

CARMILA
French Société anonyme with share capital of Euro 810,360,174
Registered office: 58 avenue Emile Zola, 92100 Boulogne-Billancourt - France
Registered at the Nanterre Trade and Companies Registry under number 381 844 471
(hereinafter the “**Company**”)

ADDITIONAL REPORT BY THE BOARD OF DIRECTORS DATED SEPTEMBER 4, 2017

(ARTICLES L. 225-129-5 AND R. 225-116 OF THE FRENCH COMMERCIAL CODE)

To the Shareholders,

At its meeting on June 23, 2017, the Board of Directors decided to make use of the delegations of powers granted to it, pursuant to the Thirty-Seventh and Forty-Seventh Resolutions adopted by the combined general meeting of the shareholders on June 12, 2017 (hereinafter the “**General Meeting**”), to carry out a placement of the Company’s shares, as announced when Carmila SAS merged with and into the Company (hereinafter the “**Merger**”).

This placement took the form of (i) a capital increase through the issuance to Carmila’s existing shareholders of warrants to purchase newly issued shares, implemented in accordance with the Thirty-Seventh Resolution adopted at the General Meeting (hereinafter the “**Capital Increase**”), and (ii) a capital increase through the issuance, with the disapplication of shareholders’ pre-emption rights, of warrants to purchase newly issued shares, reserved for the underwriters of the Capital Increase, implemented in accordance with the Forty-Seventh Resolution adopted at the General Meeting (hereinafter the “**Additional Capital Increase**”).

The Capital Increase and the Additional Capital Increase were presented in prospectus no. 17-298 (hereinafter the “**Prospectus**”) approved by the Autorité des Marchés Financiers (hereinafter the “**AMF**”) on June 23, 2017.

In accordance with the provisions of Articles L. 225-129-5 and R. 225-116 of the French Commercial Code, we drafted an additional report on the arrangements for the Capital Increase and Additional Capital Increase.

1. The Capital Increase

1.1 Recap on the principal terms of the delegation of powers pursuant to the 37th resolution of the Annual General Meeting of June 12, 2017

In its Thirty-Seventh Resolution, the General Meeting delegated to the Board of Directors, with the option of further delegating this authority as provided for in law, powers to decide to increase the share capital with pre-emption rights for the Company’s shareholders, including through the issue of share subscription warrants, for valuable consideration or at no charge, with the maximum nominal capital increases that may be carried out in accordance with the aforementioned resolution set at Euro 500 million.

1.2 Decisions made by the Board of Directors on June 23, 2017 and by the Chairman and Chief Executive Officer on July 6, 2017

At its meeting on June 23, 2017, the Board of Directors decided in principle on a maximum aggregate increase in share capital of around Euro 557 million (i.e. including the issue premium), which was carried out by means of warrants to purchase newly issued shares, based on a ratio of one warrant for each share with a par value of six euros (Euro 6), to all the Company’s existing shareholders of record in securities accounts at the close of the first trading session following the announcement that the AMF had granted its visa to the Prospectus, that is on June 26, 2017.

At the same meeting, the Board (i) set the indicative range for the exercise price of the warrants at between Euro 23 and Euro 27 per share, with 9 warrants carrying entitlement to subscribe for 2 new shares, (ii) set the period for the exercise of the share subscription warrants at the 5 trading days from July 10, 2017 to July 17, 2017 (inclusive), and (iii) delegated its authority to the Chairman and Chief Executive Officer and to each of the Chief Operating Officers, in accordance with the provisions of Article L. 225-129-4 of the French Commercial Code, to decide to proceed with the issue of the warrants and their bonus allotment to all the Company’s shareholders and to set the terms and conditions under which a shareholder may take advantage of this allotment, set definitively all the terms and conditions for the share subscription warrants, including the exercise price (provided that this falls within the exercise price range determined by the Board of Directors) and set the maximum total nominal amount of the capital increase resulting from the exercise of the share subscription warrants and the size of the issue premium.

On July 6, 2017, Jacques Ehrmann, Chairman and Chief Executive Officer of the Company, acting pursuant to the authority delegated by the Board of Directors, decided to carry out a capital increase subject to the following terms and conditions:

Main terms and conditions of the Capital Increase

The Chairman and Chief Executive Officer decided to allot share subscription warrants (hereinafter the “**Warrants**”) based on a ratio of one warrant for each share with a par value of six euros (Euro 6), to all the Company’s existing shareholders of record in securities accounts at the close of the trading session of June 26, 2017, with 9 warrants carrying entitlement to subscribe for 2 new shares (hereinafter the “**New Shares**”) with an exercise price of Euro 24 per new share to be subscribed for upon exercise

of said Warrants, such that each subscriber must exercise 9 Warrants and pay Euro 48 to subscribe for 2 new shares.

