

CdR Advance Capital S.p.A.
(The “Company” or the “Issuer”)

regarding admission to trade on the Third Market of the Vienna Stock Exchange of the

"NPL Italian Opportunities 2016 - 2021 TV" Notes

INFORMATION MEMORANDUM

**FOR THE PURPOSES OF ADMISSION OF THE NOTES FOR LISTING ON THE THIRD
MARKET OF THE VIENNA STOCK EXCHANGE**

SECTION I - THE ISSUER

1. General Information on the Issuer

Incorporation and status

The Issuer CdR Advance Capital S.p.A., is a company incorporated under Italian law on 21/12/2010 and enrolled in the Biella Enterprise Register numbered 02471620027.

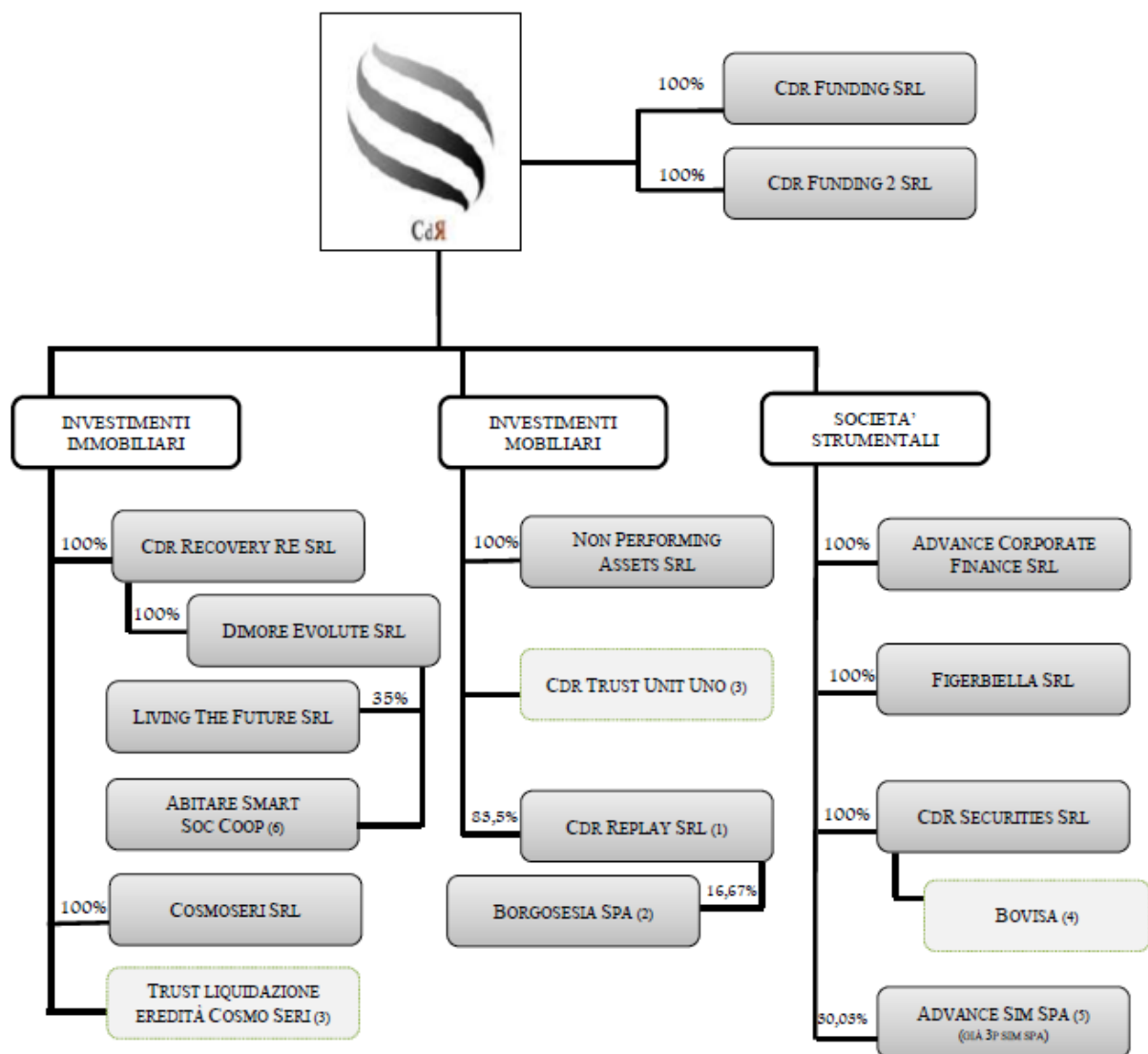
The Company name is CdR Advance Capital S.p.A. and its registered office is in Biella, Via Aldo Moro 3/a. Phone Number: 015.405679 - Fax Number 015.8407120 - E mail info@compagniadellaruota.com - Website www.compagniadellaruota.com

