making an investment in the Notes.

The Group is exposed to exchange rate risk.

The Notes are denominated in Euro, while the Group derives revenues and holds assets in currencies other than Euro. Any fall in the value of such currencies relative to the Euro may reduce the Euro amount of the Group's revenues and assets which is available to pay interest and principal on the Notes.

The Group is dependent on co-operative relations with its employees.

Any sustained labour dispute affecting the Issuer or any of its direct or indirect subsidiaries which employ property and asset management teams, could lead to a substantial interruption of the business of the Group and could have a material effect on their operating results or financial condition and the ability of the Issuer to make payments on the Notes. Furthermore, the Group's employees are critical to the successful implementations of its business strategy. If the Group fails to retain and attract the necessary and effective employees to fill management and technical roles and at economically reasonable compensation levels, such a failure will adversely affect the Group's ability to operate its business effectively and this could have a material effect on its operations which could indirectly have a material adverse effect on the Issuer's ability to make payments on the Notes.

The Group depends on its asset and property managers and other key personnel.

The Group's Properties require intensive management and the success of the Group and therefore indirectly the ability of the Issuer to make payments on the Notes depends on the performance of its asset and property managers and certain key personnel. Were such asset or property managers or key personnel to depart, the Group may not be able to find effective replacements in a timely manner, or at all. The loss of these individuals, or of any senior member of management, or any delay in replacing a departed member, may result in the loss of industry and property specific knowledge as well as relationships with lenders, potential tenants and industry personnel.

Interruption or failure of the Group's information technology systems could damage its reputation and business.

The Group is dependent on the proper functioning of its information systems and processes. The Group's systems and the systems on which it relies are vulnerable to damage or interruption from various factors, including but not limited to power loss, telecommunication failures, data corruption, network failure, computer viruses, security breaches, natural disasters, theft, vandalism or other acts. A disaster or disruption in the infrastructure that supports the Group's businesses could have a material adverse effect on its ability to continue to operate the Group's business without interruption.

The Group is also reliant on the general and timely functioning of banking systems and associated technology in order to receive and make payments. Any cessation of the ordinary functioning of the banking system or any interruption of payment systems may impact the ability to collect rents from tenants and could prejudice the ability of the Issuer to make payments in respect of the Notes.

The members of the Group may sustain losses from damages or risks not covered by, or exceeding the coverage limits of, its insurance policies.

The Group maintains insurance policies (including with respect to the Properties) which it considers appropriate to the nature of its business.

However, there are certain types of losses (such as losses resulting from war, terrorism, nuclear radiation, radioactive contamination and heaving or settling of structures) which are or may be or become either uninsurable or not insurable at economically viable rates, or which for other reasons are not covered by the Group's insurance policies. The Issuer's ability to make payments on the Notes might be affected adversely if such an uninsured loss were to occur or the relevant insurer became insolvent or otherwise unable to satisfy any claim, and the Group was not able to shift the cost burden to the tenant or another third party.

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

Unexpected problems and unrecognised risks could arise in the Group's future conversion or development projects.

The Group is engaged in development projects and may undertake further development or conversion projects in the future. The real estate construction and development business is subject to certain risks arising from the complexity of the projects, including higher than expected costs, breaches of labour laws, delays in completion, the application of regulations, health and safety or environmental constraints, the multiplicity of participants and the need to obtain permits. These risks could result in the abandonment of projects after significant feasibility study costs and management attention have been expended.

The Group's controlling shareholder's interest may differ from the interests of Noteholders.

The Group is indirectly controlled by Mr. Radovan Vitek, who, through his associated entities, controls 75.47 per cent. of the Issuer's shares and 90.57 per cent. of voting rights. In his position, Mr. Vitek has the power to influence the outcome of most material matters that require the election of the majority of board members and, subject to contractual and legal restrictions, the distribution of dividends. He could exercise influence over the Group's legal and capital structure, day-to-day operations and business strategies, and his interests may in some cases differ from those of the Issuer or of Noteholders.

The Group may not be able to manage its growth successfully.

The Group expects its future growth to place significant demands on its management, operations and other resources. Challenges it may face in future growth include continuing to improve its managerial, technical and operational knowledge, implementing an effective management information system, continuing to recruit and train managerial and other professional staff to satisfy its business requirements, obtaining sufficient financial resources to fund its on-going operations and its future growth, managing relationships with a greater number of tenants, suppliers, contractors lenders and other third parties, and strengthening its internal control and compliance functions to ensure that the Group is able to comply with its regulatory and contractual obligations.

Through its acquisition of Spojené farmy a.s. in November 2014, the Group has expanded for the first time into the agricultural sector. This represents a diversification of its business but may also require additional management resources to ensure the successful integration of this business.

There can be no assurance that the Group will not experience issues such as capital constraints, delays relating to regulatory and contractual compliance obligations, operational difficulties at new or existing locations or difficulties in expanding its existing business and operations and training an increasing number of personnel to manage and operate the expanded business. If the Group is unable to successfully manage the impact of its growth on its operational and managerial resources and control systems, its reputation could suffer, which could have an adverse effect on its business, financial condition, results of operations and prospects.

The Group is exposed to risks relating to planning and environmental regulation, and municipal pre-emption rights.

The Properties are subject to restrictions under applicable planning, building, monument protection, environment and other laws and regulations, and may be subject to statutory encumbrances, competing claims, pre-emption rights and other limitations, which may impact their value and/or the relevant Group member's ability to use and dispose of them as it would otherwise see fit.

As a result of the above or other restrictions, the Group may incur expenses and be prevented from charging market rents or from upgrading the affected properties in a way that would otherwise make such properties more attractive to tenants and allow the Group to increase its overall occupancy and/or rent levels. Further, non-compliance with such restrictions may have consequences ranging from fines, administrative and penal sanctions to prohibition of use or demolition orders.

Certain of the Properties were historically industrial buildings, and the aftermath of their former uses may continue to constrain their current use due to the demands of applicable environmental laws. Further, it is possible that the Properties contain ground contamination, hazardous materials, other residual pollution and/or wartime relics (including potentially unexploded ordnance). The discovery of such residual pollution, particularly in connection with the lease or sale of Properties, can also trigger claims for rent reductions, termination of leases, damages and other breach of warranty claims, and its remediation and related additional measures could involve considerable additional costs. It may no longer be possible to take recourse against the polluter or the previous owners of the Properties. Moreover, the existence or even merely the suspicion of the existence of wartime ordnance, hazardous materials, residual pollution or ground contamination can negatively affect the value of a Property and the ability to lease or sell such a Property.

In addition, several of the Properties may be in technical violation of easement or encroachment requirements, and could as a result be required to pay reasonable compensation to the relevant authorities.

The Properties are generally subject to state bodies exercising their right of expropriation or directing a compulsory purchase.

Under certain circumstances, a Property may be subject to expropriation, for example to complete public works, redevelopment or infrastructure projects. Typically, compensation must be paid to the owner of the property,

however there can be no assurance that compensation in respect of any expropriation will be adequate in all circumstances.

The Group's contractual rights under its leases may be limited by law.

The Group may be subject to statutory restrictions on its right to modify or terminate lease agreements (particularly in respect of residential leases). This may restrict the Group's ability to let its Properties at market rent levels or to manage its tenant base as it sees fit.

The Issuer has guaranteed certain debt of Orco Property Group.

On 7 November 2014, the Issuer entered into a trust deed (the **Orco Trust Deed**) pursuant to which it unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by Orco Property Group in relation to its notes registered under ISIN code XS0820547742, which were issued on 4 October 2012 (and amended and restated pursuant to the Orco Trust Deed) (the **Orco Notes**). The Issuer has also undertaken in the Orco Trust Deed to be bound by certain limitations on its activities and to maintain certain financial ratios.

As of the date hereof, the principal amount outstanding of the Orco Notes is EUR 65,064,248.49. Interest on the Orco Notes accrues at a rate of 7 per cent. per annum, payable semi-annually in arrear. Unless previously redeemed, or purchased and cancelled, the Orco Notes will be redeemed at their then outstanding principal amount on 7 November 2019.

The Issuer does not control Orco Property Group and has no influence over its management or financial performance. There can be no assurance that Orco Property Group will have sufficient funds to make payments in respect of the Orco Notes as and when they fall due. The Orco Notes may become immediately due and payable, together with any accrued interest, if Orco Property Group fails to make any payment due in respect of the Orco Notes, if the Issuer or Orco Property Group fail to comply with their other obligations under the Trust Deed or if certain events occur with respect to the Issuer or Orco Property Group. The occurrence of these events may be outside the control of the Issuer, and the Issuer will be required to pay all amounts due in respect of the Orco Notes if Orco Property Group fails to do so (whether such amounts are due on maturity of the Orco Notes or as a result of the Orco Notes becoming subject to early redemption). This could prejudice the ability of the Issuer to make payments in respect of the Notes.

In consideration of the Issuer's entry into the Orco Trust Deed and the guarantee given thereunder, Orco Property Group has agreed to pay to the Issuer a guarantee fee of three per cent. of the outstanding principal balance of the Orco Notes, payable on a payment in kind (PIK) basis falling due on the business day after all amounts payable in connection with the Orco Notes have been paid in full. There can be no assurance that Orco Property Group will have sufficient funds to pay this amount as and when it falls due. For further details in relation to the Orco Notes, please refer to the Orco Trust Deed, which is available at www.orcogroup.com.

Risks relating to the Notes and issuance structure

The Issuer is a holding company with no revenue generating operations of its own.

Since the Issuer is the holding and service company of its subsidiaries, it is reliant on revenue generation through its subsidiaries. Accordingly, while the other members of the Group depend on the Issuer to perform management and administration services, the ability of the Issuer to fund any payments that it might be required to make in respect of the Notes or its on-going operations is dependent on receipt by it of distributions from its subsidiaries, and it is therefore dependent on the continued operation and solvency of its subsidiaries.

Prepayment of the Notes.

The Issuer has the right, and may be obliged, in certain circumstances, to prepay the Notes prior to the Final Maturity Date. These events may be beyond the control of the Issuer. In particular, the Issuer may redeem the Notes on any Interest Payment Date upon giving not less than 30 days' prior notice to Noteholders.

Further, in the event that the Notes are redeemed early and depending on prevailing market conditions at the time, an investor who receives proceeds due to such an early redemption may not be able to reinvest such proceeds in a comparable financial instrument at a comparable effective interest rate as that carried by the Notes.

EU rules relating to Centre of Main Interests.

While Council Regulation (EC) No. 1346/2000 on insolvency proceedings, as amended (the **EU Insolvency Regulation**) provides in general that insolvency proceedings encompassing all of a debtor's assets on a European-wide basis can be commenced in the European Union Member State in which the debtor has its "centre of main interests" (**COMI**) as described in the EU Insolvency Regulation (generally presumed to be the place of the registered office in the absence of proof to the contrary), territorial proceedings against a Group member may also be opened in another EU Member State in respect of the assets situated in the territory of that other Member State in the event that Group member were to possess an establishment within that territory.

The insolvency laws of Luxembourg may not be as favourable to you as insolvency laws of jurisdictions with which you may be familiar and may preclude holders of the Notes from recovering payments due on the Notes.

The Issuer is incorporated and has its centre of main interests in Luxembourg. Accordingly, insolvency proceedings with respect to the Issuer may proceed under, and be governed by, Luxembourg insolvency laws. The insolvency laws of Luxembourg may not be as favourable to investors' interests as those of other jurisdictions with which investors may be familiar and may limit the ability of Noteholders to enforce the terms of the Notes. Insolvency proceedings may have a material adverse effect on the Issuer's business and assets and its obligations under the Notes as Issuer.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

No rating is being sought for the Notes, however, one or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgement, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes could adversely affect the value and trading of such Notes.

Risks relating to Noteholder meetings.

A meeting of the Noteholders may be held in accordance with the provisions of the Luxembourg act dated 10 August 1915 on commercial companies, as amended (the **Companies Act 1915**) and the relevant provisions of the Terms and Conditions of the Notes. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority, in relation to matters including amendments to the Terms and Conditions or the substitution of the Notes for other securities of the Issuer or any other entity.

The Terms and Conditions provide that the Principal Paying Agent and the Issuer may, without the consent of the Noteholders, amend the Terms and Conditions with regard to any amendment to the format, minor amendments or amendments of a purely technical nature or to correct manifest errors or to observe Luxembourg legal and/or regulatory provisions.

Transfer of the Notes will be subject to certain restrictions.

The Issuer has not agreed to register and does not intend to register the Notes under the U.S. Securities Act or any U.S. state securities laws. The Noteholders may not offer to sell the Notes, except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the U.S. Securities Act and applicable state securities laws. The Issuer has not undertaken to register the Notes or to effect any exchange offer for the Notes in the future. Furthermore, the Issuer has not registered and does not intend to register the Notes under any other country's securities laws. It is the obligation of the Investor to ensure that the subscription for, or subsequent offers, sales or transfer of the Notes comply with any applicable securities laws.

Factors which are material for the purpose of assessing the market risks associated with the Notes

The Notes may not be a suitable investment for all investors.

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

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

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes contain an optional redemption feature, which is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Risks related to the Notes generally.

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

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

EU Savings Directive

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. See "*Taxation*".

By the law of 21 June 2005, as amended (**Savings Law**), Luxembourg has implemented the European Directive 2003/48/EC on Taxation of Savings Income in the Form of Interest Payments (**Savings Directive**) and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union. The Savings Law is in effect as of 1 July 2005.

Based on the Savings Law Luxembourg used to levy a withholding tax on payments of interest or other similar income paid by an economic operator (paying agent within the meaning of the Savings Directive) within its jurisdiction to (or under certain circumstances, to the benefit of) an individual or certain so-called "residual entities" resident or established in another EU member state or in certain dependent or associated territories (**Territories**) unless the beneficiary of the interest payments agrees to an exchange of information regarding the interest or similar income it received between the tax authorities of Luxembourg and the relevant state or, in case of an individual beneficiary, to the tax certificate procedure.