The Chairman and Chief Executive Officer decided to set the maximum amount of the capital increase (after the waiver by the underwriters) at Euro 556,263,888 (including the issue premium, excluding exercise of the overallotment option), representing a maximum nominal increase in the capital of Euro 139,065,972, plus a maximum aggregate issue premium of Euro 417,197,916, it being specified that CRFP 13 would subscribe for 2,083,334 New Shares for a total amount of Euro 50,000,016 (issue premium included) and assuming that the Company's existing minority shareholders exercise their Warrants in full.

Placement

The Carrefour Group (via CRFP 13), ColKart SARL and ColKart Investment II SCS (Colony), CAA Kart 2 (Predica), C Commerce 2 (Cardif), SAS Sogecar 2 (Sogecap), SCI Vendôme Commerces (AXA), LVS II France I SAS (Pimco), Kart SBS (Blue Sky Group), OPPCI Kartam (Amundi), Charles de Gaulle Neuilly and CapImmo (Primonial) and Delta Immo and SwissLife Dynapierre (SwissLife), the Company's shareholders (hereinafter the "**Shareholders Selling Warrants**") have undertaken not to exercise their Warrants, it being stated, however, that CRFP 13 has indicated its intention to retain and exercise a portion of its Warrants.

Accordingly, each Shareholder Selling Warrants transferred to the Placement's Centralising Agent (as defined hereinbelow), acting on behalf of the Underwriters, on the Settlement/Delivery Date of the Placement (as defined hereinbelow), all its Warrants (and, in CRFP 13's case, except for the Warrants exercised by CRFP 13 and representing the subscription of 2,083,334 New Shares for a total amount of Euro 50,000,016) for a fixed overall sum of Euro 1 per Shareholder Selling Warrants.

A placement (hereinafter the "**Placement**") of the shares (hereinafter the "**New Shares from the Placement**") resulting from the exercise by Société Générale acting on behalf of the Underwriters (hereinafter the "**Placement's Centralising Agent**") of the Warrants transferred to it by certain shareholders, went ahead at the offer price, that is Euro 24 per New Share from the Placement (hereinafter the "**Offer Price**").

The Offer Price was set by the Company based on supply and demand in connection with the Placement through the building of an order book by the Joint Bookrunners, in line with customary practice, between June 26, 2017 and July 6, 2017 (12:00 am, Paris time).

Underwriting

The Company entered into an underwriting agreement for the Placement on July 6, 2017 with a group of financial institutions led by Morgan Stanley & Co. International plc and Société Générale, in their capacity as Global Coordinators and Joint Bookrunners (hereinafter the "**Global Coordinators**") also consisting of Citigroup Global Markets Limited, HSBC Bank plc, Kempen & Co. NV and Natixis as Joint Bookrunners (hereinafter the "**Joint Bookrunners**") and BNP Paribas and Crédit Agricole Corporate and Investment Bank as Co-Bookrunners (hereinafter the "**Co-Bookrunners**", referred to hereinafter together with the Global Coordinators and Joint Bookrunners as the "**Underwriters**") for the entire amount of the New Shares from the Placement.

Exercise of the Warrants

Since each Shareholder Selling Warrants has undertaken to transfer to the Placement's Centralising Agent, acting in the name and on behalf of the Underwriters, at the Settlement/Delivery Date of the Placement all its Warrants (and, in CRFP 13's case, except for the Warrants exercised by CRFP 13), their Warrants were exercised on July 10, 2017 by the Placement's Centralising Agent (see above).

The other holders of the Warrants and their successive transferees were able to exercise their Warrants from July 10 until July 17, 2017 at the Offer Price with a view to subscribing for New Shares in the Company.

Settlement-Delivery

Settlement-delivery of the New Shares subscribed for upon exercise of the Warrants took place on the following dates:

- on July 10, 2017 (hereinafter the “**Settlement-Delivery Date of the Placement**”) for the Warrants, for which an exercise request was validly received by CACEIS Corporate Trust by 11:00 am on this date, and
- on July 25, 2017 for the Warrants, for which an exercise request was validly received by CACEIS Corporate Trust after 11:00 am on July 10, 2017.

Application for admission to trading

The Warrants were traded on Euronext Paris from July 10, 2017 until July 17, 2017 under ISIN code FR0013265352.