Share capital

The company's share capital is € 159.680,12, represented by shares of categories A and B, and they are distributed as follows:

Subscriber	Number of A Share	Number of B Share	Total Number	%
Dama S.r.l.	12.945	5.635.353	5.648.298	31,44
S & B Invest S.r.l.	4.296.455	-	4.296.455	23,91
Az Partecipazioni S.r.l.	1.549.505	328.023	1.877.528	10,45
Market	6.118.483	25.317	6.143.800	34,20
	11.977.388	5.988.693	17.966.081	100,00

The company is a holding company at the head of an investment group operating in non-performing assets and is structured as follows (as of 30 June 2016):



Historic development

YEAR	DESCRIPTION OF EVENT
2010	Establishment
2012	Listing on the AIM Italy market, organised and managed by Borsa Italiana
2013	Public exchange offer for Borgosesia S.p.A. shares listed on MTA, organised and managed by Borsa Italiana
2014	6.5% bond issuance and listing 2014 - 2019
2015	6% bond issuance and listing 2015 - 2021
2016	5% convertible bond 2016 - 2022
2016	4% "NPL Italian Opportunities 2016 - 2021 TV" bond

2. Company Structure

Description of the Issuer

In accordance with Clause 4 of its statute, the Company's business is to purchase and manage shareholdings for stable investment in companies or non-corporate vehicles and joint venture operations:

A. As a primary role, it acquires, with a view to subsequent increase in value, goods, property, investments, receivables and assets in general under so-called special situations, that is, complex and problematic situations of various kinds originating from insolvency proceedings pursuant to Royal Decree no. 267, 16th March, 1942, and subsequent amendments and integrations, or other corporate crises covered by special provisions;

B. As a subsidiary role, it performs activities instrumental to those mentioned above, for example, the static administration or management of assets, property management and outsourcing, corporate finance, financial intermediary services.

Subject to compliance with a resolution passed by the Board of Directors, and in compliance with any applicable provision of law, the activities under A and B may be carried out directly by the Company.

The company may also carry out all activities and perform all acts and operations that are essential or related to the above activities, for example, study, research and analysis in economic and financial matters, as well as assistance and advice on financial structure, industrial strategy and related matters (including restructuring operations and/or business or corporate reorganizations). The Company may also be engaged by subsidiary and affiliate companies for technical, administrative and coordination services, marketing and promotional services and financial problem-solving activities. The company may, in carrying out its business activities, buy, sell, exchange, let or let out property for functional use; grant mortgages, guarantees and/or sureties; maintain banking relationships and perform any other investment, property, insurance and commercial operation. It may carry out all activity deemed relevant or in any way useful, even indirectly, to the company's aim. Consequently, it may implement all acts and conclude all necessary or useful contractual operations, even free of charge, that are deemed to be in the interests of the company or any parent, subsidiary or jointly controlled company.

Administration, management and supervisory bodies

Board of Directors

The Issuer is managed by a Board of Directors which, as of the date of this Information Memorandum, is composed of the following directors:

Chair of the Board and Managing Director	Mauro Girardi
Director	Andrea Zanelli
Director	Luca Pierazzi
Director	Franco Sala

Director	Gabriella Tua
Independent Director	Domenico Calvelli
Independent Director	Riccardo Rota

The aforementioned directors have been elected for a 3-year term, they may be re-elected and their current tenure will expire on the date the financial statements for the year ended 31st December, 2017 are approved.

The business address of each current director is the same as the Issuer's registered office.

Board of Statutory Auditors

As of the date of this Information Memorandum, the Board of Statutory Auditors is composed as follows:

President	Alessandro Nadasi
Auditor	Andrea Foglio Bonda
Auditor	Alberto Solazzi
Deputy Auditor	Luciano Solazzi
Deputy Auditor	Carlo Maggia

Members of the Board of Statutory Auditors are elected for a 3-year term and may be re-elected. The current term expires on approval of the financial statements for the year ending 31st December, 2016.

The business address of each current auditor is the same as the Issuer's registered office.

External Auditors

Deloitte & Touche S.p.A. has been engaged as the Issuer's external auditor until approval of the financial statement for year ending 31st December, 2016.

