Prospectus dated 22 March 2016

(a *société par actions simplifiée* incorporated in France)

€600,000,000 2.375 per cent. Notes due 16 September 2024
Issue Price: 99.183 per cent.

This prospectus constitutes a prospectus (the **Prospectus**) for the purposes of Article 5.3 of Directive 2003/71/EC, as amended (the **Prospectus Directive**). Application has been made to the *Autorité des marchés financiers* (**AMF**) for approval of this Prospectus in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive.

The €600,000,000 2.375 per cent. Notes due 16 September 2024 (the **Notes**) of Carmila S.A.S. (the **Issuer**) will be issued outside the Republic of France and will mature on 16 September 2024 (the **Maturity Date**).

Interest on the Notes will accrue at the rate of 2.375 per cent. *per annum* from 24 March 2016 (the **Issue Date**) and will be payable in Euro annually in arrear on 16 September in each year, provided that there will be a short first coupon for the period from, and including, 24 March 2016 to, but excluding, 16 September 2016. Payments of principal and interest on the Notes will be made without deduction for or on account of taxes of the Republic of France (see "**Terms and Conditions of the Notes – Taxation**").

Unless previously redeemed, or purchased and cancelled in accordance with the terms and conditions of the Notes, the Notes may not be redeemed prior to 16 September 2024. The Notes may, and in certain circumstances shall, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (see "**Terms and Conditions of the Notes – Redemption and Purchase**").

The Issuer may, at its option (i) from and including 3 months prior to the Maturity Date to but excluding the Maturity Date, redeem all but not some only of the Notes outstanding at par plus accrued interest, in accordance with the provisions set out in "**Terms and Conditions of the Notes – Residual Maturity Call Option by the Issuer**", (ii) redeem the Notes, in whole or in part, at any time, prior to their Maturity Date, in accordance with the provisions set out in "**Terms and Conditions of the Notes – Make Whole Redemption by the Issuer**" and (iii) redeem all but not some only of the outstanding Notes in the event that 20 per cent. or less of the initial aggregate principal amount of the Notes remains outstanding, in accordance with the provisions set out in "**Terms and Conditions of the Notes – Squeeze Out Redemption**".

If a Change of Control occurs, each Noteholder will have the option to require the Issuer to redeem or repurchase all or part of the Notes held by such Noteholder on the Optional Redemption Date at their principal amount together with interest accrued up to but excluding such date of redemption or repurchase all as defined and more fully described in "Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the option of Noteholders following a Change of Control".

Application has been made to Euronext Paris S.A. for the Notes to be admitted to trading on Euronext Paris. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, as amended, appearing on the list of regulated markets issued by the European Commission (a **Regulated Market**).

The Notes will, upon issue on 24 March 2016, be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes – Form, Denomination and Title") including Euroclear Bank S.A./N.V. (**Euroclear**) and the depositary bank for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**).

The Notes will be in dematerialised bearer form in the denomination of €100,000 each. The Notes will at all times be represented in book-entry form (*dématérialisé*) in the books of the Account Holders in compliance with Articles L.211-3 *et seq*. and R.211-1 *et seq*. of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**). Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or of the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)).

The Notes and the long-term debt of the Issuer are rated BBB by Standard & Poor's Ratings Services (S&P). S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 as amended on credit rating agencies and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (www.esma.europea.eu). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Copies of this Prospectus and the documents incorporated by reference will be available for inspection free of charge, at the office of the Fiscal Agent and will be available on the website of the Issuer (http://www.carmila.com/fr/loginfinance/; password: Finance2015/), and a copy of this Prospectus will be available on the website of the AMF (www.amf-france.org).

Prospective investors should have regard to the factors described in the section headed "Risk Factors" in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Notes.

Joint Bookrunners

DEUTSCHE BANK	**NATIXIS**	**SOCIETE GENERALE CORPORATE & INVESTMENT BANKING**

This Prospectus has been prepared for the purpose of giving information with regard to the Issuer, the Issuer and its consolidated subsidiaries taken as a whole (the ***Group*** *or* ***Carmila****) and the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer and the Group.*

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Managers (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the ***Securities Act****). Subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or of the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (****Regulation S****)). For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "Subscription and Sale".*

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no material adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the extent permitted by law, each of the Managers accepts no responsibility whatsoever for the content of this Prospectus or for any other statement in connection with the Issuer or the Group.

The Managers have not separately verified the information or representations contained or incorporated by reference in this Prospectus in connection with the Issuer or the Group. The Managers do not have any fiduciary duties to investors and therefore assume no liability or obligation to investors. None of the Managers makes any representation, express or implied, or accepts any responsibility, with respect to the sincerity, accuracy or completeness of any of the information in this Prospectus in connection with the Issuer or the Group. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation and assessment as it deems necessary. Each potential purchaser of Notes should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. None of the Managers undertook or undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Managers.

See "Risk Factors" below for certain information relevant to an investment in the Notes.

In this Prospectus, unless otherwise specified, references to a "Member State" are references to a Member State of the European Economic Area, references to "EUR" or "euro" or "€" are to the single 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.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer’s and the Group's business strategies, expansion and growth of operations, trends in the business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

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RISK FACTORS

The following are certain risk factors of the offering of the Notes of which prospective investors should be aware. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of 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. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

The terms defined in "Terms and Conditions of the Notes" shall have the same meaning where used below.