An application was made to admit the New Shares to trading on Euronext Paris on the same line as the Company’s existing shares (ISIN code: FR0010828137).

1.3 Decisions by the Chairman and Chief Executive Officer on July 10, 2017 and July 25, 2017

On July 10, 2017 and July 21, 2017, Jacques Ehrmann, the Company’s Chairman and Chief Executive Officer, formally recorded:

- the exercise on July 10, 2017 of 103,687,506 Warrants at a price of Euro 24 per new share, and the subsequent issue of 23,041,668 New Shares, and
- the exercise on July 21, 2017 of 369,675 Warrants at a price of Euro 24 per new share, and the subsequent issue of 82,150 New Shares.

Based on the custodian’s certificate prepared by CACEIS Corporate Trust dated July 25, 2017, Jacques Ehrmann, the Company’s Chairman and Chief Executive Officer, acting under the delegation of authority by the Board of Directors, formally recorded on July 25, 2017 that a total number of 104,057,181 Warrants had been exercised during the exercise period of the Warrants, that 23,123,818 New Shares in total were fully subscribed for and that a Capital Increase in a nominal amount of Euro 138,742,908 plus an aggregate premium of Euro 416,228,724 had been duly completed.

1.4 **Impact of capital increases on a shareholder’s position**

1.4.1 Issuance’s impact on the share of equity attributable to the Company’s shareholders

Issuance’s impact on equity in the parent company financial statements

The impact of the issue of New Shares on the share of equity in the parent company financial statements attributable to the Company’s shareholders (calculated on the basis of the Company’s parent company equity at June 30, 2017 and the number of shares making up the Company’s share capital at June 30, 2017) is as follows (after deducting the legal and administrative expenses and the aggregate fees paid to the financial intermediaries (excluding the effects of any tax savings)):

	Attributable share of parent company equity per ordinary share (in euros)	
	Basic	Diluted ⁽¹⁾
Prior to the issue of the New Shares	24.39	24.33
After the issue of 23,123,818 New Shares	24.21	24.17

⁽¹⁾ Calculations factoring in definitive granting of all 241,614 bonus shares likely to be allotted subsequent to the Capital Increase in respect of the Présence 2016, Performance 2016 and Performance 2017 plans.

Issuance's impact on consolidated equity

The impact of the issue of New Shares on the share of consolidated equity attributable to the Company's shareholders (calculated on the basis of the Company's consolidated equity at June 30, 2017 and the number of shares making up the Company's share capital at June 30, 2017) is as follows (after deducting the legal and administrative expenses and the aggregate fees paid to the financial intermediaries (excluding the effects of any tax savings)):

	Attributable share of consolidated equity per ordinary share (in euros)	
	Basic	Diluted ⁽¹⁾
Prior to the issue of the New Shares	27.03	26.97
After the issue of 23,123,818 New Shares	26.39	26.34

⁽¹⁾ Calculations factoring in definitive granting of all 241,614 bonus shares likely to be allotted subsequent to the Capital Increase in respect of the Présence 2016, Performance 2016 and Performance 2017 plans.

1.4.2 Issuance's impact on the shareholder's position

For indicative purposes, the impact of the issue of New Shares on the shareholding of a shareholder with a 1% percentage interest in the Company's share capital prior to the issue, not subscribing for shares in the issue (calculations based on the number of shares making up the share capital at June 30, 2017) is as follows:

	Shareholder's percentage interest (as a%)	
	Basic	Diluted ⁽¹⁾
Prior to the issue of the New Shares	1%	0.998%
After the issue of 23,123,818 New Shares	0.825%	0.821%

⁽¹⁾ Calculations factoring in definitive granting of all 241,614 bonus shares likely to be allotted subsequent to the Capital Increase in respect of the Présence 2016, Performance 2016 and Performance 2017 plans.

1.4.3 Issuance's theoretical impact on the current market value of Carmila shares

The theoretical impact on the current market value of Carmila shares, i.e. Euro 31.34 per share (corresponding, pursuant to Article R. 225-115 of the French Commercial Code, to the average opening price in the 20 trading sessions preceding July 6, 2017), is as follows (calculations based on the number of shares making up the share capital at June 30, 2017):

	Market value per share (in euros)	
	Basic	Diluted ⁽¹⁾
Prior to the issue of the New Shares	31.34	31.27
After the issue of 23,123,818 New Shares	30.05	30.00

⁽¹⁾ Calculations factoring in definitive granting of all 241,614 bonus shares likely to be allotted subsequent to the Capital Increase in respect of the Présence 2016, Performance 2016 and Performance 2017 plans.