3. Business Fields

The Issuer consistently invests in companies that:

- A) buy movable assets, property, shareholdings, receivables and assets in general under so-called special situations;
- B) carry out activities instrumental to those under A).

The Issuer's main direct participations as of 31 December 2015 are:

(in euro)	City or Foreign Country	Share Capital in EUR	Net Worth in EUR	% Ownings	Value 31.12.2015 in EUR	Activity
Figerbiella S.r.l.	Biella	10,400	180,945	100%	180,945	Trust company for the administration of properties, controlled by the Italian Ministry of Industries
Non Performing Assets S.r.l.	Biella	10,000	(1,570)	100%	1	Sub holding in the investments sector in non performing property assets (acquisition of non-performing loans - restructuring of the loans for its own benefit)
CdR Replay S.r.l.	Biella	18,639	5,453,462	64.46%	3,515,099	SPV for the acquisition of the stake in Borgosesia Spa, listed on the MTA
CdR Funding S.r.l.	Biella	10,000	1,129,216	100%	1,129,216	SPV for granting guarantees to creditors of the group (collateral loans)
CdR Recovery RE S.r.l.	Biella	1,000,000	6,487,016	100%	5,502,981	Sub holding in the investments sector in non performing immovable property assets
Cosmo Seri S.r.l. in liquidation	Colmurano	50,000	(274,984)	100%	1	SPV, in liquidation
CdR Funding 2 S.r.l.	Biella	10,000	(16,765)	100%	1	SPV for

						granting guarantees to creditors of the group (collateral loans)
Advance Corporate Finance S.r.l.	Biella	10,000	109,028	100%	495,916	Corporate consultancy in the field of mergers and acquisitions
CdR Securities S.r.l.	Biella	10,000	8,665	100%	8,664	Securitisation company; holds a license granted by Banca d'Italia

The participation in ADVANCE SIM SPA has been acquired in 2016 and the direct participation amounts to 30.05 per cent. ADVANCE SIM SPA is acting in the field of financial intermediation under a license granted by Banca d'Italia.

4. Investments and business plan

Over the past few years, the Issuer has invested significant resources into:

- Buying property under special situation;
- Purchasing investments in brokerage and financial advisory services companies;
- Purchasing non-performing loans and investments.

The major and most recent investments were made in:

- buying a hotel being constructed in Milan, 13 Cosenz Street and a P.IVA [VAT equivalent] credit (the Credit) with a nominal value of €2.9m.

5. Financial figures for the past two financial years

Taking account of the Company's activity, reported below are the consolidated main economic information and financial position at 31st December, 2015 and 30th June, 2016 on the understanding that a wider range of relevant information may be found by consulting the site www.comagniadellaruota.com/investor-relation/dati-finanziari:

(in €000)	FIRST HALF 2016	2015
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	2014		
MARGIN FROM CORE ACTIVITIES	2.501	4.044	(773.287)
MARGIN FROM NON-CORE ACTIVITIES	140	172	39
OVERHEADS	(493)	(1.074)	(813.407)
MARGIN FROM OPERATING ACTIVITIES (EBIT)	2.148	3.142	(1.586.655)
RESULT FROM FINANCIAL MANAGEMENT	(533)	(626)	337.514
PROFIT (LOSS) BEFORE TAXES (EBT)	1.615	2.516	(1.249.141)
TAXES ON INCOME	(822)	57	699.234
GROUP RESULT	793	2.573	353.065
DIRECT ADJUSTMENTS TO PN	123	925	202.137
OVERALL GROUP RESULT	916	3.498	5.295

(in €000)	FIRST HALF 2016	2015	2014
EQUITY CAPITAL	19.399.275	19.034.215	15.691.639
DEBT CAPITAL	19.803.389	17.119.356	9.699.090
TOTAL CAPITAL	39.202.664	36.153.571	25.390.729
EQUITY RATIO	49,48%	52,65%	61,80%

