

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

" Jumbo 2018-2025 2,75%" 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 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.

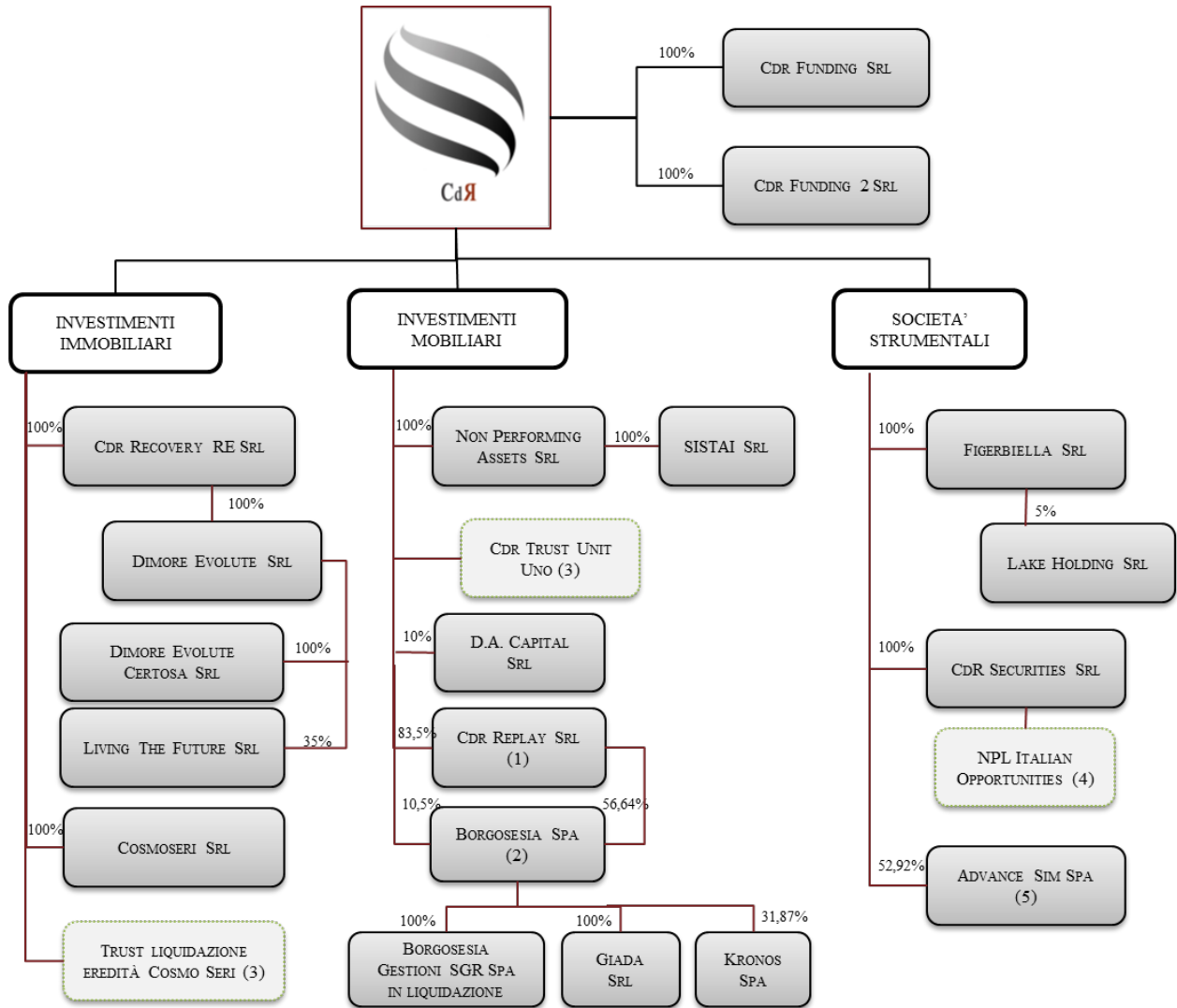
Phone Number: 015.405679 - Fax Number 015.8407120 - E mail info@compagniadellaruota.com -
Website www.compagniadellaruota.com

Share capital

The company's share capital is €171.138,54 represented by shares of categories A and B, and they are distributed as follows (stated in numbers of shares):

Subscriber	A Share	B Share	Total	%
Dama S.r.l.	12.945	6.007.159	6.020.104	31,43%
Az Partecipazioni S.r.l.	1.465.505	349.665	1.815.170	9,48%
Palenche S.r.l.	1.296.455		1.296.455	6,77%
Zeus Capital Best Opportunities	990.000		990.000	5,17%
Pierazzi Luca	979.128		979.128	5,11%
Market	8.023.591	26.987	8.050.578	42,04%
	12.767.624	6.383.811	19.151.435	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 2018):



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 Borgoesia 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% bond issuance and listing 2016 - 2022
2016	Variable floating rate bond issuance and listing 2016 – 2021 (4% "NPL Italian Opportunities 2016 - 2021 TV" bond)