2. Additional Capital Increase

2.1 Recap on the principal terms of the delegation of powers pursuant to the 47th resolution of the Annual General Meeting of 12 June 2017

In its Forty-Seventh resolution, the General Meeting delegated powers to the Board of Directors, with the option of further delegating this authority as provided for in law, to decide to increase the share capital, with the disapplication of shareholders' pre-emption rights, through the issue of up to 8,000,000 share subscription warrants at a subscription price of Euro 0.0001 per share, with each warrant carrying entitlement to subscribe for one share in the Company with a par value of six euros (Euro 6), representing a maximum nominal capital increase of Euro 50 million.

Pursuant to its Forty-Seventh Resolution, the General Meeting also decided:

- to disapply pre-emption rights for shareholders with respect to the share subscription warrants in favour of the following categories of persons: investment service providers established in France or in another Member State of the European Union acting in connection with a securities placement transaction decided by the Company, and
- that the issue of share subscription warrants may take place only in the event of the use by the Board of Directors of the delegation of powers referred to in the Thirty-Seventh Resolution, in the form of an over-allotment option, and that in this case the exercise price of the warrants will be that set for subscription for any shares to be issued in connection with the capital increase proceeding pursuant to the Thirty-Seventh Resolution.

2.2 Decisions made by the Board of Directors on June 23 and the Chairman and Chief Executive Officer on July 6, 2017

At its meeting on June 23, 2017, the Board of Directors decided to approve in principle a maximum aggregate increase in share capital of around Euro 76 million (issue premium included), through the issue, with the disapplication of shareholders' pre-emption rights, of share subscription warrants reserved for Morgan Stanley & Co. International plc, acting in the name and on behalf of the Underwriters for the Capital Increase for the purpose of enabling it to exercise the over-allotment option granted to them.

At the same meeting, the Board of Directors decided to delegate powers to the Chairman and Chief Executive Officer and to each of the Chief Operating Officers, pursuant to the provisions of Article L. 225-129-4 of the French Commercial Code, to: (i) decide to issue share subscription warrants and reserve the issue for Morgan Stanley & Co. International plc, acting in the name and on behalf of the Underwriters of the Capital Increase, and to lay down the definitive terms and conditions, (ii) decide on the definitive size of the issue, and the size of the premium that may be requested at the issue, or, where appropriate, the amount of the reserves, earnings or premiums that may be incorporated in the

capital, and (iii) determine the dates and the arrangements for the issue, the nature and the characteristics of the share subscription warrants to be issued.

On July 6, 2017, Jacques Ehrmann, Chairman and Chief Executive Officer of the Company, acting pursuant to the authority delegated by the Board of Directors, decided to:

- (i) carry out a capital increase, with the disapplication of shareholders' pre-emption rights, through the issue of 3,143,750 share subscription warrants, with each warrant being issued for a unit subscription price of Euro 0.0001 (hereinafter the "**Overallotment share subscription warrants**"), and each warrant carrying entitlement to subscribe, at a unit price of Euro 24, for one new share with a par value of six euros (Euro 6) (hereinafter the "**Additional New Shares**"), fully fungible with the existing shares and covered by an application for their admission to trading on Euronext's regulated market in Paris on the same line as the Company's existing shares, representing a maximum capital increase of Euro 75,450,000 (including the issue premium, i.e. a maximum nominal amount of Euro 18,862,500, plus a maximum aggregate premium of Euro 56,587,500),
- (ii) record formally that the issue will be reserved for Morgan Stanley & Co. International plc, acting in the name and on behalf of the Underwriters of the Capital Increase, and likely to go ahead in connection with the overallotment option granted to them,
- (iii) set the exercise price for Overallotment share subscription warrants at Euro 24 per new share arising from the exercise of a warrant and set the exercise period for the Overallotment share subscription warrants at the 28 calendar days from July 6, 2017 to August 4, 2017 (inclusive).

2.3 Decisions by the Chairman and Chief Executive Officer on July 28, 2017

On July 28, 2017, Jacques Ehrmann, the Company's Chairman and Chief Executive Officer, formally recorded the exercise on the same day of the 3,067,982 Overallotment share subscription warrants at an exercise price of Euro 24 per Additional New Share, with each Overallotment share subscription warrant carrying entitlement to subscribe for one Additional New Share, and the subsequent issue on July 31, 2017 of 3,067,982 ordinary Additional New Shares, each with a par value of Euro 6, fully fungible with the existing shares and covered by an application for their admission to trading on Euronext's regulated market in Paris on the same line as existing shares.