With the adoption of the law of 25 November 2014, Luxembourg has abolished the above described withholding tax system and decided to apply the automatic exchange of information in all cases previously concerned by the withholding tax. Such reform has entered into force with effect from 1 January 2015 and the updated law applies to interest income payments made after 31 December 2014. As a result, the first communication of information between the Luxembourg tax authorities and their foreign counterparts in other EU Member States should take place in 2016 with regard to interest income derived in 2015.

Change of law

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

Denominations involve integral multiples: definitive Notes

The Notes have denominations consisting of a minimum of €100,000 plus one or more higher integral multiples of €1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of €100,000. In

such a case a holder who, as a result of trading such amounts, holds an amount which is less than €100,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to €100,000.

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

Risks related to the market generally.

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

Application has been made to List the Notes on the Euro MTF market of the Luxembourg Stock Exchange (which is not a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC)). However, the Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of such Notes. Lack of liquidity could result in a significant reduction in the market value of the Notes.

In addition, the market value of the Notes may fluctuate with changes in prevailing rates of interest and the performance of the Issuer. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

A small number of investors may purchase an amount of the Notes

A small number of investors may purchase an amount of the Notes which may include up to or beyond 50 per cent. of the Notes offered. This may limit secondary market trading and the liquidity of the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

Interest rate risks

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

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be incorporated in, and form part of, this Prospectus:

- (a) the interim financial report of the Issuer for the financial half year ended 30 June 2015;
- (b) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014;
- (c) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2013;and
- (d) the consolidated articles of association of the Issuer.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

The Issuer will produce proper accounts and audited financial statements in respect of each financial year. Copies of these documents will be promptly deposited after their approval at the registered office of the Issuer and the specified office of the Paying Agent for the time being in Luxembourg, where such documents will be available for inspection and where copies of such documents may be obtained free of charge upon request during usual business hours.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes, which will be attached to the Notes in definitive form, if any, and will (subject to the provisions thereof) apply to the Global Notes.

The issue of the €330,000,000 5 per cent. Notes due 2025 (the **New Notes**) was authorised by a resolution of the Board of Directors of the Issuer passed on 3 November 2015. Upon exchange of the Temporary Global Note for the Permanent Global Note, the New Notes are to be consolidated and form a single series with the €170,000,000 5 per cent. Notes due 2025 issued on 20 August 2015 (together with the New Notes, the **Notes**).

§ 1

PRINCIPAL AMOUNT, CURRENCY AND FORM

- (1) *Principal Amount and Currency.* CPI PROPERTY GROUP (the **Issuer**) issues notes (the **New Notes**) in a principal amount of € 100,000 each (the **Principal Amount**) and in an aggregate principal amount of € 330,000,000 (in words: three hundred and thirty million Euro). The New Notes will, upon exchange of the Temporary Global Note (as defined below) for the Permanent Global Note (as defined below), be consolidated and form a single series with the € 170 million 5.0 per cent. Notes due 2025 of the Issuer and issued on 20 August 2015 (the **Existing Notes**). In these Terms and Conditions, the expression "**Notes**" means the Existing Notes and the New Notes and any further notes issued pursuant to § 11(1) and forming a single series with the Existing Notes and the New Notes.
- (2) *Form.* The Notes are being issued in bearer form.
- (3) *Temporary Global Note – Exchange against Permanent Global Note.*
 - (a) The Notes are initially represented by a temporary global bearer note (the **Temporary Global Note**) without interest coupons.
 - (b) The Temporary Global Note shall be exchanged by a permanent global note (the **Permanent Global Note**) (the Temporary Global Note and the Permanent Global Note are each a **Global Note**) without interest coupons on a date (the **Exchange Date**) not earlier than 40 days after the date of issue of the Temporary Global Note. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is/are not (a) U.S. person(s) (other than certain financial institutions or certain persons holding Notes through such financial institutions). Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1(3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4(3) (*United States*)).
 - (c) The Global Notes shall each be signed manually or in facsimile by two authorised signatories of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent.
- (4) *Clearing System.* The Temporary Global Note and the Permanent Global Note will be kept in custody by or on behalf of a Clearing System until, in the case of the Permanent Global Note, all obligations of the Issuer under the Notes have been satisfied. **Clearing System** means each of Clearstream Banking, *société anonyme*, Luxembourg (**CBL**) and Euroclear Bank S.A./N.V. (**Euroclear**) and any successor in such capacity. The Notes are issued in new global note (**NGN**) form and are kept in custody by a common safekeeper on behalf of both Euroclear and CBL (each an **ICSD** and together the **ICSDs**).
- (5) *Noteholders.* **Noteholder** means any holder of one or more Notes.

- (6) *Records of the ICSDs.* The principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the principal amount of Notes represented by the Global Note and, for these purposes, a statement (which statement shall be made available to the Noteholder upon request) issued by an ICSD stating the principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by such Global Note the Issuer shall procure that details of any redemption, payment, or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered pro rata in the records of the ICSDs and, upon any such entry being made, the principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.

- (7) *Definitive Notes.* The right of the Noteholders to require the issue and delivery of definitive notes or interest coupons is excluded. However, upon the occurrence of an Exchange Event (as further described below), the Global Note may be exchanged for duly executed and authenticated definitive Notes without charge and the Principal Paying Agent or such other person as the Principal Paying Agent may direct (the **Exchange Agent**) shall deliver, in full (but not in partial) exchange for this Global Note, an aggregate principal amount of duly executed and authenticated definitive Notes with Coupons attached equal to the total principal amount of this Global Note. The definitive Notes to be issued on exchange will be in bearer form in the denomination of EUR 100,000 each with interest coupons (**Coupons**) attached.

An **Exchange Event** will occur if: (a) a Noteholder shall be entitled to declare his Notes due and demand immediate redemption thereof in accordance with Condition 9 (*Termination*) of the Notes; (b) the Issuer has been notified that both Euroclear and CBL 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 successor clearing system is available; or (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form.

The Issuer will promptly give notice to Noteholders if an Exchange Event occurs. In the case of (a) above, the bearer of the Global Note, acting on the instructions of one or more of the Accountholders (as defined below), may give notice to the Issuer and the Fiscal Agent and, in the case of (b) above, the Issuer may give notice to the Fiscal Agent of its intention to exchange the Global Note for definitive Notes on or after the Exchange Date (as defined below). On or after the Exchange Date the holder of the Global Note may or, in the case of (b) above, shall surrender the Global Note to or to the order of the Fiscal Agent. In exchange for the Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

Accountholder means a person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes).

Exchange Date means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given, being a day on which banks are open for general business in

the place in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

§ 2 STATUS

The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and at least *pari passu* with all other unsecured and unsubordinated present and future obligations of the Issuer unless such other obligations take priority by mandatory provisions of law.

§ 3 INTEREST

- (1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their Principal Amount at the rate of 5.0 % per annum from (and including) 20 August 2015, to (but excluding) the Final Maturity Date (as defined in § 5(1) (*Redemption at Maturity*)). Interest shall be payable in arrear on 20 August in each year (each such date, an **Interest Payment Date**). The first payment of interest shall be made on 20 August 2016.
- (2) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for any period of time, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).
- (3) *Day Count Fraction.* **Day Count Fraction** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last day of such period) (the **Calculation Period**):
 - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (i) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the number of days in such Determination Period; and
 - (ii) the number of days in such Calculation Period falling in the next Determination Period divided by the number of days in such Determination Period.

Determination Period means the period from (and including) each Interest Payment Date, to (but excluding) the next Interest Payment Date, provided that the first Determination Period will commence on (and include) 20 August 2015 and the final Determination Period will end on (and exclude) the Final Maturity Date.

§ 4 PAYMENTS

- (1) (a) *Payment of Principal.* Payment of principal in respect of Notes shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System upon presentation and (except in the case of partial payment) surrender of the Global Note representing the Notes at the time of payment at the specified office of the Principal Paying Agent outside the United States.

- (b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to paragraph (2) below, to the Clearing System or to its order for credit to the relevant Accountholders of the Clearing System.
- (2) *Manner of Payment.* Payments in respect of principal and interest on the Notes will be subject in all cases to: (a) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of § 7 (*Taxation*) and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof (**FATCA**) or any law implementing an intergovernmental approach to FATCA.
- (3) *United States.* For purposes of § 1 (3) (*Temporary Global Note – Exchange against Permanent Global Note.*) and paragraph 1 of this § 4, **United States** means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).
- (4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (5) *Business Day.* If the date for payment of any amount in respect of any Note is not a Business Day then the Noteholder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. **Business Day** means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET 2) settle payments.
- (6) *References to Principal and Interest.* Reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount of the Notes; the Early Redemption Amount of the Notes; and any other amounts which may be payable under or in respect of the Notes.

§ 5 REDEMPTION

- (1) *Redemption at Maturity.* Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on 20 August 2025 (the **Final Maturity Date**). The **Final Redemption Amount** in respect of each Note shall be its Principal Amount (as defined § 1(1) (*Principal Amount and Currency*)).
- (2) *Early Redemption at the option of the Issuer*
 - (a) The Issuer may, upon notice given in accordance with sub-paragraph (b), redeem the Notes then outstanding on the Call Redemption Dates at the Early Redemption Amount together with accrued interest, if any, to (but excluding) the relevant Call Redemption Date.

Call Redemption Dates are each Interest Payment Date.

- (b) Notice of redemption shall be given by the Issuer to the Noteholders in accordance with § 12. Such notice shall specify:
 - (i) name and ISIN of the Notes;
 - (ii) the Call Redemption Date, which shall not be less than 30 Days nor more than 45 days after the date on which notice is given by the Issuer to the Noteholders.

- (3) *Early Redemption Amount.* For purposes of paragraph 2 of this § 5 and § 9 (*Termination*), the **Early Redemption Amount** of a Note shall be its Final Redemption Amount.

§ 6

PRINCIPAL PAYING AGENT

- (1) *Appointment; Specified Offices.* The initial Principal Paying Agent and its initial specified offices is:

BNP Paribas Securities Services, Luxembourg Branch
33, rue de Gasperich
L-5826 Hesperange
Luxembourg

The Principal Paying Agent reserves the right at any time to change its specified office to some other specified office in the same city.

- (2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint another Principal Paying Agent or on or more other additional paying agents. The Issuer shall at all times maintain (i) a Principal Paying Agent, and (ii) a paying agent (which may be the Principal Paying Agent) which is able to make payments in respect of the Notes through CBL. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with § 12 (*Notices*). In addition, the Issuer shall ensure that, should Notes in definitive form be issued, an agent be appointed which can ensure financial service to holders of Notes in Luxembourg.
- (3) *Agents of the Issuer.* The Principal Paying Agent and any paying agent act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Noteholder.

§ 7

TAXATION

All amounts payable in respect of the Notes shall be made with such deduction or withholding of taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by the way of deduction or withholding, if such deduction or withholding is required by law (including pursuant to FATCA) or pursuant to any law implementing an intergovernmental approach to FATCA).

FATCA means:

- (a) sections 1471 to 1474 of the of the U.S. Internal Revenue Code of 1986 (the **Code**) or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

§ 8

PRESCRIPTION

Claims against the Issuer for payment in respect of principal on the Notes shall be prescribed and become void after ten (10) years from the Final Maturity Date. Claims against the Issuer for payment in respect of interest on

payments on the Notes shall be prescribed and become void after five (5) years from the Final Maturity Date. The Luxembourg act dated 3 September 1996 on the involuntary dispossession of bearer securities, as amended (the **Involuntary Dispossession Act 1996**) requires that any amount that is payable under the Notes (but has not yet been paid to the holders thereof), in the event that (i) an opposition has been filed in relation to the Notes and (ii) the Notes mature prior to becoming forfeited (as provided for in the Involuntary Dispossession Act 1996), is paid to the *Caisse des consignations* in Luxembourg until the opposition has been withdrawn or the forfeiture of the Notes occurs.

§ 9 TERMINATION

(1) *Events of Default.* Each Noteholder shall be entitled to declare his Notes due and demand immediate redemption thereof at the Early Redemption Amount (as described in § 5(3) (*Early Redemption Amount*)), together with accrued interest (if any) to the date of repayment, in the event:

(a) that:

- (i) default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 30 days; or
- (ii) the Issuer fails to perform or observe any of its other obligations under these Terms and Conditions and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied,

and following the expiry of such 30 day period (if applicable), a resolution of Noteholders passed in accordance with § 13 (*Resolutions of Noteholders*) and delivered to the Principal Paying Agent in accordance with § 9(2) declares that the Notes are immediately due and payable, in each case provided that such resolution will have no effect and the Notes will not become due if the relevant default or failure has been remedied on or before the day preceding the date of the relevant resolution; or

(b) that:

- (i) any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer (including, without limitation, the opening of any bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation (*liquidation volontaire ou judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally and/or the appointment of any receiver (*curateur*), liquidator (*liquidateur*), auditor (*commissaire*), verifier (*expert-vérificateur*), *juge délégué* or *juge commissaire*); or
- (ii) the Issuer ceases or threatens to cease to carry on its business, save for the purposes of reorganisation on terms approved by a resolution of the Noteholders in accordance with § 13 (*Resolutions of Noteholders*), or the Issuer stops payment of, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found by a competent authority bankrupt or insolvent; or
- (iii) the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws

(including the obtaining of a moratorium) (in each case, save for those that are conducted while solvent upon terms approved by a resolution of the Noteholders in accordance with § 13 (*Resolutions of Noteholders*)) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with its creditors generally (or any class of its creditors).

- (2) *Notice.* Any notice, including any notice declaring Notes due in accordance with paragraph 1 of this § 9 (*Termination*), shall be made by means of a written declaration in English language delivered by hand or registered mail to the specified office of the Principal Paying Agent in such form as the Principal Paying Agent requires, to be forwarded to the Issuer by the Principal Paying Agent together with proof that such Noteholder at the time of such notice is a holder of the relevant Notes in another appropriate manner.