(in Euros)	30.06.2016	31.12.2015	31.12.2014
Cash and cash equivalents			
Liquidity	4,786,102	3,465,552	6,475,563
Total cash and cash equivalents	4,786,102	3,465,552	6,475,563
Current loan receivables (*)	164,770	381,285	150,000
Securities available for trading	2,781,318	3,434,705	-
Current financial assets	2,946,088	3,815,990	150,000
Payables against banks	(249,943)	(270,454)	(250,931)
Other current financial debts	(3,009,385)	(2,897,860)	(151,780)
Total current financial liabilities	(3,259,328)	(3,168,314)	(402,711)
Current net indebtedness (**)	4,472,862	4,113,228	6,222,852
Non-current financial receivables	131,562	7,573,252	55,182
Non-current financial assets	131,562	7,573,252	55,182
Bond	(8,883,680)	(7,468,650)	(4,438,827)
Payables against Banks (***)	(1,348,593)	(1,416,054)	(1,503,475)
Non-current financial liabilities	(10,232,273)	(8,884,704)	(5,942,302)
Net financial position (****)	(5,627,849)	2,801,776	335,732

The above figures show that:

- The tax burden has increased substantially in the first half of 2016 as DAT has not been allocated as happened in 2015;
- The financial position has worsened as a result of investments concluded in the half-year.

SECTION II – USE OF THE PROCEEDS

The Bonds will be issued by the Issuer in order to finance its business activity.

In particular, the amounts received from the Bond issue will be used by the Issuer in support of investment activities in non-performing assets carried out by its subsidiaries. In particular, the amount of the issuance, net of each charge connected to issuance and placement, will be assigned for the subscription, by one or more of these, of shares with a nominal value of €100, that CdR Securities S.r.l., currently in Biella Via Aldo Moro 3/a, will issue as part of a securitisation operation conventionally named "NPL Italian Opportunities" (hereinafter, the "Securities"), concerning the purchase of non-performing loans – or otherwise arising from special situations, that is, complex and problematic situations of varying natures pertaining to insolvency pursuant to Royal Decree no. 267, March 16, 1942, and subsequent amendments and integrations or other corporate crises covered by special provisions – and governed by the provisions imposed by Law 130/1999.

SECTION III – RISK FACTORS

Risk Factors Relating to the Company

Issuer risk

By purchasing Bonds, the holders of Bonds (the “Bondholders”) will be financing the Issuer hence becoming a creditor thereof for the payment of interest and capital upon maturity. The Bonds are subject to the general risk that the Issuer may not be able to pay interest at the set payment dates and/or reimburse the capital amount upon maturity.

Dependence upon key persons

The Company’s success depends upon certain key managers, amongst whom the Chair of the Board and Managing Director, who contributed significantly to the incorporation, development and management of the Company thanks to his extensive competence in the fields in which the Company is active. Even if the Company believes it has adopted an appropriate organisational model to guarantee its continuity, the loss of the above key persons could result in a reduction of the competitive strength and growth of the Company.

Operating leverage risk

Part of the costs of the Company is represented by fixed costs which are necessary to ensure operations in the sector in which the Company is active (which requires a significant production capacity) and which will not be reduced should the volumes of products sold decrease. Therefore, a reduction of the volumes of products sold could negatively affect the Company’s activity and its economic and financial situation.

Loans

Non-renewal or revocation of the Company's current short term credit lines, failure to obtain refinancing for the bonds mentioned below, and, in general, failure to obtain commercial financing of working capital may negatively affect the Company's economic and financial situation and/or delay the obtainment of the Company's Business Plan objectives.

Related parties

The Issuer (and its subsidiaries) maintains commercial and administrative relationships with related parties. In particular, the relationship arising from the provision of administrative and consultancy services from the firm, Girardi & Tua, respectively the company's Managing Director and a non-executive Director. These reports include economic and contractual conditions in line with those of the market but there is no guarantee that had such operations been concluded with third parties, their related contracts would have been negotiated and signed under the same terms and conditions.

Operational risks

The Company is subject to various operational risks – including the risk of fraud by employees or other persons, unauthorised transactions by employees, or operational errors, including those due to malfunctions or bugs in IT systems – which may negatively affect the Company's economic and financial situation.

For further details on the Company's risk management policies, please see the Issuer's financial statements.

2. Risk Factors Relating to the Market Generally

No prior market for the Bonds

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market. There can be no assurance as to the liquidity of any market that may develop for the Bonds, the ability of Bondholders to sell such Bonds or the price at which the Bonds may be sold. The liquidity of any market for the Bonds will depend on the number of Bondholders, prevailing interest rates, the market for similar securities and other factors, including general economic conditions, and the Issuer's financial condition, performance and prospects. Although application has been made for the Bonds to be admitted to trading on the Third Market of the Vienna Stock Exchange, there is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds. In an illiquid market, Bondholders might not be able to sell their Bonds at any time at fair market prices.

Risks related to secondary market liquidity and/or trading prices of the Bonds

The ability to transfer Bonds may also be restricted by securities laws or regulations of certain countries or regulatory bodies.

