

KPMG S.A.
Tour Egho - 2, avenue Gambetta – CS 60055
92066 Paris La Défense Cedex
France

Deloitte & Associés
6, place de la pyramide
92908 Paris La Défense Cedex
France

Carmila S.A.

Société Anonyme with a share capital of €819,370,170

58, avenue Emile Zola
92100 Boulogne Billancourt

Statutory Auditors' special report on regulated agreements and commitments

Annual General Meeting held to approve the financial
statements for the year ended December 31, 2018

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This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided by the French Commercial Code (Code de Commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Carmila S.A. Annual General Meeting

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements and commitments authorized and/or entered into during the year

Pursuant to Article L. 225-40 of the French Commercial Code, the following agreements and commitments, entered into during the year and previously authorized by the Board of Directors, have been brought to our attention.

Agreement with Carrefour Management relating to the secondment of Sébastien Vanhoove

- *Person concerned*

CRFP 13 (company indirectly controlled by Carrefour SA as is Carrefour Management), a shareholder holding more than 10% of the voting rights of the Company.

- *Nature and purpose*

The Board of Directors' meeting of July 27, 2018, authorized the conclusion of an agreement with Carrefour Management relating to the secondment of Sébastien Vanhoove. The Board of Directors' meeting of February 13, 2019 reiterated its authorization, pursuant to the initial terms and conditions.

- *Terms and conditions*

On August 1, 2018, Carmila SA and Carrefour Management entered into a four-year partial secondment agreement, under which Sébastien Vanhoove, an employee of Carrefour Management, will carry out operational tasks for the Company, for a portion of his activity, valued at half the time he devotes to all his duties.

During the secondment period, the Company will repay to Carrefour Management half the remuneration paid to Sébastien Vanhoove, the related social security contributions and the business expenses reimbursed with respect to the secondment. Considering that Sébastien Vanhoove's objectives will include, throughout the secondment period, components related to his various duties and performance with the Company, the reimbursed wages will include the variable annual compensation attributed to Sébastien Vanhoove in this respect.

Under this agreement, the Company repaid €101,797 excluding taxes in respect of fiscal year 2018.

- *Reasons justifying the agreement is in the Company's interest*

In the Board of Directors' opinion, it is in the Company's interest to enter into this agreement to enable the Company to benefit from Sébastien Vanhoove's expertise, experience and knowledge.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY ANNUAL GENERAL MEETINGS

Previously approved agreements and commitments that remained in force during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by annual general meetings of prior years, remained in force during the year.

Lease management and commercialization mandate agreement with Carrefour Property Gestion

- *Person concerned*

CRFP 13 (company fully controlled by Carrefour SA as is Carrefour Property Gestion), a shareholder holding more than 10% of the voting rights of the Company.

- *Nature and purpose*

The Board of Directors' meeting of March 31, 2017 authorized the signature of a lease management and commercialization mandate agreement covering the management of the private commercial

premises of the Company's real estate properties which it owns or which it occupies pursuant to a construction or emphyteutic lease.

- *Terms and conditions*

The exclusive lease management and commercialization mandate agreement, dated May 17, 2017, sets out the terms and conditions of the lease management and commercialization assignments entrusted to Carrefour Property Gestion. It was entered into for the period June 12, 2017 to December 31, 2020 for a fixed remuneration equal to 3.5% of net annual rent received or collected, excluding charges and insurance.

Carrefour Property Gestion invoiced the Company €419,619, excluding taxes, in respect of fiscal year 2018.

- **Amendment to the Renovation and Development Agreement with Carrefour**

- *Person concerned*

CRFP 13 (company indirectly controlled by Carrefour SA), a shareholder holding more than 10% of the voting rights of the Company.

- *Nature and purpose*

The Carmila SAS Board of Directors' meeting of March 31, 2017 authorized the conclusion of an amendment to the Renovation and Development Agreement entered into between Carmila SAS and Carrefour SA on April 16, 2014. The Carmila SAS Ordinary Meeting of Shareholders of June 12, 2017 approved the conclusion of this amendment.