§ 10 SUBSTITUTION

- (1) *Substitution.* The Issuer may, without the consent of the Noteholders at any time substitute for the Issuer any affiliate except for any affiliate with a registered office in the United States of America as principal debtor in respect of all obligations arising from or in connection with the Notes (the **Substitute Debtor**) provided that:
- (a) no payment of principal of or interest on any of the Notes is in default;
 - (b) the Issuer and the Substituted Debtor have entered into an agreement in favour of each Noteholder as third party beneficiary in which the Substituted Debtor has undertaken to be bound by these Terms and Conditions and the provisions of the related agency agreement with the paying agents hereunder as the debtor in respect of the Notes;
 - (c) the Issuer and the Substitute Debtor have obtained all necessary authorisations and may transfer to the Principal Paying Agent in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;
 - (d) the Substitute Debtor has agreed to indemnify and hold harmless each Noteholder against any tax, duty, assessment or governmental charge imposed on such Noteholder as a consequence of such substitution;
 - (e) the Substitute Debtor, if a foreign company, has appointed an authorised agent domiciled in Luxembourg for accepting services of process for any legal disputes before Luxembourg courts;
 - (f) the Issuer irrevocably and unconditionally guarantees in favour of each Noteholder such obligations of the Substitute Debtor, subject to applicable guarantee limitation agreements made in order for such guarantee to be compliant with Luxembourg law; and
 - (g) the Substitute Debtor delivers to the Principal Paying Agent as a condition precedent for the substitution of the Issuer, a legal opinion of an internationally reputable law firm confirming (subject to market standard assumptions and qualifications) that the subparagraphs (a), (b), (c), (d) and (e) above have been satisfied and that the guarantee to is legally valid and enforceable.
- (2) *Notice.* Notice of any such substitution shall be published in accordance with § 12 (*Notices*).

- (3) *Change of References.* In the event of any such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, in the event of such substitution the following shall apply: in § 9 (*Termination*) an alternative reference to the Issuer in its capacity as guarantor shall be deemed to have been included (in addition to the reference to the Substitute Debtor).
- (4) *Consent.* For the purposes of this § 10, it is expressly agreed that, by subscribing to, acquiring or otherwise purchasing the Notes, the Noteholders are deemed to have consented to the substitution of the Issuer by the Substitute Debtor and to the release of the Issuer from any and all obligations in respect of the Notes and relevant agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.
- (5) *Special Resolution.* Nothing in this § 10 will limit the rights of the Issuer to effect a substitution with the consent of a Special Resolution of Noteholders in accordance with § 14 (*Modifications*).

§ 11

FURTHER ISSUES, PURCHASES AND CANCELLATION

- (1) *Further Issues.* The Issuer may from time to time, without the consent of the Noteholders, issue further notes including Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to form a single Series with the Notes.
- (2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Principal Paying Agent for cancellation. If purchases are made by tender, tenders for such Notes must be made available to all Noteholders alike.
- (3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 12

NOTICES

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant Accountholders, provided that, so long as the Notes are listed on the Euro MTF Market, notice will also be given on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any such notice shall be deemed to have been given to the Noteholders on the fifth Business Day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

§ 13

RESOLUTIONS OF NOTEHOLDERS

The Noteholders acknowledge and accept or shall be deemed to have acknowledged and accepted that the exercise of collective rights and decisions of Noteholders in respect of the Notes and meetings of Noteholders shall be subject to the provisions of articles 86 to 94-8 of the Luxembourg Act dated 10 August 1915 on commercial companies, as amended (the **Companies Act 1915**) and the provisions of this § 13 (*Resolutions of Noteholders*).

Pursuant to the Companies Act 1915, the Noteholders will belong to a masse (the **Masse**) created, among other things, for the representation of their common interests pursuant to the provisions of the Companies Act 1915. The following is an overview of the relevant provisions of the Companies Act 1915.

A general meeting of the Noteholders (the **Masse Meeting**) or a court order may appoint and determine the powers of one or more representatives (the **Representatives**). Where Representatives have been appointed, Noteholders may no longer individually exercise their rights against the Issuer. A Masse Meeting may be called at any time by the Representatives (if any); the board of directors of the Issuer; or the auditors of the Issuer. The Representatives or the approved statutory auditor of the Issuer, provided an advance on expenses has been paid to them by the Issuer, or the board of directors of the Issuer must convene the Masse Meeting if called upon to do so by Noteholders representing 5 per cent. or more of the Notes outstanding. Meetings of Noteholders will be convened by notices published twice at least eight days' apart and eight days prior to the meeting in the *Mémorial* and in one Luxembourg newspaper. All Masse Meetings shall be held at the place specified in the notice calling the meeting. All Noteholders have the right to attend and vote at the Masse Meeting either personally or by proxy. The voting rights attached to the Notes are equal to the proportion of the principal amount of the outstanding Notes represented by the principal amount of the Note or Notes held by the relevant holder. A Masse Meeting may be called to approve certain changes in the rights of the Noteholders and may, generally, determine any measures designed to ensure the defence of interests or the exercise of the rights of the Noteholders in accordance with the provisions of the Companies Act 1915. A Masse Meeting may deliberate validly without a quorum and by vote of a simple majority of Noteholders attending or represented at such Masse Meeting on the appointment and revocation of the Representatives, the revocation of special representatives appointed by the Issuer and the approval of any measures of a conservatory nature in the general interests of the Noteholders. On all other matters where no specific quorum or majority requirements are provided for by any applicable law, including for the avoidance of doubt the passing of a Special Resolution (as defined below) and matters other than those set out in article 94-2 of the Companies Act 1915, the Masse Meeting may deliberate validly on the first convening notice only if Noteholders present or represented hold at least 50 per cent. of the Notes then outstanding. Decisions at such meetings shall be taken by a majority of 66 2/3 per cent. of the votes cast by Noteholders attending such meetings or represented thereat. The board of directors of the Issuer or Noteholders representing 20 per cent. of the Notes then outstanding may require the adjournment of the meeting for four weeks. A new meeting must be called for by convening notices to be published twice at a 15 day interval, at least 15 days before the second meeting in two Luxembourg newspapers and in the *Mémorial*. On the second convening notice no quorum is required (except in respect of certain matters, including a change in the nationality of the Issuer, where unanimous consent is required).

Any resolution of the Noteholders to amend the corporate objects of the Issuer, the form of the Issuer, to change the nationality of the Issuer and/or increasing the commitments of the shareholders of the Issuer may only be taken, and any meetings of Noteholders resolving thereupon must be convened and held, in accordance with the Companies Act 1915 as long as any specific requirements exist in this respect in the Companies Act 1915 (the **Luxembourg Law Resolutions**). A Luxembourg Law Resolution must be passed in accordance with the requirements of the Companies Act 1915. There are specific quorum requirements for Luxembourg Law Resolutions set out in the Companies Act 1915. Certain Luxembourg Law Resolutions passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

§ 14 MODIFICATIONS

- (1) The Issuer and the Principal Paying Agent may, without the consent of the Noteholders, amend these Terms and Conditions with regard to any amendment to the format, minor amendments or amendments of a purely technical nature or to correct manifest errors or to observe Luxembourg legal and/or regulatory provisions. Any such amendments or corrections shall be binding on the Noteholders and shall be notified to the Noteholders as soon as possible in accordance with § 12 (*Notices*).
- (2) Without limiting the foregoing, the Issuer may, with the consent of a Special Resolution of Noteholders passed in accordance with § 13 (*Resolutions of Noteholders*):

- (a) amend these Terms and Conditions; and/or
- (b) substitute the Notes by bonds, shares or other securities of the Issuer or any other company (whether established in Luxembourg or any other place);

provided in each case that such amendment or substitution does not have the effect of requiring any Noteholder to subscribe for any additional Notes or other securities or to increase in any other way its financial commitment.

- (3) For the purposes of this § 14, it is expressly agreed that, by subscribing to, acquiring or otherwise purchasing the Notes, the Noteholders are deemed to have consented to the substitution of the Issuer or with the consent of a Special Resolution of Noteholders and to the release of the Issuer from any and all obligations in respect of the Notes and relevant agreements relating thereto, and are expressly deemed to have accepted such substitution and the consequences thereof.

Special Resolution means a resolution passed by a majority of 66 2/3 per cent. of the votes cast by Noteholders attending such meetings or represented at a Masse Meeting, duly convened in accordance with § 13 (*Resolutions of Noteholders*).

§ 15

APPLICABLE LAW, PLACE OF JURISDICTION

- (1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Noteholders and the Issuer, shall be governed in all respects by the laws of the Grand Duchy of Luxembourg.
- (2) *Place of Jurisdiction.* The competent courts in the event of disputes for any action or other legal proceedings arising out of or in connection with the Notes shall be the ones under whose jurisdiction the registered office of the Issuer falls without prejudice to the latter's right to take action before any other competent court under Luxembourg law.

DESCRIPTION OF THE NOTES IN GLOBAL FORM

The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together the **Global Notes**) which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.

1. Eurosystem

The Notes are intended to be held in a manner which would allow Eurosystem eligibility - that is, they are intended upon issue to be deposited with one of the ICSDs as common safekeeper and held in a manner which would allow them to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life.

This does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

2. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only if:

- (a) a Noteholder shall be entitled to declare his Notes due and demand immediate redemption thereof in accordance with Condition 9 (*Termination*) of the Notes;
- (b) the Issuer has been notified that both Euroclear and CBL 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 successor clearing system is available; or
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form.

(an **Exchange Event**).

In the case of (a) above, the bearer of the Global Note, acting on the instructions of one or more of the Accountholders (as defined below), may give notice to the Issuer and the Fiscal Agent and, in the case of (b) above, the Issuer may give notice to the Fiscal Agent of its intention to exchange the Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Global Note may or, in the case of (b) above, shall surrender the Global Note to or to the order of the Fiscal Agent. In exchange for the Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, **Exchange Date** means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given, being a day on which banks are open for general business in the place in which the specified office of the Fiscal Agent is located and, except in

the case of exchange pursuant to (c) above, in the place in which the relevant clearing system is located.

3. Payments

On and after the date falling not earlier than 40 days after the issue of the Temporary Global Note, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Fiscal Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

4. Notices

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant Accountholders, provided that, so long as the Notes are listed on the Euro MTF Market, notice will also be given on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any such notice shall be deemed to have been given to the Noteholders on the fifth Business Day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

5. Accountholders

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than with respect to the payment of principal and interest on the principal amount of such Notes, the right to which shall be vested, as against the Issuer solely in the bearer of the relevant Global Note in accordance with and subject to its terms. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

6. Prescription

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Final Maturity Date (as defined in Condition 5 (*Redemption*)).

7. Cancellation

Cancellation of any Note represented by a Global Note and required by the Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Fiscal Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

8. Euroclear and Clearstream, Luxembourg

Notes represented by a Global Note are transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as appropriate. References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system through which interests in the Notes are held.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, amounting to approximately €330,000,000, will be applied by the Issuer for its general corporate purposes.

DESCRIPTION OF THE ISSUER AND THE GROUP

(1) Corporate Information

CPI PROPERTY GROUP (the **Issuer** and, together with its subsidiaries, the **Group**) was incorporated on 22 July 2004 under the laws of the Grand Duchy of Luxembourg in the form of a public limited liability company (*société anonyme*).

The Issuer has been incorporated for an unlimited duration and is registered with the Luxembourg trade and companies register under number B 102 254.

The registered office of the Issuer is located at 40, rue de la Vallée, L-2661 Luxembourg (telephone number (+352) 264 767-1).

The articles of association of the Issuer (the **Articles**) were filed with the Luxembourg trade and companies register on 12 August 2004 and published in the *Mémorial C, Recueil des Sociétés et Associations* (the **Official Gazette**), number 1056 of 21 October 2004 on page 50649, and the most recent amendment dated 16 January 2015 was filed with the Luxembourg trade and companies register on 4 February 2015 and published in the Official Gazette, number 659 of 10 March 2015 on page 31610.

The Issuer is the holding company of the Group, and is a leading real estate company concentrating on long-term investments and the leasing, development and management of real estate predominantly in Central Europe and Germany. This includes retail, office, hotel, residential, industry, agricultural and logistics properties in the Czech Republic and Slovakia, as well as in Germany, Hungary, Poland and Romania. The Group is the second largest lessor of residential property in the Czech Republic, in addition to being the largest Czech proprietor and developer of hotels. The Group also holds a diversified land bank.

The Group's investment strategy is focused on:

- Stable income generating real estate assets or real estate assets acquired opportunistically at distressed prices;
- Geographic diversification in the Central and Eastern European (**CEE**) region and Western Europe; and
- Strategic diversification across several real estate sub-sectors.

The Extraordinary General Meeting of shareholders of the Issuer held on 13 May 2014 resolved to change the Issuer's name from Orco Germany S.A. to GSG Group. The Extraordinary General Meeting of shareholders of the Company held on 28 August 2014 resolved to change the Issuer's name from GSG Group to CPI PROPERTY GROUP.

(2) Share Capital and Shareholder

The Issuer has an issued and subscribed share capital of EUR 330,376,830 divided into 3,303,768,300 ordinary shares each having a par value of EUR 0.10 and fully paid-up.

In addition to the issued and subscribed corporate capital of EUR 330,376,830, the Issuer has also an authorised, but unissued and unsubscribed share capital set at EUR 361,705,560.40.

The shares of the Issuer are listed on the regulated market of the Frankfurt Stock Exchange.

Mr. Radovan Víték controls, through his associated entities, controls 75.47 per cent. of the Issuer's shares and 90.57 per cent. of voting rights.

(3) Business Operations

Pursuant to Article 4 of the Articles, the business operations of the Issuer consist in the investment in real estate, thus as the purchase, the sale, the construction, the exploitation, the administration and the letting of real estate as well as the property development, for its own account or through the intermediary of its affiliated companies.

It may also make investments related to hotels, thus as the purchase, the sale, the construction, the exploitation, the administration and the letting of hotels, for its own account or through the intermediary of its affiliated companies.

The Issuer has also for object the taking of participating interests, in whatsoever form in other, either Luxembourg or foreign companies, and the management, control and development of such participating interests.

The Issuer may in particular acquire all types of transferable securities, either by way of contribution, subscription, option, purchase or otherwise, as well as realize them by sale, transfer, exchange or otherwise.

The Issuer may borrow and grant any assistance, loan, advance or guarantee to companies in which it has a participation or in which it has a direct or indirect interest.

The Issuer may carry out any commercial, industrial or financial operations, as well as any transactions on real estate or on movable property, which it may deem useful to the accomplishment of its purposes.