Risks related to the Issuer and its business

The risks described below are those identified by the Issuer that could have an adverse effect on the Issuer's situation. Additional risks, which are either not currently known or not considered likely to materialise, as at the date of this Prospectus may also exist, such additional risks could materially and adversely affect the Issuer's business, financial condition or the results of its operations. The occurrence of one or more of these risks could also have an adverse effect on the Issuer or the Group's situation.

Risk relating to the recent constitution of Carmila

The Issuer was incorporated on 4 December 2013 but started its activity in April 2014. Therefore it only has four sets of financial statements, the initial financial statements covering a period of six months from 4 December 2013 to 31 May 2014 (covering, in real terms, a period of 1.5 months of trading activity), the financial statements covering the period 1 June 2014 to 31 December 2014, being 7 months of activity, the interim financial statements covering the six-month period from 1 January 2015 to 30 June 2015 and the financial statements covering the twelve-month period from 1 January 2015 to 31 December 2015.

This limited amount of financial information available means that there is less historical information relating to the Issuer than there is for other longer-standing issuers, and this may make it difficult for investors to predict the evolution of Carmila's activity and evaluate the risks linked to an investment in the Notes when making a decision to invest in the Notes.

Macro-economic risks

Risk related to the economic environment

Since Carmila's portfolio mostly comprises shopping centres, changes in the key macro-economic indicators of the countries in which the Group operates are likely to impact Carmila's business, its lease income and real estate portfolio value, as well as shape its investment and new asset development policy, and therefore its growth prospects. However, food-anchored shopping malls such as Carmila's have proven to be resilient during the crisis and currently show signs of improvement. Carmila's activity may be sensitive to French, Spanish and Italian economic growth, inflation, and consumer spending levels. In particular, the key resulting risks that may affect its activity are as follows:

- the general economic climate is liable to either encourage or discourage demand for new retail space and therefore likely to affect the growth prospects of Carmila's shopping centre portfolio in terms of acquisition of new centres or extension of existing centres;

- any prolonged worsening of economic conditions could also result in an increase in (i) unlet units in Carmila centres, which would have a negative effect on the Group lease income and (ii) expenses that cannot be passed on to tenants where vacant premises require repairs and refurbishment before they can be relet. However, despite the economic climate, Carmila's occupancy rates were rising over 2014 and 2015. In particular, in Spain, which had the lowest levels of occupancy, the physical occupancy rate (measured in square meters) increased by 16.1% on a non comparable basis from May 2014 to December 2015;

- a downward trend or slower growth in the indices against which most rents payable under Carmila's leases are indexed may also compromise Carmila lease income, as could any change in the indices used for this purpose. However, due to Carmila's diversified portfolio, the overall impact on all the leases may be reduced by the fact that indexation is country specific (usually against national inflation indices (Consumer Price Index (CPI) for Spain and Italy) or, in the case of France, indices specific to commercial leases (Index of Construction Costs (ICC) (*Indice du Coût de la Construction*) and Index of Commercial Rents (ILC) (*Indice des Loyers Commerciaux*);

- the ability of Carmila to increase rents – or maintain them at current levels – depends, at the point of lease renewal, on its tenant's current and forecast revenue levels, which in turn depend in part on the state of the economy as well as on supply and demand and the market itself. However, the lease contracts are lengthy (10 years on average in France) and the renewal rate is approximately 10% per year therefore renewals are spread out over time; and

- the profitability of Carmila's activity depends on the solvency of its tenants. In particular, during periods of difficulty in the economy, tenants may delay payment of rent, fail to pay rent at all, or encounter financial problems that would cause Carmila to review tenancy conditions downwards. Yet tenants to Carmila make lease deposits equivalent to one quarterly rental invoicing or equivalent bank guarantee.

Risk related to the real estate market

Carmila may not always execute its investments and divestments at the most opportune time because of the cyclical nature of the real estate sector. Although, commercial shopping centres anchored by food retailing units are one of the most resilient real estate sectors, in overall terms, a downturn in the commercial real estate market could have a negative effect on Carmila's investment and disposal policy, as well as on the value of its asset portfolio, the conduct of its business, its financial position, its operating income and its future prospects.

More specifically, a downturn in the real estate market could have a significant negative effect on the conditions applying to Carmila’s funding, and therefore on the business itself. In particular, Carmila is bound by certain covenants related to asset values contained in the loan agreements signed by Carmila (see “Liquidity risk”). Unfavourable market conditions could reduce the value of Group assets, making it more difficult for Carmila to comply with the financial ratios fixed under loan agreements. This could lead to reducing growth objectives and ultimately, if the downturn was durable, to dispose of assets in a depreciated market.

A sustained downturn in economic conditions and its consequences on the rental market could have an adverse impact on Carmila's business activities, its earnings, the value of its assets, and its investment and development strategy.

Operational risk

Risk related to the competitive environment

Carmila's rental activities operate in a highly competitive market. Competition may arise as a result of current or future developments in the same market segment, other shopping centres, mail order, hard discount stores, e-commerce or the attraction exerted by certain retail chains located in competitor centres.

More particularly, the development by competitors of new shopping centres located close to existing Carmila centres and renovations or extensions to competitor shopping centres may impact unfavourably Carmila's ability to let its retail premises, and therefore on the rent levels it can charge and its forecast financial results.