2017	5% bond issuance and listing 2017 – 2022 ("NPL Global 2017 - 2022 5%" bond)
2018	The spin-off of the majority of the company's assets was approved as a favor by Borgosesia Spa , a subsidiary and listed company at MTA Market of Borsa Italiana. The demerger will be implemented reasonably by February 28, 2019 and upon the outcome of this, in accordance with the related draft, all liabilities affecting the Issuer - and therefore also those related to the bond loan referred to in this Information Memorandum, will be transferred to the to the beneficiary company

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 investments in companies or non-corporate vehicles and joint venture operations:

A. As a primary role, it purchases, 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, Italian, born 11.11.1962
Director	Andrea Zanelli, Italian, born 03.10.1966
Director	Luca Pierazzi, Italian, born 16.04.1960
Director	Franco Sala, Italian, born 28.02.1950
Director	Gabriella Tua, Italian, born 16.03.1969
Independent Director	Domenico Calvelli, Italian, born 23.03.1970
Independent Director	Riccardo Rota, Italian, born 21.08.1961

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, 2020 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	Andrea Maffeo
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, 2020.

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, 2019.

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 30 June 2018 are:

(in euro)	City or Foreign Country	Share Capital	Net Worth	% Ownings	Value 31.12.2017	Activity
Figerbiella S.r.l.	Biella	10.400	181.389	100%	181.389	Static trust administration of properties
Non Performing Assets S.r.l.	Biella	10.000	72.098	100%	72.098	Sub holding in the investments sector in non performing property assets
CdR Replay S.r.l.	Biella	18.639	6.745.303	64,46%	4.364.451	SPV
CdR Funding S.r.l.	Biella	10.000	490.001	100%	485.128	SPV
CdR Recovery RE S.r.l.	Biella	1.000.000	6.169.222	100%	5.943.598	Sub holding in the investments sector in non performing property assets
Cosmo Seri S.r.l. in liquidazione	Colmurano	50.000	(439.886)	100%	1	SPV
CdR Funding 2 S.r.l.	Biella	10.000	13.785	100%	13.785	SPV
CdR Securities S.r.l.	Biella	10.000	9.284	100%	9.275	Securitisation company

Advance SIM S.p.A.	Milano	921.386	2.635.736	52,92%	1.913.029	Investment securities company
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4. Investments and business plan

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

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

The major and most recent investments are the following:

- buying a hotel being constructed in Milan, 13 Cosenz Street , credit with a nominal value of €2,9 million;
- buying a property constructed in Milan, 295 Certosa boulevard , credit with a nominal value of €4,5 million ;
- buying of a nominal credit €2,5 million, secured by a mortgage on a property in Milan, 4 Lattanzio Street;
- buying of a company vehicle that owns a property in Milan;
- buying of a non-performing loan of a nominal value of €4,13 million for the maximum part guaranteed by first and second-level mortgages registered on a property complex located in Milan;

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, 31st December, 2016, and 31st December, 2017 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)	2017	2016	2015
MARGIN FROM CORE ACTIVITIES	6.986	4.221	4.044
MARGIN FROM NON-CORE ACTIVITIES	76	132	172
OVERHEADS	(2.027)	(1.049)	(1.074)
MARGIN FROM OPERATING ACTIVITIES (EBIT)	5.035	3.304	3.142
RESULT FROM FINANCIAL MANAGEMENT	(1.617)	(914)	(626)
PROFIT (LOSS) BEFORE TAXES (EBT)	3.418	2.390	2.516
TAXES ON INCOME	(632)	(1.167)	57
GROUP RESULT	2.787	1.223	2.573
DIRECT ADJUSTMENTS TO PN	-	-	925
OVERALL GROUP RESULT	2.787	1.223	3.498

(in €000)	2017	2016	2015
EQUITY CAPITAL	27.590.049	19.953.017	19.034.215
DEBT CAPITAL	41.180.568	19.236.887	17.119.356
TOTAL CAPITAL	68.770.617	39.189.904	36.153.571
EQUITY RATIO	40,11%	50,91%	52,65%

(in Euros)	31.12.2017	31.12.2016	31.12.2015
Cash and cash equivalents			
Liquidity	7.343.884	4,448,352	3,465,552
Total cash and cash equivalents	7.343.884	4,448,352	3,465,552
Current loan receivables (*)	3.191.831	2,189,224	381,285
Securities available for trading	9.176.373	1,482,659	3,434,705
Current financial assets	12.368.204	3,671,883	3,815,990
Payables against banks	(4.055.495)	(253,163)	(270,454)
Other current financial debts	(625.790)	(312,827)	(2,897,860)
Total current financial liabilities	(4.681.285)	(565,990)	(3,168,314)
Current net indebtedness (**)	15.030.803	7,554,245	4,113,228
Non-current financial receivables	314.570	59,520	7,573,252
Non-current financial assets	314.570	59,520	7,573,252
Bond	(21.642.092)	(11,195,372)	(7,468,650)
Payables against Banks (***)	-	(1,298,315)	(1,416,054)
Non-current financial liabilities	(21.642.092)	(12,493,687)	(8,884,704)
Net financial position (***)	(6.295.541)	(4,879,922)	2,801,776

The above figures show that:

- The net financial position is always <1;
- Operating results (EBIT) are constantly growing;
- The increase in gross financial debt follows that of core investments.

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.

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.

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.