It is the obligation of each Bondholder to ensure that offers and sales of Bonds comply with applicable securities laws. In addition, transfers to certain persons in certain other jurisdictions may be limited by law, or may result in the imposition of penalties or liability.

Competition risks

Should the Issuer not be capable of maintaining its competitive strength in the market, e.g. due to additional competitors, there may be negative effects on the Issuer's growth forecast and on its economic and financial situation.

Risks related to economic-financial trends

The Issuer's stability and its capacity to generate revenues, regardless of the fact that the Issuer is active in the business-to-business segment, are affected by the general economic situation and by the dynamics of the financial markets and, in particular, of the stability and outlook of the Republic of Italy, and the creditworthiness of the Issuer. The following elements are therefore relevant: investor confidence, level and volatility of short term and long term interest rates, exchange rates, financial markets liquidity, availability and cost of capital, sovereign debt sustainability, family incomes, consumer expenditure, unemployment levels, inflation and housing costs.

Even if the Issuer obtained positive results during the current economic crisis, it is possible that if the crisis continues, this may have an impact on the Issuer's activity and outlook, as well as on its economic and financial situation.

Price risk

Even a professional investor wishing to divest themselves of Bonds before their maturity may encounter significant difficulties in finding a purchaser and runs the risk of obtaining a lower price than the subscription price of the Bonds. After subscription, the sale price of the Bonds may also be affected by different elements such as:

- interest and market rate variations;
- the characteristics of the market on which the Bonds will be listed;
- any variation in the Issuer's creditworthiness;
- commissions and other dues.

Investors must therefore take into account that the term of their investment in the Bonds may be equal to the term of the Bonds, i.e. that the Bonds may have to be held until their maturity. However, this does not influence the redemption price of the Bonds, which remains equal to 100% of the nominal value.

Interest rate risk

With respect to the Bonds, which have a fixed interest rate, fluctuations in the interest rates on financial markets may have an adverse effect on the price and therefore on the return of the Bonds. Therefore, in the event of a sale of the Bonds before their maturity, their market value may be significantly lower than their subscription price.

Reinvestment risk

The Issuer may repay the Bonds entirely before maturity according to the terms and conditions of the Bonds. In such case, the liquidity obtained by the Bondholder may be re-invested only at an interest rate significantly lower than the one applicable to the Bonds.

Risks connected to a deterioration of the Issuer's creditworthiness

After subscription, the price of the Bonds may be subject to negative variations in cases of deterioration of the Issuer's financial situation or of its creditworthiness. This may have an impact on the price of the Bonds on the secondary market.

Risks related to events which are not under the control of the Issuer

Press releases or changes in general market conditions may significantly affect the market value of the Bonds, as well as market fluctuations and general economic and political conditions, regardless of the Issuer's creditworthiness.

Breach of the negative pledge obligations

In the event that the Issuer or its affiliated companies breach their negative pledge obligations, as provided for in the terms and conditions of the Bonds, and bankruptcy or liquidation proceedings are initiated against the Issuer, any creditor secured by collateral (*garanzie reali*) – even where the creditor status begins subsequent to the Bondholders - they will be treated as preferential creditors regarding collateralised assets. As a consequence, the Issuer's assets will be reduced and the chances that the Bondholders will receive payment of their credit will decrease. Moreover, the Bondholders benefit from the guarantee set out by the loan Regulations

Amendments to tax arrangements

All present and future taxes applicable to the payments made pursuant to the Bonds are the liability of each respective Bondholder. There is no certainty that the tax arrangements currently applicable will not vary with a negative impact on the net return expected by the Bondholder.

Amendments to the terms and conditions of the Bonds without Bondholders' consent

The Italian Civil Code regulates Bondholders' meetings. Should these meetings validly adopt a resolution amending certain regulations of the Bonds, such amendments will apply also to absent, abstaining or dissenting Bondholders.

Conflicts of interest with persons involved in the issuance

Persons involved in the issuance of the Bonds may have an autonomous interest potentially conflicting with the interest of a subscriber. The Issuer confirms that at the moment it is not aware of any such conflicts of interest.

Conflicts of interest among the subscribers of the Bonds

Bondholders may be in a conflict of interest with other Bondholders, e.g. that may have become shareholders of the Issuer or may have signed agreements with the Issuer or its shareholders.

Purchase of Bonds by the Issuer

Issuer may be in a conflict of interest should it purchase Bonds, further to their issuance and listing.