As part of its business, Carmila competes with many other players, some of which may have greater financial resources and larger portfolios. Having the financial leverage and ability to undertake large-scale development projects from their own resources gives the larger market players the opportunity to bid for development projects or asset acquisitions offering high profitability potential at prices that do not necessarily meet the investment criteria and acquisition objectives set by Carmila, which may raise uncertainty on Carmila's business forecasts even though Carmila's growth strategy is to concentrate on local leadership over size.

Acquisition risks

The acquisition of real estate assets or companies owning such assets is part of Carmila growth strategy. This policy raises the following significant risks:

- Carmila could overestimate the expected yield from these assets, and therefore acquire them at too high a price compared with the funding put in place to facilitate such acquisitions, or be unable to acquire them under satisfactory conditions, especially where the acquisitions are made via a tender offer or in a period of significant economic volatility or uncertainty. The comprehensive due diligence conducted with the assistance of specialist external consultants prior to any acquisition aims to minimize these risks;

- the assets acquired could contain hidden defects, such as subletting, violations by tenants of applicable regulations (and particularly environmental regulations) or a failure to comply with the construction plans which would not be covered by the guarantees contained in the sale and purchase agreement. The due diligence process referred to above is also beneficial in this respect;

- Carmila could also encounter difficulties in incorporating a new acquisition as a result of its impact on Carmila's human resources and potentially internal organizational structure. However, the possible impacts of any acquisition on these aspects are carefully and systematically evaluated as part of the acquisition decision-making process;

Risks related to the departure or closure of flagship chains

Carmila's shopping centres are often supported by one or more flagship chains with high levels of customer appeal (H&M, Primark, Mc Donald's, Orange, Sephora, Zara etc). A decline in the attractiveness of such chains, any slowdown or cessation in their businesses (particularly as a result of an unusually depressed economy), any failure to renew their leases, any termination of their leases and any delay in reletting the vacated premises could result in a decline in attractiveness of the shopping centres concerned. The resulting decline in footfall could trigger lower sales volumes for other stores, which would thus have a significant negative effect on the total rental income from certain centres, and the financial position and growth prospects of the Group.

Risks related to the development of new real estate assets

Carmila is involved in real estate development on its own account. This business poses the following significant risks:

- the cost of renovation may turn out to be higher than initially estimated: the renovation phase may take longer than expected, technical difficulties or completion delays may be encountered due to the complexity of some projects;

- Carmila's investments (in new projects, renovations and extensions) are subject to obtaining the necessary regulatory approvals, which may be granted to Carmila and/or its partners later than anticipated or even refused;

- Carmila may require the consent of third parties, such as flagship chains, lenders or the associates involved in partnership developments, and these consents may not be given. Nevertheless, the pre letting process is largely advanced before the works start;
- up-front costs (such as the costs of feasibility studies) cannot normally be deferred or cancelled in the event of projects being delayed or abandoned;
- The real estate development and investment risks referred to may then result in investment projects being delayed, or completed at a cost above budget which could in turn affect the Group's financial results.

Risks related to lease renewals and the letting of real estate assets

When existing leases expire, Carmila could find itself in the position of being unable to let or relet vacant units within an acceptable period and/or under conditions as favourable as those offered by its current leases.

Carmila may not be able to attract sufficient tenants or high-profile retail chains into its shopping centres, and may not be successful in maintaining occupancy rates and lease income at satisfactory levels, which could have an unfavourable effect on Carmila revenue, operating income and profitability.

Risk related to the estimation of assets value

The IFRS book value of Carmila's portfolio is based on the historical cost method. It is not immediately adjusted to reflect fluctuations in market value, and cannot therefore reflect the effective realizable value of the holdings. Consequently, the valuation of such assets is not necessarily in line with their selling prices in the event of disposal.

Nevertheless an appraised market value is determined twice a year by independent appraisers. This independently appraised market value depends on the relationship between supply and demand in the market, interest rates, the economic environment and many other factors likely to vary significantly in the event of poor shopping centre performance and/or downturn in the economy.

The methodology used by the appraisers includes a combination of different approaches such as the discounted cash flow methodology, the rental income capitalisation approach and the benchmark to comparable market transactions yield. The value of Carmila's real estate assets is sensitive to the main appraiser assumptions

Risk related to Carmila's business organisation

Risks related to partners' agreements

Carmila has entered into an agreement with its shareholders pursuant to which Carmila undertakes to provide liquidity for its shares. If Carmila is not listed within six years, the shareholders other than Carrefour may demand liquidity for a percentage of their shares not to exceed 10% of the share capital per year.

Risks related to Carmila's synergetic partnership with Carrefour

Carmila's core strategy is based on natural synergies with Carrefour. Carmila's creation was motivated by Carrefour's ambition of modernizing and revitalising its commercial sites for the benefit of its customers and Carmila benefits from various contractual agreements with Carrefour regarding the financing of renovations and extensions. If Carrefour were to withdraw from its involvement in Carmila's activities, Carmila's development and growth potential may suffer heavily.

Carrefour also provides Carmila with logistic, administrative and IT support. If Carrefour were to cease providing such support, Carmila's activity and financial results may be adversely impacted while Carmila looks for alternative suppliers or its costs for these services may become more onerous.