(4) History

The Issuer was founded in 2004 as a subsidiary of Orco Property Group.

In 2007, the Issuer acquired a majority interest in *Gewerbesiedlungs-Gesellschaft mit beschränkter Haftung (GSG)*, which is now a wholly-owned subsidiary. GSG and its respective subsidiaries (GSG, together with its subsidiaries, **GSG Berlin**) is a real estate group with a property portfolio located exclusively in Berlin. GSG Berlin's property portfolio is comprised almost exclusively of commercial office and light industrial units leased principally to small-to-medium sized enterprises (**SMEs**). GSG Berlin is the largest landlord in its segment with a size approximately twice that of its closest private sector competitor. The roots of GSG Berlin can be traced back to 1965, with its incorporation as a joint endeavour by the Government of the Federal State of Berlin, the Berlin Chamber of Skilled Crafts (*Handwerkskammer Berlin*) and the Berlin Chamber of Commerce and Industry (*Industrie- und Handelskammer Berlin*) to establish a state-backed commercial development company whose overriding interest was to promote common interests in the development of regional economic infrastructure in what was then West Berlin. This was to be achieved by developing or redeveloping suitable high-quality office and commercial space to offer to SME, start-up and nascent companies at affordable, often subsidised, rents.

In 2014, Mr Radovan Víték acquired a majority interest in the Issuer, in exchange for 100 per cent. of the issued shares in Czech Property Investments, a.s. (**CPI**). CPI is a real estate group concentrating on long-term investments and the lease of real estate, mainly in the Central and Eastern European region. It has been operating on the real estate market since the end of 1990s and is active across all real estate segments in the Czech Republic, Slovakia, Hungary, Poland and Romania. The acquisition of CPI (the **Merger**) brought to the Group not only a valuable real estate portfolio comprising diverse assets in Central and Eastern Europe, but also more than 20 years of investment experience in CEE markets. As of 31 December 2014 the Group comprised 291 companies in 15 countries across Europe.

In November 2014, the Group diversified into farming and agricultural real estate, with the acquisition of Spojené farmy a.s. (**SF**), one of the largest owners of farmland and producers of organic food in the Czech Republic.

Also in 2014, the Group acquired total direct and indirect interests in 94 per cent. of the issued shares in Hospitality Invest S.à r.l. (**HI**). HI operates a portfolio of hotel properties, mostly operated under the brand "Mamaison Hotels and Residences", representing well-established luxury boutique hotels and all-suite residences, mostly located in prime central locations in Prague, Warsaw, Budapest, Bratislava and Moscow.

(5) Issuer's Financial Statements – Overview

An extract from the Issuer's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated cash flow statement for the financial year ended 31 December 2014 is attached as Appendix 1 (*Extracts from the Issuer's consolidated financial reports as of 31 December 2014*) of this Prospectus.

An extract from the Issuer's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated cash flow statement for the financial year ended 31 December 2013 is attached as Appendix 2 (*Extracts from the Issuer's consolidated financial reports as of 31 December 2013*) of this Prospectus.

The Issuer's interim financial report for the financial half year ended 30 June 2015 is incorporated into this Prospectus by reference. Copies of this document (and the financial statements referred to above) will be deposited at the registered office of the Issuer and the specified office of the Paying Agent for the time being in Luxembourg.

(6) Accounting treatment of the Merger

The Merger was considered and consequently treated and accounted for as a "reverse acquisition" in the Issuer's consolidated financial statements for the year ended 31 December 2014 (the **2014 Consolidated Financial Statements**). Under the "reverse acquisition" rules, CPI is treated as the acquirer and the Issuer as the acquiree. The 2014 Consolidated Financial Statements were prepared for the Issuer as legal parent, while the notes to the 2014 Consolidated Financial Statements described the financial statements as a continuation of the financial statements of CPI. A major factor considered by the Board of Directors when applying the pronouncements and guidance of IFRS was the shareholder structure before and after the Merger. The original sole shareholder of CPI has become the most significant shareholder of the combined entity, owning 92.14% of the issued share capital as at 31 December 2014. Consequently, the Board of Directors considers the reverse acquisition method as the most appropriate method to account for this Merger.

Consequently, the 2014 Consolidated Financial Statements reflect 12 months of business activities of CPI and six months of business activities of the Issuer. The comparative consolidated financial information for the year ended 31 December 2013 included in the 2014 Consolidated Financial Statements reflects 12 months of business activities of CPI only. The comparative balances represent the consolidated position of CPI as at 31 December 2013.

In order to disclose the financial information which was not affected by the Merger, all data presented in the 2014 management report as at 31 December 2014 and all comparable data as at 31 December 2013 were compiled under assumption that the Issuer and CPI were combined as of 1 January 2013. The Board of Directors and the management believe that this disclosure better describes the potential of the regular operations of the Group.

(7) Property Valuation

The consolidated financial statements of the Group as of 31 December 2014 were prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by European Union, which include the application of the fair value method. Since the investment properties owned by the Group must be stated at fair value (present value), the regular valuation of these Properties by independent experts is recommended.

The property portfolio valuation as at 31 December 2014 is based on reports issued by DTZ, CBRE, RSM TACOMA, Jones Lang LaSalle, Cushman & Wakefield, and other valuers.

(8) The Property Portfolio – Overview

All data presented in this section "*The Property Portfolio – Overview*" are compiled under the assumption that the Issuer and CPI were combined as of 1 January 2013.

The Group's activities are focused on rental income generating properties such as retail, office, hotels, residential, industry and logistics, as well as operating some of its hotels. Additionally, the Group holds and operates agricultural land, and develops office and retail assets for future rental. It also engages in some residential development for future sale.

In the year ended 31 December 2014, net rental income increased by 24% to EUR 187 million from EUR 151 million in the year ended 31 December 2013. This increase was driven primarily by significant increases in gross rental income and can be attributed to acquisitions completed by the Group in 2014. The Group's operating result reached EUR 257 million in the year ended 31 December 2014, a result of the net valuation gain on investment property of EUR 108 million. The Group's total assets increased by EUR 400 million or 10% to EUR 4,219 million as of 31 December 2014 compared to 31 December 2013. This was due primarily to an increase in the Group's property portfolio, which increased by EUR 350 million to EUR 3,553 million in 2014.

The real estate portfolio of the Group is reported on the balance sheet under the following positions:

- Investment property;
- Property, plant and equipment; and
- Inventories.

"Investment property" consists of rental properties, investment property under development, and land bank and agriculture land bank. Investment property under development represents development projects currently in progress, which will be reclassified by the Group as rental properties after completion. Land bank represents properties held for development and/or capital appreciation and agriculture land bank.

"Property, plant and equipment" include owner-occupied properties comprising hotels operated by the Group, production farms and equipment used in the agriculture business and offices rented out to the Group entities.

"Inventories" comprise properties that are under development or have been finished and are intended for a future sale in the ordinary course of business.

The Group's Properties are classified as income generating (generating rental income or income from operations), development projects (investment property projects under development and inventories) or land bank. The Group's property value totalled EUR 3,553 million as of 31 December 2014 (31 December 2013: EUR 3,203 million). As at 31 December 2014, approximately 90% of the Group real estate portfolio value was made up of income generating assets of which EUR 3,056 million (96%) were income generating rental properties and EUR 131 million (4%) were income generating operational properties.

The majority of the income generating assets was located in the Czech Republic with 62% of the total value, followed by Germany with 20%, Hungary with 8% and Slovakia with 6%.

The following table shows the carrying value of the Group's property portfolio as of 31 December 2014 after the Merger:

PROPERTY PORTFOLIO	N° of Properties*	N° of residential units	N° of hotel beds	Income generating	Development	Land Bank	Carrying value	Carrying value
				MEUR	MEUR	MEUR	MEUR	%
Czech Republic	244	12,533	8,527	1,959	55	163	2,178	61%
Slovakia	19	0	64	205	0	0	204	6%
Germany	44	0	0	644	0	6	650	18%
Hungary	19	0	788	259	0	47	307	9%
Poland	6	0	440	91	0	3	93	3%
Russia	1	0	168	26	0	0	26	1%
Romania	0	0	0	0	0	17	17	0%
Italy	1	0	0	0	6	0	6	0%
France	1	3	0	3	69	0	72	2%
The Group	335	12,536	9,987	3,187	130	236	3,553	100%

*excluding Residential units

Income Generating

Income generating rental properties

The Group's income generating rental portfolio with a carrying value of EUR 3,056 million (31 December 2013: EUR 2,712 million) represents the most significant part of the Group's property portfolio. The Group invests in a wide variety of rental assets but is primarily focused on the office and retail sectors, which in the year ended 31 December 2014 together comprised 78% of the property portfolio carrying value and approximately 1.9 million sqm of lettable area. The following table shows the sectors to which the income generating rental Group Properties belonged as of 31 December 2014 after the Merger:

INCOME GENERATING RENTAL PROPERTIES	N° of Properties ***	Carrying value	Carrying value	Gross lettable area	Occupancy **	Pro forma rental income 2014*	Rent per sqm	WAULT
		MEUR	%	th. sqm	%	MEUR	EUR	
Office	86	1,481	48%	1,250	82.5%	93	7.9	3.5
Retail	189	892	29%	633	94.3%	66	9.2	5.0
Residential	0	277	9%	761	82.5%	18	1.9	-
Hotels	23	267	9%	196	100.0%	14	7.0	12.7
Industry and Logistics	17	139	5%	263	95.5%	12	4.2	2.8
The Group	315	3,056	100%	3,103	88.7%	203	6.0	4.9

* as if CPI and the Issuer were combined as of 1 January 2013

** the Group occupancy rate does not include hotels

*** excluding residential properties

WAULT is the weighted average unexpired lease term in years.

Income generating operational properties

Income generating operational properties includes hospitality and agriculture properties. Hospitality represents hotels operated by the Group. The portfolio has grown from EUR 19 million to EUR 74 million due to the purchase of the "Mamaison" hospitality business in December 2014. The Group acquired a unique collection of well-established luxury boutique hotels and all-suite residence hotels operated under the "Mamaison" brand, located in CEE capitals. The following table shows data pertaining to the Group's hospitality portfolio as of 31 December 2014:

INCOME GENERATING OPERATIONAL PROPERTIES	N° of Properties	Carrying value	Carrying value	Number of beds	Pro forma hotel revenues 2014*	Pro forma net hotel income 2014*	Average occupancy	Average daily rate
		MEUR	%		MEUR	MEUR	%	EUR
Hotels	6	74	100%	1,370	4	1	70.0	74.8
The Group	6	74	100%	1,370	4	1	70.0	74.8

* as if CPI and the Issuer were combined as of 1 January 2013

On 1 November 2014 the Group's agriculture business became a part of income generating operational segment. Agriculture properties include agriculture land bank and farms and equipment used for agriculture production with a total value of EUR 57 million. The following table shows data pertaining to the Group's agriculture portfolio as of 31 December 2014:

INCOME GENERATING OPERATIONAL PROPERTIES	Total Area	Carrying value	Property value	Income from subsidies	Revenue from production	Net income from agriculture
	2014 th. sqm	(MEUR)	(%)	MEUR	MEUR	MEUR
Agriculture	111,401	57	100%	1	1	-1
THE GROUP	111,401	57	100%	1	1	-1

Sectors

Office

The Group's office portfolio comprises Properties located in the capital cities of Germany, the Czech Republic, Hungary, Poland, and Slovakia as well as in regional cities of the Czech Republic.

OFFICE	N° of Properties	Carrying value	Carrying value	Gross lettable area	Occupancy	Pro forma rental income 2014*	Rent Per sqm	WAULT
		MEUR	%	th. sqm		%	MEUR	
Germany	43	643	43%	797	81.8%	42	5.4	2.0
Czech Republic	32	604	41%	287	89.9%	35	12.0	5.9
Hungary	8	176	12%	136	71.4%	12	11.6	3.2
Poland	2	49	3%	26	80.0%	4	16.7	2.9
Slovakia	1	9	1%	4	61.3%	0.1	11.7	1.1
The Group	86	1,481	100%	1,250	82.5%	93	7.9	3.5

*as if CPI and the Issuer were combined as of 1 January 2013

The Group's German office portfolio

The Group's office portfolio in Germany is held by GSG Berlin, and comprises approximately 866,560 sqm in total lettable area and 814,560 sqm in office lettable area across 45 Properties. The majority of the property assets were built before World War II, with the remainder built in the late 1990s.

GSG Berlin's tenant base is composed of approximately 1,900 tenants under management, including approximately 1,600 SME tenants that employ between 10,000 and 15,000 employees (estimated from 2013 survey data). GSG Berlin is the largest operator of *Gewerbehof* properties in Berlin, which are typically highly integrated and multi-functional property complexes, comprising a mixture of office buildings, light industrial properties, value-added service facilities, community space and infrastructure, typically targeted towards SMEs, together with a small number of residential units.

GSG Berlin was established as a state-owned entity in 1965 and privatised in 2007. It has an established and stable portfolio that is diversified by geography and tenants across Berlin, with efficient asset management, property management and collections functions. Additionally, it has made the transition from a pure "shell and core landlord" into a full-service real estate provider that offers a range of high-margin value-added services (such as professional construction, office decoration and bespoke IT software) to its tenants, thereby enhancing the attractiveness of its Properties. GSG Berlin's overall strategy is to focus on its existing portfolio and continue the optimisation of rent and occupancy levels for its portfolio.

In addition to its core property investment activities, GSG has established a number of key subsidiaries which provide support services. The most relevant of these subsidiaries are:

- Wertpunkt Real Estate Experts GmbH (**Wertpunkt**), matches the entire value chain within the real estate life cycle: starting with sourcing and supporting of acquisitions, management, development and optimization of selected assets, up to sales. Moreover the company provides detailed analysis and creative solutions, coordination and control, both globally and locally;
- Hofnetz und IT Services GmbH (**Hofnetz**), which provides high-speed internet and telephony services, and a number of IT support services such as IP and data connectivity infrastructure solutions, data storage, IP housing and co-location as well as hosting solutions IT services to GSG Berlin as well as interested third-parties. As at 31 December 2014, Hofnetz served approximately 400 of GSG Berlin's tenants; and
- GSG Solar Berlin GmbH (**GSG Solar**), which leases space on roof surfaces of various real estate assets of GSG Berlin and erects solar panels to generate solar energy which it resells to the public grid. Once fully implemented, GSG Berlin expects that GSG Solar will become Berlin's biggest producer of solar energy generating approximately 5.8 million kilowatts per hour each year.