Jacques Ehrmann, the Company's Chairman and Chief Executive Officer, also decided, subject to the issue of the custodian's certificate by CACEIS Corporate Trust, to record formally that 3,067,982 Additional New Shares in total were subscribed for in their entirety and that the Additional Capital Increase in a nominal amount of Euro 18,407,892 plus an aggregate premium of Euro 55,223,676 had been completed.

On July 31, 2017, CACEIS Corporate Trust issued the custodian's certificate confirming that the 3,067,982 Additional New Shares were fully subscribed for and had been paid up in full and that the Additional Capital Increase in a total amount of Euro 73,631,568 (that is a nominal capital increase of Euro 18,407,892 plus an aggregate premium of Euro 55,223,676) had been completed.

2.4 Impact of the Additional Capital Increase on a shareholder's position

2.4.1 Issuance's impact on the share of equity attributable to the Company's shareholders

Issuance's impact on equity in the parent company financial statements

The impact of the issuance of Additional New Shares on the attributable share of equity as per the parent company financial statements (calculated on the basis of the Company's parent company equity at June 30, 2017 and the number of shares making up the Company's share capital at June 30, 2017) is as follows (after deducting the legal and administrative expenses and the aggregate fees paid to the financial intermediaries (excluding the effects of any tax savings)):

	Attributable share of parent company equity per ordinary share (in euros)	
	Basic	Diluted ⁽¹⁾
Prior to the issue of the Additional New Shares (and after the issue of the New Shares)	24.21	24.17
After the issue of 3,067,982 Additional New Shares	24.20	24.16

⁽¹⁾ Calculations factoring in definitive granting of all 241,614 bonus shares likely to be allotted subsequent to the Capital Increase in respect of the Présence 2016, Performance 2016 and Performance 2017 plans.

Issuance's impact on consolidated equity

The impact of the issuance of Additional New Shares on the share of consolidated equity attributable to the Company's shareholders (calculated on the basis of the Company's consolidated equity at June 30, 2017 and the number of shares making up the Company's share capital at June 30, 2017) is as follows (after deducting the legal and administrative expenses and the aggregate fees paid to the financial intermediaries (excluding the effects of any tax savings)):

	Attributable share of consolidated equity per ordinary share (in euros)	
	Basic	Diluted ⁽¹⁾
Prior to the issue of the Additional New Shares (and after the issue of the New Shares)	26.39	26.34
After the issue of 3,067,982 Additional New Shares	26.33	26.28

⁽¹⁾ Calculations factoring in definitive granting of all 241,614 bonus shares likely to be allotted subsequent to the Capital Increase in respect of the Présence 2016, Performance 2016 and Performance 2017 plans.

2.4.2 Issuance's impact on the shareholder's position

For indicative purposes, the impact of the issuance of Additional New Shares on the shareholding of a shareholder with a 1% percentage interest in the Company's share capital prior to the issuance not subscribing for shares in the issuance (calculations based on the number of shares making up the share capital at 30 June 2017) is as follows:

	Shareholder's percentage interest (as a%)	
	Basic	Diluted ⁽¹⁾
Prior to the issue of the Additional New Shares (and after the issue of the New Shares)	1%	0.998%
After the issue of 3,067,982 Additional New Shares	0.977%	0.974%

⁽¹⁾ Calculations factoring in definitive granting of all 241,614 bonus shares likely to be allotted subsequent to the Capital Increase in respect of the Présence 2016, Performance 2016 and Performance 2017 plans.

2.4.3 Issuance's theoretical impact on the current market value of Carmila shares

The theoretical impact on the current market value of Carmila shares, i.e. Euro 31.34 per share (corresponding, pursuant to Article R. 225-115 of the French Commercial Code, to the average opening price in the 20 trading sessions preceding 6 July 2017), is as follows (calculations based on the number of shares making up the share capital at 30 June 2017):

	Market value per share (in euros)	
	Basic	Diluted ⁽¹⁾
Prior to the issue of the Additional New Shares (and after the issue of the New Shares)	30.05	30.00
After the issue of 3,067,982 Additional New Shares	29.91	29.86

⁽¹⁾ Calculations factoring in definitive granting of all 241,614 bonus shares likely to be allotted subsequent to the Capital Increase in respect of the Présence 2016, Performance 2016 and Performance 2017 plans.

3. **Publication of this additional report**

In accordance with the statutory and regulatory provisions in force, this additional report will be made available to shareholders at the Company's registered office and will be brought directly to the attention of the shareholders at the next general meeting.