Risk related to key managers

Carmila's management is composed of experienced managers chosen for their proven track record and expertise in commercial real estate and shopping centres management. Thus the departure of a top management team member could have adverse impact upon the business, financial situation and/or results of the Group.

Legal and regulatory risks

Carmila has to comply with a wide variety of laws and regulations in France, Spain and Italy, including but not limited to: general regulations of the competition authorities, urban planning regulations, construction and operating permits and licences, health and safety regulations (particularly for assets that are open to the public), environmental regulations, commercial lease laws, labour regulations, and corporate and tax laws, in particular the provisions of the SIIC regime. Any substantial modification of the laws and regulations applicable to Carmila may affect its operating results and its development and growth potential.

Additionally, as is customary for owners of shopping centres, Carmila cannot guarantee that all its lessees, particularly for properties it has recently acquired, will comply with all applicable regulations relating to, among other things, public health, the environment, safety, commercial planning and operating permits. Carmila, as the property owner, could suffer penalties as a result of the failure of its lessees to comply with applicable regulations, and this could affect its earnings and financial position.

Risk relating to regulations concerning commercial leases

In certain of Carmila's operating countries, and especially France, the contractual conditions applying to lease periods, lease cancellation, lease renewal and rent indexation may be a matter of public policy. More specifically, some legal provisions in France limit the conditions under which property owners may increase rents to align them with market levels or maximize lease income. In France, certain types of lease must be entered into for minimum periods, the process of evicting tenants in the event of non-payment may be lengthy and leases that provide for floors on rate indexation may not be valid.

Any change to the regulations applying to commercial leases, and particularly their indexation, the cross charging of expenses or fees or capping of rents could have a negative effect on the value of Carmila's asset portfolio, as well as Carmila's operating income and financial position.

Risks relating to the regulations on planning, construction, safety and operation of shopping centres

Carmila's activities are subject to city planning regulations, in particular systems of authorizations for commercial operation. In addition to administrative sanctions for failing to comply with these requirements – such as formal notice from the city authorities, subject to a daily fine, to bring the site concerned into line with the authorization given, or a decision to close the site operating illegally to the public until the situation is resolved, also potentially subject to daily fines – penal sanctions (such as fines of up to Euro 15,000 in France) may also be imposed.

Furthermore, as establishments open to the public, shopping centres are subject to fire safety regulations. Authorizations for opening may only be given if permission has been received from a safety committee. In addition, safety committees may perform regular inspections to check on compliance with safety standards, and issue a formal report. If regulations are breached, national or local authorities may decide to close the site. Carmila sites are regularly inspected and when discrepancies appear there usually is a remedy period to comply.

Any regulatory change concerning city planning or safety requirements for establishments open to the public that increases the restrictions or constraints on shopping centre development could limit Carmila's growth opportunities and outlook. This is mitigated by the fact that Carmila does not seek growth through Greenfield projects, but through extension of existing shopping centres. Conversely, any easing of commercial zoning regulations could depress the value of Carmila's property assets.

Environmental and health risks

As a property owner or manager, Carmila has to comply with local environmental and health regulations in each country where it is active. Failure to comply with these local environmental and health regulations, or the need to comply with significant new regulations that may be introduced in these domains, could result in fines, lead to higher expenses or hamper the development of the Group's activities and could potentially affect Carmila's results or general liability.

Moreover, each of Carmila's real estate assets is potentially vulnerable to natural disasters (floods, climate change, health or ecological crises, etc.) that may have a negative impact on the affected properties.

Risk linked to the French special tax regime

Since 1 June 2014, Carmila benefit from the tax status applicable to listed property companies (SIIC) set forth in Article 208 C of the French *Code général des impôts,* Carmila is thus exempt from corporate income tax on most of its business income. Eligibility for this status is conditional on compliance with the obligation to redistribute a large part of its profits. Non-compliance could entail the loss of this advantageous fiscal regime.

In addition, Article 208 C of the French *Code général des impôts* makes eligibility for SIIC tax status conditional on limiting to 60% the portion of the company's capital and voting rights held, from time to time over the fiscal year, by one or more entities acting in concert. Carmila could then be liable to corporate income tax under French law if it exceeds this threshold in a given fiscal year. As at the date of the Prospectus, the stake held by Carrefour stands at 42.2%.

Further constraints are imposed by Article 210 E of the French *Code général des impôts*, which entails a minimum five-year holding period for Carmila concerning assets acquired under conditions enabling access to that particular fiscal regime on asset contributions. This could limit Carmila's capacity for dynamic asset management and adversely affect its performance and earnings. Non-compliance with this commitment entails a penalty equivalent to 25% of the contribution value of the asset in question. This is mitigated by the fact that Carmila France is a company which holds many different assets and could develop a dynamic portfolio management by arbitraging its assets.

The loss of SIIC tax status and the corresponding tax savings, or any substantial changes in the rules applicable to such listed property companies, could affect Carmila's business, earnings and financial position.

Legal and arbitration proceedings

In the normal course of its business activities, the Group could be involved in legal proceedings (for instance, regarding contractual responsibility, employers' liabilities, penal issues) and is subject to tax and administrative audits. Associated risks in addition to financial risk include reputational damage associated with Carmila's image, ethics and way of doing business.