Each of the above is a 100 per cent. owned subsidiary of GSG. The majority of the revenues derived from these subsidiaries are intercompany revenues and are not reflected in the consolidated accounts of the Group.

The Group's Czech office portfolio

The office segment represents one of the main sectors of the investment and development activities of the Group in the Czech Republic. The Group invests in existing office buildings at prestigious locations, as well as designing and constructing its own administrative buildings in Prague and in regional cities of the Czech Republic. Its development activities relate mainly to multi-purpose complexes with administrative and business functions, including a convention centre, a hotel, and other facilities.

Recent Developments

In the first half of 2014, the Group acquired the Arena Corner office complex in Budapest. This is an A grade development providing 29,000 sqm of office and minor retail spaces across eight floors in three connected office towers. The complex is situated in the sport and business hub of the city and is well connected to public transportation. In June 2014, the Group successfully extended its existing lease with Vodafone Hungary relating to 8,200 sqm at Arena Corner and, in addition, Vodafone leased another 5,600 sqm. As a result Arena Corner is now 95% let, leaving only about 1,300 sqm vacant on the ground floor areas. The annual rental income amounts to approximately EUR 3 million.

Another significant acquisition in 2014 was the purchase of the AQUA Carré complex in Berlin-Kreuzberg which in June 2014. This building was constructed between 1883 and 1889 and has a total floor area of 12,500 sqm, divided into units ranging in size from 10 to 900 sqm. Until 1997, the AQUA Carré complex was the site of a metal foundry and lamp factory owned by F. Butzke & Co. However, since 2000, it has evolved into a popular location for Berlin's creative industries, with a constant strong demand for rental space. The total investment before refurbishment costs was approximately EUR 12 million, partially financed through a bank loan of EUR 8 million.

In March 2014, the Group completed the purchase of a 580 sqm property on Voltastrasse in Berlin, in close proximity to existing Group assets.

In October 2014 the Group announced the opening of QUADRIO, a prime commercial property and a modern complex located in the heart of Prague which represented an overall investment of EUR 115 million. QUADRIO is a unique, mixed-use complex located in the historical centre of Prague, directly above a metro station, comprising 16,400 sqm of modern A-grade office space, 8,500 sqm of retail premises, 13 exclusive apartments (all of which had been sold as of 30 June 2015) and an underground parking garage for 250 cars. The retail premises are fully leased, and 81 per cent. of the office space has been leased or is subject to agreed heads of terms, including a lease agreement entered into with the Hungarian gas and oil group MOL. The complex consists of six buildings, which, viewed from above, form the shape of a four leaf clover. QUADRIO won awards in several competitions, such as an award for the best office project and environmentally friendly building awarded by the CIJ Awards, as well as the prestigious prize "Developer of the Year 2014", as well as winning the title of "Best of Realty" in the category of best offices. Annual rental income of office premises is expected at EUR 3 million.

In October 2014 the Group acquired Office Center Poštová s.r.o. (**OCP**), which owns 3,800 sqm of office premises in a refurbished building located in the prime downtown area of Bratislava, Slovakia. The acquisition follows the completion of insolvency restructuring procedure of OCP. As part of its restructuring, OCP obtained a favourable bank financing of EUR 3.5 million. Annual rental income is EUR 0.3 million.

In addition to expansion of the portfolio, the Group has entered into 86 new long-term leases and extended a number of current rental contracts in the Czech Republic and Poland. Among the new tenants are companies such as DHL Express, GMC Software Technology and Allianz. Current leases were extended with tenants such as Burda, Credit One and the University of Warsaw. A renegotiation of a rental agreement for 32,000 sqm with Česká pojišťovna (a member of the Generali Group) across the Czech Republic was the largest tenancy transaction in the local market.

GSG Berlin leased 59,000 sqm of commercial space in 2014. 63% of the letting volume was rented by new and 37% by existing tenants. At the same time, the average rent rose by 4.0% to 5.5 Euro/sqm, whereby the occupancy rate remained stable compared to the previous year.

These transactions have had a positive impact on the occupancy of office Properties in the Czech Republic, Hungary, Germany and Poland, with a significant increase in occupancy with respect to the Group's Hungarian portfolio Properties from 65% to 71.4%. Reflecting a slight decrease in occupancy in the Czech Republic, the average occupancy of the Group's office portfolio increased from 81.4% to 82.5%.

In April 2015 the Group announced the opening of Meteor Centre Office C in Prague, consisting of approximately 5,000 sqm of office and commercial space and located directly at Krizikova metro station.

Another significant acquisition in the first half year 2015 was the purchase of the Ullsteinstrasse 73 property in Berlin-Tempelhof-Schöneberg in May 2015. The main building was designed between 1955 and 1956 and has a total floor area of 17,452 sqm, consisting of 5 buildings with a broad tenant base. The total acquisition price was approximately EUR 6.9 million, partially financed through a bank loan of EUR 4.9 million.

Retail

The Group's retail investments focus on mid-sized shopping areas such as retail parks and supermarkets. As of 31 December 2014, the Group owned and managed retail spaces in the Czech Republic, Slovakia, Hungary and Poland, as set out below.

RETAIL	N° of Properties	Carrying value	Carrying value	Gross lettable area th. sqm	Occupancy %	Pro forma rental income 2014*	Rent Per sqm EUR	WAULT
		MEUR	%			MEUR		
Czech Republic	168	727	81%	504	94.2%	52	9.2	4.9
Slovakia	16	112	13%	82	99.9%	9	9.4	6.9
Hungary	4	34	4%	39	83.3%	3	6.7	1.9
Poland	1	19	2%	8	96.4%	2	15.9	2.5
The Group	189	892	100%	633	94.3%	66	9.2	5.0

*as if CPI and the Issuer were combined as of 1 January 2013

The retail portfolio comprised approximately 633,000 sqm of lettable area as at 31 December 2014, which can be further divided as follows:

- retail warehouses comprising supermarkets, hypermarkets, hobby markets and retail parks with approximately 390,000 sqm of lettable area;
- shopping centres and galleries with approximately 162,000 sqm of lettable area; and
- special properties (separate units and establishments, usually B-grade retail properties representing mainly smaller units rented to a large number of tenants at lower prices than A-grade properties) which provide approximately 81,000 sqm of lettable area.

Recent Developments

In the first half of 2014, the Group acquired four new supermarkets in the Czech Republic with total lettable area of 5,338 sqm.

As noted above, the Group opened the QUADRIO Shopping Centre in October 2014, which offers 66 shops on four floors, totalling 8,500 sqm of retail premises in the heart of Prague. Major tenants include Billa, Kogo and well-known brands such as Sephora, Dermacol, Euronics, Neoluxor, dm drogerie, Kara, Promod, Calzedonia, Sparkys and HM Studio. The annual rental income is expected to amount to approximately EUR 1.7 million.

In November 2014 the Group opened its 25th retail park within its Czech portfolio. CPI Retail Park Čáslav is located approximately 90 kilometres east from Prague and offers 2,600 sqm of lettable area, which was fully occupied upon opening.

Existing leases were renewed at almost all shopping centres owned by the Group, which resulted in an increase in average segment occupancy to 94.3% (from 90.4% in 2013). In June 2015 the Group acquired Futurum Shopping Centre in Kolin, Czech Republic. The shopping centre, with a lettable area of 10,100 sqm, comprises

a supermarket, a shopping gallery with 50 shops, restaurants and other amenities, as well as underground parking for 320 cars. The aggregate acquisition price was EUR 23 million, with bank financing of EUR 17.25 million provided by Ceskoslovenska obchodni banka.

Residential

The Group is the second largest provider of rental housing in the Czech Republic. The existing housing stock of the Group includes 12,563 rental flats in 15 cities of the Czech Republic, concentrated mainly in the North Moravia, North Bohemia and Middle Bohemia regions. The rental housing portfolio is managed under the brand CPI BYTY, a.s. Details as of 31 December 2014 are set out in the table below:

RESIDENTIAL	N° of residential units	Carrying value	Carrying value	Gross lettable area th. sqm	Occupancy %	Pro forma rental income 2014*	Rent per sqm EUR	Churn rate %
		MEUR	%			MEUR		
Czech Republic - Prague	569	45	16%	34	96.8%	2	5.3	10.37%
Czech Republic - other	11,964	229	83%	727	81.8%	16	2.4	11.93%
France	3	3	1%	0.17	100.0%	0.04	24.6	0.00%
The Group	12,536	277	100%	761	82.5%	18	1.9	11.9%

*as if CPI and the Issuer were combined as of 1 January 2013

The Group has been implementing a long-term and thorough refurbishment plan for its Czech residential portfolio. Total annual expenditures of EUR 7 million in the year ended 31 December 2014 were applied to renovate roofs and sewer connections, to renovate vacant flats and to regular maintenance. The Group's comparatively low maintenance expenditure requirements reflect significant investment made in modernisation and refurbishment in previous years.

In addition to on-going refurbishment, the Group continues to create client centres in each location to provide rent-related advisory services to the tenants. The personal approach through client centres and the continuous refurbishment of apartments helps to create long-term and stable relationships with tenants and thus a stable rental income.

Recent Developments

In the second half of 2014, three residential apartments with a total value of EUR 3 million located in Cannes, France were acquired.

Hotels and Hospitality

The Group is one of the largest Czech owners and developers of hotels, with a portfolio currently comprising 23 hotels in the capitals and main cities of the Czech Republic, Hungary and Poland. The Group's activities in this segment include renovation of existing buildings and construction of new hotels of various standards. The diverse portfolio includes lodging houses for long-term accommodation and hotels in the two- to five-star categories. The flagship of the Group is a network of four-stars Clarion hotels, aimed at the corporate and convention clientele. In April 2014, the Group acquired a 50% share in Hospitality Invest S.à r.l. (**HI**) from AIG. In December 2014 the Group increased its stakes in HI and acquired 88% shares in entities holding the remaining 50% shares in HI from Orco Property Group S.A. As such, the Company directly and indirectly holds 94% of HI. The HI portfolio represents a collection of 12 well-established luxury boutique hotels and all-suite residence hotels under the "Mamaison" brand. As at 31 December, seven hotels were operated by a third-party operator and generated rental income for the Group. The hotels are located in Prague, Ostrava, Warsaw, and

Budapest. Revenues from the HI joint venture are reflected in the Group's consolidated accounts using the equity method only, and are not shown above.

As of 31 December 2014, the Group's hotel and hospitality portfolio consisted of the following Properties:

HOTELS OPERATED BY THIRD PARTIES	N° of Properties	Carrying value	Carrying value	Gross lettable area th. sqm	Number of beds	Pro Forma rental income 2014*	Rent per sqm	WAULT
		MEUR	%			MEUR	EUR	
Czech Republic	19	245	92%	179	8,205	14	7.0	13.0
Hungary	3	16	6%	13	320	0	7.4	7.4
Poland	1	6	2%	4	92	0	7.8	11.0
The Group	23	267	100%	196	8,617	14	7.0	12.7

*as if CPI and the Issuer were combined as of 1 January 2013

While most of the Group's hotels are operated by third party operators, the Group also operates six hotels. Within the portfolio of Mamaison hotels acquired in December, five hotels with a total value of EUR 57 million were operated by the Group as at 31 December 2014. In addition, the Group owns and operates the Courtyard by Marriott Budapest City Centre, which was acquired by the Group in June 2013. It is located in the centre of Budapest, and is among the newest hospitality offerings of the Hungarian capital, having opened in 2010. It has 235 rooms and is a part of the Europeum Shopping Centre.

HOTELS OPERATED BY THE GROUP	N° of Properties	Carrying value	Carrying value	Number of beds	Pro forma hotel revenues 2014*	Pro forma net hotel income 2014*	Average occupancy	Average daily rate
		MEUR	%		MEUR	MEUR	%	EUR
Hungary	1	17	23%	468	4	1	71.8%	52.6
Poland	2	17	22%	348	0	0	57.0%	77.0
Czech Republic	1	14	19%	322	0	0	70.0%	61.0
Russia	1	26	36%	168	0	0	70.0%	202.0
Slovakia	1	0.1	0%	64	0	0	90.0%	56.0
THE GROUP	6	74	100%	1,370	4	1	70.0%	74.8

*as if CPI and the Issuer were combined as of 1 January 2013

Logistics

Logistics properties is the most recent asset class in which the Group invests and which it intends to continue to expand. The portfolio grew following the acquisition of a logistics park in Hungary in the first half of 2013. As at 31 December 2014, the Group owned approximately 263,000 sqm in lettable area and managed 17 Properties used for light industrial production, including the Autologistics Park Lozorno in Slovakia, the Continental Logistics Park in the Czech Republic, commercial premises in Berlin, as well as the Airport City Logistics Park in Hungary. Details as of 31 December 2014 pertaining to the Group's logistics portfolio are shown in the table below:

INDUSTRY AND LOGISTICS	N° of Properties	Carrying value	Carrying value	Gross lettable area	Occupancy	Pro forma rental income 2014*	Rent per sqm	WAULT
		MEUR	%	th. sqm	%	MEUR	EUR	
Slovakia	1	84	61%	119	98.0%	6	4.6	2.7
Czech Republic	12	38	27%	65	88.9%	3	4.7	3.7
Hungary	3	16	12%	27	92.1%	2	5.1	3.2
Germany	1	1	0%	52	100.0%	1	2.5	0.5
The Group	17	139	100%	263	95.5%	12	4.2	2.8

*as if CPI and the Issuer were combined as of 1 January 2013

In 2014, the Group extended the leases of several tenants in the Airport City Logistics Park and the Autologistics Park Lozorno.