As part of the merger-absorption of Carmila SAS by the Company on June 12, 2017, the Company assumed the rights and obligations of Carmila SAS with respect to the Renovation and Development Agreement entered into with Carrefour SA.

- *Terms and conditions*

Wishing to implement a strategy designed to boost the appeal of shopping centers and optimize their value, Carmila SAS and Carrefour SA (acting in their own name and in the name and on behalf of their subsidiaries), entered into a renovation and development agreement on April 16, 2014 (the "Renovation and Development Agreement").

On May 3, 2017, Carmila SAS and Carrefour amended the Renovation and Development Agreement in order to:

- incorporate the new assets acquired by the Carmila group in France, Italy and Spain since April 16, 2014 within the scope of assets covered by the Renovation and Development Agreement; and
- incorporate the assets held by the Company and the principles applicable to the development and renovation transactions relating to these assets in the Renovation and Development Agreement until December 31, 2027.

In this context, an agreement was signed on June 27, 2018 pursuant to which Carmila Nice acquired the rights from Immobilière Carrefour relating to the shopping mall extension project to be built for €117.6 million, taxes included.

- **Secondment agreement covering Jacques Ehrmann**

- *Person concerned*

CRFP 13 (company indirectly controlled by Carrefour SA), a shareholder holding more than 10% of the voting rights of the Company.

- *Nature and purpose*

At its meeting of March 31, 2017, the Board of Directors of Carmila SAS authorized a new agreement covering the secondment of Jacques Ehrmann.

As part of the merger-absorption of Carmila SAS by the Company on June 12, 2017, the Company assumed the rights and obligations of Carmila SAS with respect to the partial secondment agreement concluded with Carrefour SA and covering Jacques Ehrmann. The remuneration of Jacques Ehrmann, as Chairman and Chief Executive Officer, was approved by the Company's Ordinary Meeting of Shareholders on June 12, 2017.

- *Terms and conditions*

On April 12, 2017, Carmila SAS and Carrefour entered into a four-year partial secondment agreement, under which Jacques Ehrmann, an employee of Carrefour SA, is seconded to Carmila SAS and then the Company by Carrefour SA for a portion of his activity, valued at half the time he devotes to all his duties.

During the secondment period, the Company will repay to Carrefour SA half the remuneration paid to Jacques Ehrmann, the related social security contributions and the business expenses reimbursed with respect to the secondment. Considering that Jacques Ehrmann's objectives will include, throughout the secondment period, components relating to his duties and performance with the Company, the reimbursed wages will include the variable annual remuneration attributed to Jacques Ehrmann in this respect.

Under this agreement, the Company repaid €1,164,198 excluding taxes for fiscal year 2018.

- **Service agreement with Carrefour**

- *Person concerned*

CRFP 13 (company indirectly controlled by Carrefour SA), a shareholder holding more than 10% of the voting rights of the Company.

- *Nature, purpose and terms and conditions*

As part of the merger-absorption of Carmila SAS by the Company on June 12, 2017, the Company assumed the rights and obligations of Carmila SAS with respect to the service agreement with Carrefour SA.

On April 16, 2014, Carmila SAS and Carrefour entered into a five-year service agreement under which Carrefour provides Carmila SAS with the expertise and resources necessary to assist it with accounting, tax consolidation and legal monitoring, for a fee of €62,000 per calendar year excluding taxes.

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On May 17, 2017, Carmila SAS and Carrefour SA amended this agreement, in order to (i) increase the annual overall fee to €102,000 per calendar year excluding taxes, and (ii) extend the initial term of the agreement to December 31, 2020.

Under this agreement, Carrefour SA invoiced the Company €102,000 excluding taxes for fiscal year 2018.

Paris La Défense, April 5th, 2019

The Statutory Auditors

KPMG S.A.

DELOITTE & ASSOCIES

Eric Ropert
Partner

Adrien Johner
Partner

Stéphane Rimbeuf
Partner