Insurance-related risks

Carmila and its subsidiaries are insured through a Carrefour Group-wide international insurance programme underwritten by leading insurers and providing adequate and homogeneous insurance cover. Under the property damage policy, the assets are insured on a replacement cost basis, which is regularly assessed by external independent appraisers. This policy also includes cover on both business interruptions and loss of rents. Carmila has also underwritten a general liability insurance policy covering the consequences arising from Group companies' civil liability in relation to their business activities or professional misconduct. This also includes the mandatory cover for subsidiaries falling within the scope of the loi Hoguet (in France) on professional licensing requirements.

The Group's construction activities are covered by Contractor's All Risk policies and, for liability and major structural defects, in compliance with the legal requirements in force in each country and in particular in France by ten year liability for inherent defects.

The level of these various insurance coverages is determined based on Carmila's actual record of losses (and prior to Carmila's existence, Carrefour Property's history), risk assessment and legal requirements.

Given the solid links between the Carrefour group and Carmila in terms of assets and organization, Carmila benefits from the synergies and insurance capacity available to the Carrefour group.

Depending on the type of risk, the Group is reliant on the financial strength of insurers and may have to contend with the limitations of the insurance market and thus may no longer be fully or even totally covered against certain risks.

The occurrence of exceptional and/or a very high frequency of losses may have an impact on the amount of insurance cover available to the Group.

The possibility of an increase in the cost of insurance arising from market conditions cannot be discounted.

It is also possible that insurers may become insolvent, or insurers may experience financial difficulties impairing their insurance capabilities and thus no longer be able to honour claims covered by the Groups insurance policies.

The expert appraisers conducting replacement cost assessments may have underestimated the value insured, causing claim settlements to fall short of the losses incurred or, conversely, may have overstated the value insured, causing the Group to pay unduly high insurance premiums.

Risks related to information systems

Carmila relies on communication and information systems to conduct its business. Any failure, interruption or breach in security of these systems could result in failures or interruptions to its business leading to important costs related to information retrieval and verification and to a potential loss of business.

The information systems may also face attacks against computer hardware or software leading to the misappropriation of confidential data, extortion of funds or the temporary interruption of Group activities (denial of service). Consequences could be, among others, financial (abortion of a transaction, penalties, etc.), reputational (disclosure of operational or non-public financial data) and/or legal (responsibility towards individuals or corporate entities about which Carmila holds confidential and/or personal information).

Risk related to Carmila's financing policy and financial activities

Liquidity risk

Carmila is exposed to a liquidity risk if it encounters difficulties to repay its debts upon maturity. Carmila's policy regarding this liquidity risk is to insure that it has sufficient cash resources to cover its outstanding debts. Thus, Carmila is in a position to deal with all its future maturing finance. In the short term, this risk is contained as its liquid assets and financial placements largely compensate its liabilities. Moreover, as at 31 December 2015, Carmila has two revolving credit facilities amounting in total to €474,000,000.

However, Carmila is also exposed to a liquidity risk in respect of refinancing its existing debt at maturity and financing any additional needs. A severe and prolonged restriction on access to the bank and/or capital markets could limit Carmila's ability (in 3 years time) to finance the renovation of its properties and acquire new assets, which are key components of its strategy.

In addition, Carmila is committed to distributing a significant proportion of its profits to its shareholders in order to qualify for SIIC status. It therefore relies significantly on debt to fund its growth. This method of funding may not be available under advantageous conditions. This situation could arise in the event of a crisis in capital markets or debt markets, the occurrence of events impacting on the real estate sector, a reduction in the rating of Carmila debt, restrictions imposed by covenants included as part of loan contracts, or any other change to the business, financial position or shareholding profile of Carmila capable of influencing the perception that investors or lenders have of its creditworthiness or the attractiveness of investing in the Group.

Carmila also faces risks related to covenants and other commitments contained in certain loan agreements obliging it to comply with specific financial ratios. The separate loan agreements for a total principal amount of €1,400,000,000 and €620,000,000 signed in 2014 between Carmila and the lender banks include the following bank covenants:

- *Interest Cover*: the ratio of EBITDA to the net financial expenses must be greater than 2.0 on the test dates. As at 31 December 2014, the Interest Cover ratio was 5.5 (calculated on 7 months of activity) and as at 31 December 2015, it was 5.4.

- *Loan to Value*: the ratio of consolidated net financial debt to the fair value of the investment assets (excluding transfer costs) must not exceed 0.55 on those same dates. As at 31 December 2014, the Loan to Value ratio was 0.382 and as at 31 December 2015, it was 0.406.

Failure to comply with these ratios entitles the lenders to demand early repayment of their facilities. If such early repayment were demanded, this would in turn have a significant adverse effect on Carmila's financial position, and could in particular make it more likely that the Issuer might fail to meet its payment obligations under the Notes.

The first test period was set for 31 December 2014 and the test is performed twice a year.

The loan agreement also calls for a maximum debt threshold in proportion to the total fair value of the investment properties throughout the loan term; this total fair value must be at least €1,000,000,000 at all times.

Risks related to any downgrading of Carmila's debt rating

Carmila's long-term debt has been rated BBB by Standard & Poor's Ratings Services (**S&P**).

These ratings reflect the ability of Carmila to repay its debts, as well as its liquidity, key financial ratios, operational profile and general financial position, and other factors considered as being significant in respect of Carmila's business sector and the economic outlook.