Development

The Group views development as a means of increasing the value of land or other assets by new construction. Completed development projects may remain in the Group's portfolio to generate income or may be planned for future sale. Development projects are financed from a mix of external financing sources as well as through internal financing. The following table presents details pertaining to the Group's development portfolio as of 31 December 2014:

DEVELOPMENT	No of Properties	Potential GLA	Potential GSA	Development for rental	Development for sale	Development for rental	Development for sale	Remaining development costs
		th. sqm	th. sqm	MEUR	MEUR	%	%	MEUR
Czech Republic	12	38	5	47	8	100%	10%	24
France	1	0	4	0	69	0%	83%	1
Italy	1	0	29	0	6	0%	7%	10
THE GROUP	14	38	38	47	83	100%	100%	35

Current Projects

The Group is focused on the completion of 'current development projects, which include the reconstruction of the residential complex Palais Maeterlinck in France, the renovation of an historic building in Prague and a new project in Italy.

Palais Maeterlinck represents the first foreign development project of the Group. Palais Maeterlinck is the former home of Belgian poet Maurice Maeterlinck, and is located on the Cote d'Azur on the French Riviera. The Property comprises approximately 6,000 sqm of residential space and 3 hectares of land. The development has created 17 luxury apartments, which are intended for sale. Major works were completed by the end of 2014, while the interiors were customised to each client's specifications until the spring of 2015. Four apartments were sold in 2014 and a grand opening took place in July 2015.

In 2013, the Group commenced a project to redevelop a historic building in the centre of Prague. Once refurbished, the building will be opened to the public and will offer exhibition spaces with a total area of 3,500 sqm, dedicated to glass and utility design. The concept will also include a café and a restaurant, thematic programs for families, and also boutiques, showrooms and offices. The public areas will be complemented by retail spaces with glass, light and design and a wide variety of events and educational programs. The

development is expected to be completed at the end of 2016. The Group intends to retain ownership of this project.

The QUADRIO (described above) multifunctional business complex, located in the centre of Prague, represented the largest development project of the Group to date.

In the autumn of 2014 the Group acquired a luxury residential development project in Sardinia, Italy. The Case Bianche project comprises 15 individual luxury villas each with private access and swimming pool in a dominant panoramic position. The project is situated in an area of more than 30.000 sqm near Porto Cervo, a popular resort in Sardinia. The acquisition price amounted to EUR 5.6 million with further investments required at the level of EUR 10 million. The Group will seek project bank financing to cover a part of the costs.

In the first quarter of 2015, the Group obtained a EUR 14.3 million development loan, to be used for the construction of a new IGY Center 2 in Ceske Budejovice in the Czech Republic, with approximately 8,500 square meters of new retail space. The estimated construction time is 18 months, with the opening expected in spring 2017. A further EUR 9 million development loan was provided for expansion and modernisation of the existing cinema multiplex at the site.

Land Bank

The Group's land bank is comprised of a portfolio of land plots throughout the Czech Republic and Slovakia, as well as in Hungary, Poland, Romania and Germany. Plots are generally in attractive locations, either separate or adjacent to existing commercial buildings or in inner city areas. As of 31 December 2014, approximately 8% of the area comprising the Group's land bank had an approved master plan. The following table presents details pertaining to the Group's land bank as of 31 December 2014:

LAND BANK	Total area	Area with approved master plan	Area without approved master plan	Carrying value	Carrying value
	th. sqm	th. sqm	th. sqm	MEUR	%
Czech Republic	17,418	1,113	16,305	163	69%
Hungary	186	186	0	47	20%
Romania	302	268	34	17	7%
Germany	20	20	0	6	3%
Poland	25	0	25	3	1%
The Group	17,951	1,587	16,364	236	100%

Agricultural Investments

In November 2014, the Issuer completed the acquisition of Spojené farmy a.s. (**SF**), one of the largest owners of farmland and producers of organic food in the Czech Republic. SF owns and operates approximately 20,000 hectares of land and has additional investments in the Czech Republic, Germany, Poland and Slovakia. In addition, SF also owns production farms and equipment used for agricultural production.

The total consideration paid by the Group in connection with the acquisition of SF was EUR 43.5 million, and the Issuer has committed to making additional investments totalling approximately EUR 20 million within the next two years in agricultural estates owned by SF.

SF was founded in 1992, and has since united 24 primary production farms, and a number of related service, retail and processing organizations. It produces organic beef, chicken and lamb (including products certified as kosher, halal and/or bio) and distributes its product to international retail chains, restaurants, hotels and independent retailers under the brand "Bio Farma" within the European Union as well as countries in the Middle East. SF is one of the largest suppliers of international retail chains in the Czech Republic and Slovakia, including Albert, Billa, Globus, IKEA, Kaufland, Makro, and Tesco.

The Group's entry into the agricultural business was part of its strategy to diversify its investments. The Group considers its agricultural business as offering a stable investment in real estate with a high potential for growth, particularly in the Czech Republic. The agriculture business receives state subsidies, which are provided by State Agricultural Intervention Fund. Subsidies are received on the annual basis and total EUR 8 million per year.

(9) The Issuer's Business – Trends and Prospects

The recently completed combination of the Issuer with CPI creates a new listed real estate listed player in Central Europe with an EPRA NAV¹ of EUR 1.9 billion, a total balance sheet of EUR 4.2 billion and real estate investments exceeding EUR 3.5 billion.

With the combination of the activities of CPI, the Group has grown its activities outside Germany, and it now has now two major home markets in Berlin and Central Europe. The enlarged Group presents a well-balanced and diversified portfolio, which includes a wide range of Properties located in Germany, the Czech Republic, Slovakia, Hungary, Poland and Romania. Mr. Radovan Vitek, who has become the largest shareholder of the Issuer, is fully committed to support the long-term investment strategy of the Group.

The Issuer is active in four business segments but income generating activities represent more than 89% of the total portfolio. Over the first half of 2014, on a pro-forma basis, the Group has achieved a 2.6% yield of funds from operations on its real estate portfolio value, demonstrating the high cash generating capacity of its portfolio. The remaining 11% of the portfolio is concentrated on developments for future rental or sale including a diversified land bank.

In April 2014, the Issuer acquired a 50% stake in the "Mamaison" hotel portfolio and in December 2014 it acquired a further 44%. Combined with the CPI hotel portfolio, the Issuer now owns 29 hotels in the CEE region and has seen improved development in the hotel business in 2014.

In autumn 2014, the Issuer made an acquisition of major farm land in the Czech Republic. The Group entered into this new segment where there is perceived potential for capital appreciation as well as stable income from operating the land. Land prices in the Czech Republic still lag behind those in neighbouring countries and far behind those in Western Europe.

The above as well as other acquisitions were in line with a new investment strategy designed in the spring of 2014 which defined strategy principles in order to broaden the Group's investment targets and diversify its portfolio. Implementation of this new strategy was made possible by a capital increase effected by several shareholders.

The Issuer expects to grow further through carefully selected acquisitions in Central Europe, its main area of business, but also "high-end" projects further west in countries including France and Switzerland. The real estate market is regaining its confidence and becoming increasingly attractive for investors, albeit long-term stability and growth are still to be achieved. More so than previously, the European market depends on the monetary policy of the European Central Bank and central banks of individual countries. The policy of low interest rates and quantitative easing seems to have had an important impact on the continued reduction of both yields as well as the costs of funds. The Group will closely monitor the data and trends from the markets in Germany, Southern Europe as well as the Czech Republic and Poland, and plans to take advantage from potential opportunities.

¹ **EPRA NAV** is a measure of the fair value of net assets assuming a normal investment property company business model. Accordingly, there is an assumption of owning and operating investment property for the long term. For this reason, deferred taxes on property revaluations are excluded as the investment property is not expected to be sold and the tax liability is not expected to materialise. In addition, the fair value of financial instruments which the company intends to hold to maturity is excluded as these will cancel out on settlement. All other assets including trading property, finance leases, and investments reported at cost are adjusted to fair value. See <http://www.epra.com/>

Within the Group's existing portfolio there is also potential for growth, particularly through an increase in occupancy. Development of commercial properties to hold, where there is no opportunity to acquire a comparable product, and the utilization of the Group's land bank for residential development are also expected to remain important for the Group.

(10) The Senior Management of the Issuer

Pursuant to Article 6 of the Articles, the Issuer is managed by a board of directors (the **Board of Directors**), which consists of at least three members, who may but do not need to be shareholders of the Issuer and who are elected by the shareholders at a general meeting of the shareholders of the Issuer.

The Board of Directors has full authority to perform such acts as shall be necessary or useful in connection with business operations and management within the framework of the business purpose of the Issuer defined in the Articles. All powers not expressly reserved to the general meeting by law or by the Articles fall within the scope of responsibility of the Board of Directors. The Board of Directors can transfer certain of its tasks.

As of the date of this Prospectus, the members of the Board of Directors are:

- Edward Hughes, Chairman of the Board
- Philippe Magistretti
- Martin Němeček
- Tomáš Salajka;
- Oliver Schlink; and
- Radovan Vitek.

The Board of Directors is comprised of three executive members representing the management of the Company: Martin Němeček (CEO), Tomáš Salajka (Director of Asset Management & Sales), and Oliver Schlink (CFO of GSG Berlin); two independent, non-executive members: Philippe Magistretti and Edward Hughes; and one non-executive member representing shareholders: Radovan Vitek.

The Directors are supported by the Issuer's management team, which as of the date of this Prospectus includes:

- Martin Němeček (CEO);
- Zdeněk Havelka (Executive Director);
- Tomáš Salajka (Director of Asset Management & Sales);
- Pavel Semrád (Director of Asset Management CZ & SK);
- Pavel Měchura (CFO);
- Pavel Menšík (Director of Investments);
- Igor Klajmon (Director of Development);
- Martin Stibor (Head of Property Management); and
- Štěpán Rázga (Chief Operations Officer).

CAPITALISATION OF THE ISSUER

Accounting

The Issuer produces audited and consolidated annual financial statements as well as half-yearly and quarterly financial statements.

In accordance with Articles 72, 74 and 75 of the Companies Act 1915, the Issuer is obliged to publish its annual accounts on an annual basis following approval of the annual accounts by the annual general meeting of the shareholders. The annual general meeting of shareholders takes place each year on the last Thursday in the month of May at 10.00 a.m. at the registered office of the Issuer or at such other place as may be specified in the convening notice or, if such day is not a Business Day (as defined in the Articles), the previous Business Day.

Financial year

The Issuer's financial year begins on the first of January of each year and ends on 31 December of the same year. The first financial year began on the date of the Issuer's incorporation and ended on 31 December 2004.

Share Capital

The Issuer has an issued and subscribed share capital of EUR 330,376,830 divided into 3,303,768,300 ordinary shares each having a par value of EUR 0.10 and fully paid-up.

In addition to the issued and subscribed corporate capital of EUR 330,376,830, the Issuer has also an authorised, but unissued and unsubscribed share capital set at EUR 361,705,560.40.

Except as set out above, the Issuer has no authorised but unissued capital (including in connection with any convertible loan or subscription option). The Issuer does not have outstanding any convertible debt securities, exchangeable debt securities or debt or securities with warrants attached.

TAXATION

The following information is of a general nature only and is based on the laws presently in force, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject. No assurance can be given as to the level of taxation which may be suffered by the Issuer or Noteholders.

EUROPEAN DIRECTIVES AND AUTOMATIC EXCHANGE OF INFORMATION

General comments

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria were instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

Luxembourg has abolished the above described withholding tax system and decided to apply the automatic exchange of information in all cases previously concerned by the withholding tax. Such reform has entered into force with effect from 1 January 2015 (i.e. the updated law applies to interest income payments made after 31 December 2014).

Towards a global norm for automatic exchange of information

In March 2014, the Council of the European Union adopted a Directive to amend the Savings Directive (Directive 2003/48/EC) in the form of interest payments, **revised EUSD**). The revised EUSD aims at enlarging the scope of the Savings Directive in its current version and applying the automatic exchange of information as a global standard. The revised EUSD should in principle be transposed by Member States before 1 January 2016 and applied as from 1 January 2017 (although please note the discussion below in this respect).

The on-going process towards more transparency did however not stop with the adoption of the revised EUSD but rather took two additional and important steps as far as the "European FATCA" and "OECD FATCA" projects are concerned.

At EU level, one of the milestones in the movement for more transparency was the adoption of the Directive on administrative cooperation in the field of taxation (**EUDAC**). This directive is fully transposed in Luxembourg. What has been nicknamed the "European FATCA" is the project to extend the scope of the EUDAC in a FATCA-like manner. After a first political agreement found on 14 October 2014, the revision of the EUDAC has been formally approved on the 9 December 2014 (the **revised EUDAC**).

In parallel, the OECD pushed forward its own initiative on automatic exchange of information and released on 13 February 2014 its global standard for automatic exchange of financial account information (the **Global Standard**). The Global Standard consists of two components, the Common Reporting Standard (**CRS**), which contains the reporting and due diligence rules to be imposed on financial institutions, and the model Competent Authority Agreement (**CAA**), pursuant to which governments would agree to exchange the information reported. To become binding, the CRS needs to be implemented via bilateral or multilateral agreements such as the revised EUDAC. As of 29 October 2014, Finance Ministers from more than 50 countries and jurisdictions had signed a Multilateral CAA on the implementation of the Global Standard.

Under both the Global Standard of the OECD (for the so-called "early adopters") and the revised EUDAC, information related to fiscal years as from 1st of January 2016 will be exchanged between parties/Member States as from 2017 on an automatic basis. The two initiatives have in common a very broad scope (dividends, capital gains, interest, all other forms of financial income and account balance) built on the FATCA model and more particularly the model 1 IGA.

Relationship between EUSD and revised EUDAC

The adoption of the revised EUDAC raises questions on the future of the Savings Directive. The scope and the rules set forth by the revised EUDAC are much more comprehensive than those of the revised EUSD. As an illustration, automatic exchange of information on interest income is also applicable to legal persons under the EUDAC. Furthermore, the income from capital covered by the scope of the revised EUDAC is not limited to interest payments, as opposed to the Savings Directive.

Given that there is a political agreement at EU level that the Savings Directive should be repealed once the EUDAC is applicable, it is anticipated that (i) the revised EUSD will not enter into force (i.e. it has not been yet and it will most probably not be transposed by EU Member States into their domestic law) and (ii) as from 2017 (for tax year 2016) exchange of information will only be performed under the EUDAC (except for Austria, which has been granted an extension of one year) and no longer under the Savings Directive (which will be repealed in due time).