Any downgrading of Carmila debt rating could impact negatively the ability of the Group to fund its acquisitions or develop its projects under acceptable conditions and could also increase the cost of refinancing its existing loans. Any increase in interest charges would compromise Carmila’s operating income and the yield of development projects. If funding were not to be available under satisfactory conditions, the ability of Carmila to grow its business through acquisition and development would be reduced.

Interest rate risk

Carmila's significant debt also exposes it to risks due to interest rate variations:

- the interest charges paid by Carmila on its variable-rate borrowings could therefore rise significantly;

- a significant rise in interest rates would impact negatively on the value of Carmila's holdings inasmuch as the yield rates applied by real estate appraisers to the rentals of commercial buildings are determined partly on the basis of interest rates;

Carmila uses derivative instruments (mainly caps and swaps) to hedge its interest rate exposure. Developing an interest rate risk management strategy is a complex task. The valuation of derivatives also varies depending on interest rate levels, is reflected in Carmila balance sheet, and may also impact on its income statement if hedging relationships are not sufficiently justified by documentation or if the existing hedges are only partly efficient. Carmila hedged 68% of its net debt as of 31 December 2014 with swaps and caps. Since it issued a fixed rate bond on 18 September 2015, the percentage of fixed rate debt (fixed either because it is nominally fixed or because it has been swapped) amounts to 72.5% of the gross debt of the Issuer. In addition, Carmila also carries a €300 million notional amount of caps on its floating rate debt. The fair value adjustment of hedging instruments at this last date was a cumulative loss of €24,283,000 due to the fact interest rates decreased continuously over the period.

Counterparty risk

When Carmila uses derivatives, such as swaps, to hedge a financial risk, its counterparty may be liable to Carmila for certain payments throughout the term of the instrument. Insolvency of said counterparty may lead to delay or default in such payments, which would have an adverse impact on Carmila's results.

Carmila has also received confirmed financing commitments from banks in the form of revolving credit facilities. Accordingly, the company is exposed to counterparty risk, since the inability of the relevant banks to honour their commitments may prevent the group from honouring its own financial commitments.

Risks related to the Notes

The Notes may not be a suitable investment for all investors

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 or where the currency for principal or interest payments is different from the currency in which such potential investor’s financial activities are principally denominated;

(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.

Independent Review and Advice

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. A prospective investor may not rely on the Issuer or the Managers or any of their respective affiliates in connection with its determination as to the legality and suitability of its acquisition of the Notes or as to the other matters referred to above.

Legality of Purchase

Neither the Issuer, the Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the subscription or acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by several costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

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

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 in the secondary market in which case the market or trading price and liquidity may be adversely affected or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The trading market for debt securities may be volatile and may be adversely impacted by many events

The market for debt securities issued by the Issuer is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

Managers' activities

In the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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 change significantly (including changes due to devaluation of 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 the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) 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

The Notes bearing interest at a fixed rate, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Credit risk

An investment in the Notes involves taking credit risk on the Issuer. If the financial situation of the Issuer deteriorates, it may not be able to fulfil all or part of its payment obligations under the Notes, and investors may lose all or part of their investment.

The Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to pay additional amounts payable in respect of any Notes due to any withholding as provided in Condition 5(b), the Issuer may redeem all outstanding Notes in accordance with such Terms and Conditions.

In addition, the Issuer may, at its option (i) from and including 3 months prior to the Maturity Date to but excluding the Maturity Date, redeem all but not some only of the Notes outstanding at par plus accrued interest, as provided in Condition 5(e) of the Terms and Conditions of the Notes, (ii) redeem, in whole or in part, the then outstanding Notes at any time prior to the Maturity Date, at the relevant make whole redemption amount, as provided in Condition 5(d) of the Terms and Conditions of the Notes and (iii) redeem all but not some only of the outstanding Notes in the event that 20 per cent. or less of the initial aggregate principal amount of the Notes remains outstanding, as provided in Condition 5(f) of the Terms and Conditions of the Notes.

The Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

Exercise of put option or notice of event of default in respect of certain Notes may affect the liquidity of the Notes in respect of which such put option is not exercised or a notice of event of default is not given

Depending on the number of Notes in respect of which the put option pursuant to a Change of Control (as more fully described in Condition 5(c)) is exercised or in respect of which notice of an event of default is given (as provided in Condition 8), any trading market in respect of those Notes in respect of which such put option is not exercised or in respect of which notice of an event of default is not given may become illiquid.

Market value of the Notes

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a holder of Notes will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. The value of the Notes will also depend on the credit worthiness of the Issuer. If the credit worthiness of the Issuer deteriorates, the value of the Notes may decrease and investors may lose all or part of their investment.

Credit Rating may not reflect all risks

The Notes are rated BBB by S&P. The rating assigned by S&P to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by S&P at any time.

Change of law

The Terms and Conditions of the Notes are based on the laws of France 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 the laws of France or administrative practice or the official application or interpretation of French law after the date of this Prospectus. Furthermore, the Issuer operates in a heavily regulated environment and has to comply with extensive regulations in France and elsewhere. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices after the date of this Prospectus.

Modification and waiver

The 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.

French insolvency law

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the **Assembly**) in order to defend their common interests if a preservation (*procédure de sauvegarde*, *procédure de sauvegarde accélérée* or *procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer. The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes) regardless of their governing law. The Assembly deliberates on the proposed safeguard (*projet de plan de sauvegarde*, *projet de plan de sauvegarde accélérée* or *projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders expressing a vote). No quorum is required to convoke the Assembly.