LUXEMBOURG TAXATION

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject. No assurance can be given as to the level of taxation which may be suffered by the Issuer or the Holders of Notes.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) and temporary tax to balance the state budget (*impôt d'équilibrage budgétaire temporaire*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, the solidarity surcharge and the temporary tax to balance the state budget. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Noteholders

Withholding Tax - Non-resident holders of Notes

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes, to the extent thin capitalisation rules (if applicable) are met by the Issuer, the interest rate on the Notes is at arm's length and is not fully profit sharing.

As further detailed above, the withholding tax previously applicable in the context of the EUSD has been abolished as from 1 January 2015 (generalisation of the automatic exchange of information).

Withholding Tax - Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Relibi Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes, as far as payments of interest are concerned, to the extent thin capitalisation rules (if applicable) are met by the Issuer, the interest rate on the Notes is at arm's length and not fully profit sharing.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the Savings Laws but excepting a foreign residual entity that elects to exchange information or elects to be treated or is treated as an undertaking for collective investment in transferable securities authorised under the European Council Directive 85/611/EEC) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payment of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 10 %.

In contrast to the withholding tax previously applicable in the context of the EUSD, the 10% withholding tax applicable in the context of the Relibi Law has not been abolished by the law of 25 November 2014 and remains fully in force.

Luxembourg resident individuals acting in the framework of their private wealth, can opt to self-declare and pay a 10 per cent tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area other than an EU Member State or in a State or territory which has concluded an international agreement directly related to the Savings Directive.

Income Taxation - Non-resident holders of Notes

A non-resident holder of Notes, not having a permanent establishment or permanent representative in Luxembourg to which/whom such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realised by such non-resident holder of Notes on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate holder of Notes or an individual holder of Notes acting in the course of the management of a professional or business undertaking, who has a permanent establishment or permanent representative in Luxembourg to which or to whom such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realised upon the sale or disposal, in any form whatsoever, of the Notes.

Income Taxation - Resident holders of Notes

Noteholders who are residents of Luxembourg will not be liable for any Luxembourg income tax on repayment of principal, unless such Noteholders acquired the Notes at a discount to the par value or impaired the gross book value of the Notes before repayment of principal and claimed deductibility of such impairment against other taxable income in Luxembourg.

(a) *Luxembourg resident corporate holder of Notes*

A corporate holder of Notes must include any interest accrued, any redemption premium or issue discount, as well as any gain realised on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax purposes.

A corporate holder of Notes that is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, is exempt from Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, as well as in respect of gains realised on the sale or disposal, in any form whatsoever, of the Notes. A corporate holder of Notes that is governed by the law of 15 June 2004 on venture capital vehicles, as amended, is not subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realised on the sale or disposal, in any form whatsoever, of the Notes. A corporate holder of Notes that is governed by the law of 15 June 2004 on venture capital vehicles, as amended, is not subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, as well as in respect of gains realised on the sale or disposal, in any form whatsoever, of the Notes.

(b) *Luxembourg resident individual holder of Notes*

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Relibi Law, or (ii) the individual holder of the Notes has opted for the application of a 10% tax in full discharge of income tax in accordance with the Relibi Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than an EU Member State), or in a state that has entered into a treaty with Luxembourg relating to the Savings Directive. A gain realised by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Relibi Law.

An individual holder of Notes acting in the course of the management of a professional or business undertaking must include the interest accrued on the Notes in its taxable basis. If applicable, the tax levied in accordance with the Relibi Law will be credited against his/her final tax liability.

(c) *Luxembourg resident partnership holder of Notes*

Where the Notes are held by a Luxembourg partnership that is fully transparent for Luxembourg tax purposes (i.e. transparent both for corporate income tax and municipal business tax purposes in Luxembourg), such Notes should be deemed to be held by the partners (either corporate or individuals) of such partnership directly pro-rata to their partnership interests. Therefore, the income tax treatment will depend on the profile of the partners and will follow the principles explained above for resident and non-resident individual and corporate holders of Notes.

Where the Notes are held by a Luxembourg partnership that is partially transparent for Luxembourg tax purposes (i.e. transparent for corporate income tax purposes, but not for municipal business tax purposes in Luxembourg), such Notes should be deemed to be held by the partners (either corporate or individuals) of such partnership directly pro-rata to their partnership interests for income tax purposes. Therefore, the income tax treatment will depend on the profile of the partners and will follow the principles explained above for resident and non-resident individual and corporate holders of Notes. For municipal business tax purposes, any interest income or capital gains on the Notes realised by the partnership should be subject to municipal business tax and

the partnership should be liable for such tax. The municipal business tax treatment at the level of the partners of such partnership will depend on their profile.

Net Wealth Taxation

A corporate holder of Notes, whether it is a resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to which/whom such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the holder of Notes is governed by the law of 11 May 2007 on family estate management companies, as amended, or by the law of 17 December 2010 on undertakings for collective investment, as amended, or by the law of 13 February 2007 on specialised investment funds, as amended, or is a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended.

An individual holder of Notes, whether he/she is a resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

Where the Notes are held by a Luxembourg partnership, such Notes are deemed to be held by the partners (either corporate or individuals) of such partnership directly pro-rata to their partnership interests. Therefore, the net wealth tax treatment will depend on the profile of the partners and will follow the principles explained above for resident and non-resident individual and corporate holders of Notes.

Other Taxes

In principle, neither the issuance nor the transfer, repurchase or redemption of Notes will give rise to any Luxembourg registration tax or similar taxes.

However, a fixed or ad valorem registration duty may be due upon the registration of the Notes in Luxembourg in the case of legal proceedings before Luxembourg courts or in case the Notes must be produced before an official Luxembourg authority, or in the case of a registration of the Notes on a voluntary basis.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed passed in front of a Luxembourg notary or recorded in Luxembourg.

SUBSCRIPTION AND SALE

The Notes will be privately placed and the issue of the Notes is not underwritten or guaranteed by any person.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Notes may not be offered or sold (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons any offer or sale of the Notes during the distribution compliance will be subject to restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), and with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) an offer of the Notes which are the subject of the offering contemplated by this Prospectus cannot be made to the public in that Relevant Member State except, with effect from and including the Relevant Implementation Date, an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require 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.

For the purposes of this provision:

- the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and

- the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Any communication made or caused to be made of an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Notes may only be made in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer, and must be made in compliance with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

General

No action has been taken by the Issuer or any other person that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Subscriber has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any Prospectus, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

Authorisation

1. The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 3 November 2015.

Listing

2. Application has been made for the Notes to be admitted to the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF Market. The Euro MTF Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).
3. The €170,000,000 5 per cent. Notes of the Issuer due 2015 issued on 20 August 2015 (with which the Notes will be consolidated as described herein) have been admitted to the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market.

Clearing Systems

4. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The temporary ISIN for this issue is XS1319594864 and the temporary Common Code is 131959486. The Notes will be consolidated and form a single series with the €170,000,000 5 per cent. Notes due 2015 issued on 20 August 2015, and following such consolidation, will have an ISIN of XS1279550260 and a Common Code of 127955026.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant change

5. There has been no significant change in the financial or trading position of the Group since the date of the interim financial statements for the half year ended 30 June 2015 and there has been no material adverse change in the financial position or prospects of the Group since 30 June 2015.

Litigation

6. On 20 January 2015, the Issuer was served with a summons containing the petition of Kingstown Partners Master Ltd. of the Cayman Islands, Kingstown Partners II, LP of Delaware and Ktown LP of Delaware (together referred to as **Kingstown**), claiming to be the shareholders of Orco Property Group S.A. (**OPG**), and filed with the Luxembourg district court (*Tribunal d'Arrondissement de et à Luxembourg*). The petition seeks damages from the Issuer, OPG and certain members of OPG's board of directors jointly and severally in the amount of EUR 14,485,111.13 and compensation for moral damage in the amount of EUR 5,000,000 in respect of (*inter alia*) alleged violations of the rights of OPG's minority shareholders.

To the best of the Issuer's knowledge, Kingstown was not at the relevant time (and is still not) a shareholder of the Issuer. Management of the Issuer will take all available legal actions to oppose these allegations in order to protect the corporate interest as well as the interest of its shareholders

Except as set out above, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are

pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

7. The auditors of the Issuer are KPMG Luxembourg S.à r.l., who have audited the Issuer's accounts, without qualification, in accordance with IAS (as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*) for each of the two financial years ended 31 December 2013 and 31 December 2014. The auditors of the Issuer have no material interest in the Issuer.

U.S. tax

8. The Notes and Coupons will contain the following legend: "**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.**"

Documents Available

9. For so long as the Notes are admitted to trading on the Euro MTF Market, copies of the following documents will be available from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg:
 - (a) the interim financial report of the Issuer for the financial half year ended 30 June 2015;
 - (b) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014;
 - (c) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2013;and
 - (d) the consolidated articles of association of the Issuer.

In addition, copies of this Prospectus and each document incorporated by reference is available on the Luxembourg Stock Exchange's website at www.bourse.lu.

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Appendix 1: Extracts from the Issuer's consolidated financial reports as of 31 December 2014

Appendix 2: Extracts from the Issuer's consolidated financial reports as of 31 December 2013

APPENDIX 1

Extracts from the Issuer's consolidated financial reports as of 31 December 2014

Investors should note that these extracts omit the notes to the relevant financial statements. Investors are referred to the full financial statements (which are incorporated into this Prospectus by reference) which set out notes and additional information relevant to these extracts.

Consolidated statement of comprehensive income

	31 December 2014	31 December 2013
Gross rental revenue	181,988	131,964
Service revenue	6,144	4,273
Net service charge income	4,341	1,819
Property operating expenses	(26,226)	(25,507)
Net rental income	166,247	112,549
Development sales	46,626	1,891
Cost of goods sold	(43,293)	(1,706)
Development operating expenses	(946)	--
Net development income	2,387	185
Hotel revenue	4,408	2,098
Hotel operating expenses	(3,658)	(1,443)
Net hotel income	750	655
Revenue from other business operations	1,901	--
Cost of goods sold	(776)	--
Related operating expenses	(2,252)	--
Net income from other business operations	(1,127)	--
Total revenues	245,408	142,045
Total direct business operating expenses	(77,151)	(28,656)
Net business income	168,257	113,389
Net valuation gain or loss	13,263	3,839
Net gain or loss on the disposal of investment property	(1,721)	(1,952)
Net gain or loss on disposal of subsidiaries and investees	3,568	--
Amortization, depreciation and impairments	(5,126)	(1,611)
Other operating income	85,260	9,143
Administrative expenses	(26,095)	(15,058)
Other operating expenses	(5,572)	(2,361)
Operating result	231,834	105,389
Interest income	21,512	27,258
Interest expense	(83,581)	(70,086)
Other net financial result	(12,341)	25,146
Net finance costs	(74,410)	(17,682)
Profit before income tax	157,424	87,707
Income tax expense	(19,989)	(10,363)
Net profit from continuing operations	137,435	77,344
Items that may or are reclassified subsequently to profit or loss		
Foreign currency translation differences - foreign operations	(6,271)	(68,191)
Effective portion of changes in fair value of cash flow hedges	(5,580)	(16,380)
Income tax on other comprehensive expense	1,027	3,067
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of post-employment benefit obligations	(1,817)	--
Other comprehensive income for the period, net of tax	(12,641)	(81,504)
Total comprehensive income for the period	124,794	(4,160)
Profit attributable to:		
Non controlling interests	(81)	(21)
Owners of the Company	137,516	77,365
Profit for the period	137,435	77,344
Total comprehensive income attributable to:		
Non controlling interests	(118)	(310)
Owners of the Company	124,912	(3,850)
Total comprehensive income for the period	124,794	(4,160)
Earnings per share		
Basic earnings in EUR per share	0.05	0.03

Consolidated statement of financial position

	31 December 2014	31 December 2013
NON-CURRENT ASSETS		
Intangible assets and goodwill	72,504	2,516
Investment property	3,373,050	2,551,084
Property, plant and equipment	104,567	24,129
Biological Assets	2,007	--
Available-for-sale financial assets	2,011	1,804
Financial assets at fair value through profit or loss	473	--
Loans provided	17,528	141,414
Trade and other receivables	46,318	711
Deferred tax asset	20,990	2,458
Total non-current assets	3,639,448	2,724,116
CURRENT ASSETS		
Inventories	84,674	95,422
Biological Assets	4,002	--
Current income tax receivables	5,145	854
Trade receivables	47,394	38,599
Derivative instruments	12	--
Loans provided	275,804	56,430
Cash and cash equivalents	108,172	109,605
Other financial current assets	6,134	66,099
Other non-financial current assets	48,641	30,387
Total current assets	579,978	397,394
TOTAL ASSETS	4,219,426	3,121,510
EQUITY		
Equity attributable to owners of the Company	1,552,026	936,149
Non-controlling interests	6,782	2,852
Total equity	1,558,808	939,001
NON-CURRENT LIABILITIES		
Bonds issued	506,641	629,080
Financial debts	1,220,343	1,013,642
Derivative instruments	13,957	5,698
Deferred tax liabilities	385,393	225,898
Provisions	16,630	--
Other non-current liabilities	25,918	13,337
Total non-current liabilities	2,168,882	1,887,655
CURRENT LIABILITIES		
Bonds issued	32,867	21,098
Financial debts	325,987	185,997
Trade payables	31,628	31,658
Advance payments	44,453	31,623
Derivative instruments	7,064	1,254
Other financial current liabilities	30,926	20,474
Other non-financial current liabilities	18,811	2,751
Total current liabilities	491,736	294,854
TOTAL EQUITY AND LIABILITIES	4,219,426	3,121,510