The procedures, as described above or as they will or may be amended, could have an adverse impact on holders of the Notes seeking repayment in the event that the Issuer or its subsidiaries were to become insolvent.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in this Prospectus in Condition 9 will not be applicable in these circumstances.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Notes. Further, a Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes.

Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the subscription, acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of each potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

EU Savings Directive

Under 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 other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State. For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The rate of such withholding tax equals 35 per cent. The end of the transitional period is 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).

On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the Savings Directive from 1 January 2016 in relation to all Member States other than Austria (and from 1 January 2017, or after 1 October 2016 for certain payments, in relation to Austria), subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates.

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.

Financial Transaction Tax

On 14 February 2013, the European Commission has published a proposal for a Council Directive (the **Draft Directive**) on a common financial transaction tax (**FTT**). According to the Draft Directive, the FTT shall be implemented and enter into effect in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia; the **Participating Member States**).

The proposed FTT has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with the following documents which have been filed with the AMF and which are incorporated in, and shall be deemed to form part of, this Prospectus:

(a) the audited consolidated financial statements of the Issuer in the French language for the twelve month period ended 31 December 2015 (the **December 2015 Annual Consolidated Financial Statements**) including the statutory auditors' report thereof;

(b) the unaudited consolidated financial statements of the Issuer in the French language for the six month period ended 30 June 2015 (the **June 2015 Interim Consolidated Financial Statements**) including the statutory auditors' review report thereof;

(c) the audited consolidated financial statements of the Issuer in the French language for the seven month period ended 31 December 2014 (the **December 2014 Consolidated Financial Statements**) including the statutory auditors' report thereof; and

(d) the audited consolidated financial statements of the Issuer in the French language for the six month period ended 31 May 2014 (the **May 2014 Consolidated Financial Statements**).

Any document incorporated by reference in this Prospectus may be obtained, without charge and upon request at the principal office of the Issuer or of the Fiscal Agent during normal business hours so long as any of the Notes is outstanding, as described in "General Information" below. Each such document will be published on the website of the Issuer (http://www.carmila.com/fr/loginfinance/; password: Finance2015).

Free English translations of the December 2015 Annual Consolidated Financial Statements, the June 2015 Interim Consolidated Financial Statements and the December 2014 Consolidated Financial Statements will be available on the website of the Issuer (http://www.carmila.com/fr/loginfinance/; password: Finance2015). These documents are available for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions. There is no English translation available for the May 2014 Consolidated Financial Statements (such consolidated financial statements covering only 1.5 months of trading activity).

The information incorporated by reference in this Prospectus shall be read in connection with the cross-reference list below. Any information not referred to in the cross-reference list below but included in the documents incorporated by reference in this Prospectus is given for information purposes only but is not incorporated by reference in this Prospectus.

Rule	**Prospectus Regulation – Annex IX**	**December 2015 Annual Consolidated Financial Statements (page number)**	**June 2015 Interim Consolidated Financial Statements (page number)**	**December 2014 Consolidated Financial Statements (page number)**	**May 2014 Consolidated Financial Statements (page number)**
	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES				
11.1	Historical Financial Information Audited historical financial information covering the latest 2				

	financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year If the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least the following: • the balance sheet • the income statement • the accounting policies and explanatory notes	4-5 6-7 13-47	4-5 6-7 11-44	4-5 6-7 18-52	4-5 6-7 14-53
11.2	<u>Financial statements</u> If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.	4-9	4-9	4-9	4-9
11.3	<u>Auditing of historical annual financial information</u> A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers, must be reproduced in full and the reasons given.	ii-iii	ii-iii (review report)	ii-iii	ii-iii
11.3.1	An indication of other information in the registration document which has been audited by the auditors.	N/A	N/A	N/A	N/A
11.3.3	Where financial data in the registration document is not extracted from the issuer's audited financial statements, state the source of the data and state that the data is unaudited.	N/A	N/A	N/A	N/A
11.4	<u>Age of latest financial information</u>				
11.4.1	The last year of audited financial information may not be older than 18 months from the date of the registration document.	ii	ii	ii	ii

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes will be as follows:

The issue outside the Republic of France of €600,000,000 2.375 per cent. Notes due 16 September 2024 (the **Notes**) of Carmila S.A.S. (the **Issuer**) has been authorised by a decision of Jacques Ehrmann in his capacity as Chief Executive Officer (*Président*) of the Issuer dated 18 March 2016. The Issuer has entered into a fiscal agency agreement (the **Fiscal Agency Agreement**) dated 22 March 2016 with Société Générale as fiscal agent, calculation agent, principal paying agent and put agent. The fiscal agent, calculation agent, principal paying agent, put agent and paying agents for the time being are referred to in these Conditions as the **Fiscal Agent**, the **Calculation Agent**, the **Principal Paying Agent**, the **Put Agent** and the **Paying Agents** (which expression shall include the Principal Paying Agent), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement, and are collectively referred to as the **Agents**. References to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

In these Conditions, references to "day" or "days" are to calendar days unless the context otherwise specifies.