Consolidated statement of changes in equity

	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Other reserves*	Retained earnings	Equity attributable to owners of the Company	Non controlling interests	Total equity
Balance at 1 January 2014 (restated)**	34,466	277,006	(67,824)	5,845	(20,540)	199,583	507,613	936,149	2,852	939,001
Comprehensive income:										
Profit / (loss) for the period	--	--	--	--	--	--	137,516	137,516	(81)	137,435
Total comprehensive income	--	--	(6,234)	--	--	(1,817)	--	(8,051)	(37)	(8,088)
Net changes in fair value of cash flow FX hedges	--	--	--	--	(656)	--	--	(656)	--	(656)
Related income tax on other comprehensive expense	--	--	--	--	125	--	--	125	--	125
Net changes in fair value of cash flow IRS hedges	--	--	--	--	(4,924)	--	--	(4,924)	--	(4,924)
Related income tax on other comprehensive expense	--	--	--	--	902	--	--	902	--	902
Total comprehensive income / (expense)	--	--	(6,234)	--	(4,553)	(1,817)	--	(12,604)	(37)	(12,641)
Total comprehensive income for the period	--	--	(6,234)	--	(4,553)	(1,817)	137,516	124,912	(118)	124,794
Contributions by and distributions to owners of the Company										
Capital increase prior to reverse acquisition	10,926	40,428	--	--	--	--	(51,355)	--	--	--
							(1,159,444)	--	--	--
Reverse acquisition	246,690	912,754	--	--	--	--	4)	--	--	--
Owner's contribution	38,294	141,689	--	--	--	--	--	179,984	--	179,984
Total contributions by and distributions to owners of the Company	295,911	1,094,871	--	--	--	--	(1,210,799)	179,984	--	179,984
Changes in ownership interests in subsidiaries										
Reverse acquisition	--	--	--	--	--	--	310,972	310,972	(193)	310,779
Acquisition of subsidiary with non-controlling interests	--	--	--	--	--	--	--	--	4,207	4,207
Other changes in non-controlling interests	--	--	--	--	--	--	9	9	34	43
Total changes in ownership interests in subsidiaries	--	--	--	--	--	--	310,981	310,981	4,048	315,029
Total transactions with owners of the Company	295,911	1,094,871	--	--	--	--	(899,817)	490,965	4,048	495,013
Balance at 31 December 2014		1,371,877	(74,058)	5,845	(25,093)	197,766		1,552,026	6,782	1,558,808

* **Other Reserves** are created from accumulated profits and losses and other equity operations, such as scope variations, variation of detention, or revaluation of assets. These reserves may be subject to the distribution of dividends. This item also includes measurements of post-employment defined benefit obligation.

** Restatement relates to reverse acquisition. For more details refer to Note 1 of these financial statements

Consolidated statement of changes in equity (continued)

	Share capital	Share premium	Translation reserve	Legal reserve	Hedging reserve	Other reserves*	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2013 (reported)	246,102	25,949	78	4,096	(7,227)	92,608	471,014	832,619	3,527	836,146
Reverse acquisition restatement	(225,899)	191,501	--	--	--	--	34,398	--	--	--
Restated as at 1 January 2013 (restated)	20,203	217,450	78	4,096	(7,227)	92,608	505,412	832,619	3,527	836,146
Comprehensive income:										
Profit / (loss) for the period	--	--	--	--	--	--	77,365	77,365	(21)	77,344
Total comprehensive income	--	--	(67,902)	--	--	--	--	(67,902)	(289)	(68,191)
Net changes in fair value of cash flow FX hedges	--	--	--	--	(18,499)	--	--	(18,499)	--	(18,499)
Related income tax on other comprehensive expense	--	--	--	--	3,515	--	--	3,515	--	3,515
Net changes in fair value of cash flow IRS hedges	--	--	--	--	2,119	--	--	2,119	--	2,119
Related income tax on other comprehensive expense	--	--	--	--	(448)	--	--	(448)	--	(448)
Total comprehensive income / (expense)	--	--	(67,902)	--	(13,313)	--	--	(81,215)	(289)	(81,504)
Total comprehensive income for the period	--	--	(67,902)	--	(13,313)	--	77,365	(3,850)	(310)	(4,160)
Contributions by and distributions to owners of the Company										
Owner's contribution	--	--	--	--	--	106,975	--	106,975	--	106,975
Capital increase by legal acquirer	14,263	59,556	--	--	--	--	(73,819)	--	--	--
Total contributions by and distributions to owners of the Company	14,263	59,556	--	--	--	106,975	(73,819)	106,975	--	106,975
Changes in ownership interests in subsidiaries										
Acquisition of subsidiary with non-controlling interests	--	--	--	--	--	--	--	--	(271)	(271)
Other changes in non-controlling interests	--	--	--	--	--	--	404	404	(94)	310
Total changes in ownership interests in subsidiaries	14,263	59,556	--	--	--	--	404	404	(365)	39
Total transactions with owners of the Company	14,263	59,556	--	--	--	106,975	(73,415)	107,380	(365)	107,015
Other movements										
Transfer to Legal reserve fund	--	--	--	1,749	--	--	(1,749)	--	--	--
Total other movements	--	--	--	1,749	--	--	(1,749)	--	--	--
Balance at 31 December 2013	34,466	277,006	(67,824)	5,845	(20,540)	199,583	507,613	936,149	2,852	939,001

* **Other Reserves** are created from accumulated profits and losses and other equity operations, such as scope variations, variation of detention, or revaluation of assets. These reserves may be subject to the distribution of dividends. This item also includes measurements of post-employment defined benefit obligation.

Consolidated cash flow statement

	31 December 2014	31 December 2013
PROFIT BEFORE INCOME TAX	157,424	87,707
<i>Adjusted by:</i>		
Net valuation gain on investment property	(13,263)	(3,839)
Gain on the disposal of investment property	1,721	1,952
Depreciation / amortisation of tangible and intangible assets	2,523	1,555
Impairment of assets / Reversal of impairment of assets	2,603	56
Gain on the disposal of property, plant and equipment	(95)	(24)
Gain on the disposal of subsidiaries	(5,772)	--
Loss on the disposal of equity-accounted investees	2,204	--
Net finance costs	64,788	17,682
Gain on bargain purchase	(81,635)	(5,783)
Exchange rate differences	(10,164)	(34,415)
Profit before changes in working capital and provisions	120,334	64,891
(Increase) Decrease in inventories	16,600	(26,517)
Decrease in trade receivables	65,208	10,136
Increase (Decrease) in trade payables	(29,531)	27,439
Increase (Decrease) in other liabilities	274	(58)
Income tax paid	(4,995)	3,517
NET CASH FROM OPERATING ACTIVITIES	167,890	79,410
Acquisition of subsidiaries, net of cash acquired	(8,335)	(56,576)
Acquisition of non-controlling interest	44	(59)
Capital expenditure and acquisition of investment property	(20,552)	--
Capital expenditure on own investment property	--	(13,649)
Expenditure on investment property under development	(36,329)	(15,026)
Proceeds from sale of investment property	7,152	6,949
Proceeds from sale of property, plant and equipment	3,067	35
Proceeds from disposals of subsidiaries, net of cash disposed	19,994	--
Proceeds from sale of equity-accounted investees	5,813	--
Acquisition of property, plant and equipment	(8,527)	(571)
Acquisition of intangible assets	(1,057)	(463)
Acquisition of other investments	--	(1,452)
Loans (provided) / repaid	(93,791)	32,688
Interest received	1,056	14,435
NET CASH USED IN INVESTING ACTIVITIES	(131,465)	(33,688)
Proceeds from issue of share capital	31,000	--
Proceeds from bond issued	38,266	257,450
Interest paid	(61,527)	(63,841)
Repayments of borrowings	(48,325)	(267,887)
Drawings / (repayments) of finance lease liabilities	3,530	(2,106)
NET CASH USED IN FINANCING ACTIVITIES	(37,056)	(76,385)
NET DECREASE IN CASH	(631)	(30,664)
Cash and cash equivalents at the beginning of the year	109,605	149,753
Effect of movements in exchange rates on cash held	(802)	(9,484)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	108,172	109,605

APPENDIX 2

Extracts from the Issuer's consolidated financial reports as of 31 December 2013

Investors should note that these extracts omit the notes to the relevant financial statements. Investors are referred to the full financial statements (which are incorporated into this Prospectus by reference) which set out notes and additional information relevant to these extracts.

Consolidated income statement

	12 months 2013	12 months 2012 (restated)
Revenue	60,222	180,952
<i>Sale of goods</i>	196	119,452
<i>Rent</i>	52,243	51,692
<i>Services</i>	7,782	9,809
Net gain or loss from fair value adjustments on Investment Property	24,598	18,050
Other operating income	585	4,161
Net result on disposal of assets	(12)	463
Cost of goods sold	-	(118,544)
Employee benefits	(6,332)	(7,060)
Amortisation, impairments and provisions	(1,763)	(26,977)
Other operating expenses	(25,968)	(32,071)
Operating result	51,330	18,974
Interest expenses	(12,759)	(23,624)
Interest income	2,321	2,064
Other net financial results	(5,724)	(1,578)
Financial result	(16,162)	(23,138)
Share of profit or loss of entities accounted for using the equity method	-	33
Profit or loss before income taxes	35,168	(4,131)
Income taxes	(5,371)	(11,661)
Net profit or loss for the period	29,797	(15,793)
Total profit or loss attributable to:		
Non-controlling interests	(12)	125
Owners of the Company	29,809	(15,917)
Basic earnings in EUR per share	0.13	(0.18)
Diluted earnings in EUR per share	0.13	(0.18)

Consolidated statement of comprehensive income

	12 months 2013	12 months 2012 (restated)
Profit /(loss) for the period	29,797	(15,793)
Other comprehensive income /(loss)		
Items that will not be <i>reclassified</i> subsequently to profit or loss	16	(1,533)
Remeasurements of post-employment benefit obligations	16	(1,533)
Total comprehensive income /(loss) attributable to:	29,813	(17,326)
Owners of the Company	29,825	(17,450)
Non-controlling interests	(12)	125

Consolidated Statement of financial position

ASSETS		
	31 December 2013	31 December 2012 (restated)
NON-CURRENT ASSETS	609,047	587,805
Intangible assets	49,872	49,928
Investment property	532,234	504,745
Property, plant and equipment	4,126	4,979
Owner occupied buildings	2,974	2,893
Fixtures and fittings	1,152	2,086
Equity method investments	-	63
Financial assets at fair value through profit or loss	218	1,228
Non-current loans and receivables	22,597	26,861
CURRENT ASSETS	88,579	44,863
Inventories	2,682	1,928
Trade receivables	13,632	14,994
Other current assets	20,646	20,213
Derivative instruments	32	20
Current financial assets	-	34
Cash and cash equivalents	51,586	7,675
ASSETS HELD FOR SALE	-	2,050
TOTAL	697,626	634,718
EQUITY & LIABILITIES		
	31 December 2013	31 December 2012 (restated)
EQUITY	260,966	156,442
Equity attributable to owners of the Company	261,070	156,536
Non-controlling interests	(104)	(94)
LIABILITIES	436,660	478,276
Non-current liabilities	368,927	430,038
Bonds	43	20,000
Financial debts	248,724	294,962
Provisions & other long term liabilities	15,044	15,818
Deferred tax liabilities	105,116	99,258
Current liabilities	67,732	48,238
Financial debts	34,815	8,015
Trade payables	1,420	4,561
Advance payments	13,726	14,292
Derivative instruments	691	4,521
Other current liabilities	17,079	16,849
TOTAL	697,626	634,718

Consolidated statement of changes in equity

	Share capital	Share premium	Translation reserve	Treasury shares	Other reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 31 December 2011 (as previously reported)	60,964	123,658	(3)	(1,540)	(117,481)	65,598	212	65,810
Adjustments due to changes in accounting policies	-	-	-	-	(26)	(26)	-	(26)
Balance at 31 December 2011 (as restated)	60,964	123,658	(3)	(1,540)	(117,507)	65,572	212	65,784
Comprehensive income (as restated):								
Profit/(loss) for the period					(15,917)	(15,917)	125	(15,793)
Other comprehensive income					(1,533)	(1,533)	-	(1,533)
Total comprehensive income	-	-	-	-	(17,450)	(17,450)	125	(17,326)
Capital decrease of 26 April 2012	(56,087)				56,087	-		-
Capital increase of 27 September 2012	15,326	93,793			(1,136)	107,982		107,982
Non-controlling interests' transactions					432	432	(431)	1
Balance at 31 December 2012 (as restated)	20,203	217,450	(3)	(1,540)	(79,574)	156,536	(94)	156,442
Comprehensive income:								
Profit/(loss) for the period					29,809	29,809	(12)	29,797
Other comprehensive income					16	16	-	16
Total comprehensive income	-	-	-	-	29,825	29,825	(12)	29,813
Capital increase of 6 June 2013	2,803	17,154				19,957		19,957
Capital increase of 4 December 2013	11,460	42,402				53,862		53,862
Own equity investments				1,540	(780)	760		760
Non-controlling interests' transactions					130	130	2	132
Balance at 31 December 2013	34,466	277,006	(3)	-	(50,399)	261,070	(104)	260,966

Consolidated cash flow statement

	31 December 2013	31 December 2012 (restated)
OPERATING RESULT	51,330	18,974
Net gain / loss from fair value adjustments on investment property	(24,598)	(18,050)
Amortization, impairments and provisions	1,763	26,977
Net result on disposal of assets	12	(463)
Adjusted operating profit / loss	28,507	27,438
Financial result	(664)	(783)
Income tax paid	(3,195)	(660)
Financial result and income taxes paid	(3,859)	(1,443)
Changes in operating assets and liabilities	(1,365)	110,920
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	23,283	136,915
Capital expenditures and tangible assets acquisitions	(1,747)	(1,287)
Proceeds from sales of non-current tangible assets	600	22,818
Purchase of intangible assets	(13)	(31)
NET CASH FROM INVESTING ACTIVITIES	(1,160)	21,500
Proceeds from capital increase	53,862	-
Proceeds from disposal of treasury shares	760	-
Proceeds from borrowings	-	266,274
Net interest paid	(10,415)	(18,824)
Repayments of borrowings	(20,690)	(410,792)
Restructuring fees	(1,729)	(1,953)
NET CASH USED IN FINANCING ACTIVITIES	21,788	(165,295)
NET INCREASE/(DECREASE) IN CASH	43,911	(6,880)
Cash and cash equivalents at the beginning of the year	7,675	14,555
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	51,586	7,675

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