1. Form, Denomination and Title

The Notes are issued on 24 March 2016 (the **Issue Date**) in dematerialised bearer form in the denomination of €100,000. Title to the Notes will be evidenced in accordance with Articles L.211-3 and R. 211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders. For the purpose of these Conditions, **Account Holders** shall mean any intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank S.A./N.V. (**Euroclear**) and the depositary bank for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

2. Status and Negative Pledge

(a) *Status of the Notes*

The obligations of the Issuer under the Notes in respect of principal, interest and other amounts, constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer (*engagements chirographaires*), and rank and will at all times rank *pari passu* without any preference amongst themselves and with all other, present or future, unsecured and unsubordinated obligations (subject to exceptions imposed by French law) of the Issuer.

(b) *Negative Pledge*

So long as any of the Notes remains outstanding (as defined below), the Issuer undertakes that it will, and ensures that its Material Subsidiaries (as defined below) will, not create or permit to subsist any mortgage, lien, charge, pledge or other form of encumbrance or security interest that would constitute a *sûreté réelle* or its equivalent under any applicable legislation upon the whole or any part of their respective assets or revenues, present or future, to secure any Bond Indebtedness (as defined below) incurred by the Issuer or one of its Material Subsidiaries or any guarantee or indemnity assumed or granted by the Issuer or one of its Material Subsidiaries in respect of any Bond Indebtedness, unless at the same time or prior thereto, the Issuer's obligations under the Notes are equally and rateably secured therewith.

For the purpose of these Conditions:

Bond Indebtedness means any present or future indebtedness for borrowed money in the form of, or represented by bonds (*obligations*), notes or other securities (including *titres de créances négociables*) which are for the time being, or are capable of being, quoted, admitted to trading or ordinarily dealt in any stock exchange, over-the counter market or other securities market;

Carmila Holding Italia means Carmila Holding Italia S.r.l., an Italian company with its registered office at Via Caldera 21, 20153 Milan, Italy and registered in the *Registro delle Imprese di Milano* under number 08609660967;

Group means the Issuer and its consolidated subsidiaries taken as a whole;

Material Subsidiary means, at any time:

(a) Carmila Holding Italia, for so long as it directly or indirectly owns Properties the Value of which represents 5 per cent. or more of the Total Value of the Properties; or

(b) any Subsidiary of the Issuer which directly or indirectly owns Properties the Value of which represents 10 per cent. or more of the Total Value of the Properties; or

(c) any Subsidiary or Subsidiaries of the Issuer as necessary to ensure that, when aggregated with any Subsidiary or Subsidiaries of the Issuer designated as a Material Subsidiary under paragraphs (a) and (b) above, the Value of the Properties of all Material Subsidiaries so designated represents at least 80 per cent. of the Total Value of the Properties.

Compliance with the condition set out in paragraphs (a), (b) and (c) above shall be determined by reference to the most recent Valuations and the Issuer shall supply, so long the Notes are outstanding, a list of its Material Subsidiaries to the Fiscal Agent on the Issue Date and at the latest on the date falling 120 days following the end of its most recent financial year or (in the event that the Issuer publishes semi-annual financial information) of its most recent financial half year;

outstanding means, in relation to the Notes, all the Notes issued other than: (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 4 after such date) have been duly paid to the Fiscal Agent, (c) those which have been purchased and cancelled as provided in Condition 5 and (d) those in respect of which claims have become prescribed under Condition 11;

Property means:

(a) any owned immovable property, and

(b) any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of that immovable property considered to be an "*Immeuble par destination*" under French law;

Subsidiary means, in relation to any company, another company which is controlled by it within the meaning of article L.233-3 I and II of the French *Code de commerce*;

Total Value of the Properties the aggregate Value of the Properties owned by the Group at that time;

Valuation means the valuations of the Properties prepared by recognised independent property valuers of international repute in accordance with a methodology to remain in accordance with market practice;

Value of the Property means, in respect of each Property, the value (*hors droits et frais*) of such Property at that time as determined on the basis of the latest Valuation.

3. Restriction on Secured Borrowings

The Issuer undertakes to the Noteholders that, so long as any of the Notes remains outstanding and except with the prior approval of the General Meeting (as defined under Condition 9) of the Noteholders, the Unsecured Revalued Assets Value (as defined below) shall not be less than the Relevant Debt (as defined below) at any time.

Appraisal Value means, with respect to any Person, the value of the total Real Estate Assets owned or held directly or indirectly by such Person (including through financial leases and including the Real Estate Assets used as operating properties) as it is shown in, or derived from, the latest annual or semi-annual consolidated financial statements of the Issuer;

Assets means for any Person all or any part of its property, assets, revenues (including any right to receive revenues) and uncalled capital;

Financial Indebtedness means at any time any obligation for the payment or repayment of money, whether present or future, in respect of:

(a) any outstanding principal amount (together with any fixed or minimum premium payable on final repayment) of all moneys borrowed (with or without security);

(b) any amounts raised by acceptance or under any acceptance credit opened by a bank or other financial institution;

(c) any lease, sale-and-lease-back, sale-and-repurchase or hire purchase contracts or arrangements which is, in accordance with the relevant accounting principles at the time such contracts or arrangements were entered into, treated as financial or capital lease;

(d) any outstanding amount of the deferred purchase price of Real Estate Assets (as defined below) where payment (or, if payable in instalments, the final instalment) is due more than one year after the date of purchase of such Real Estate Asset; or

(e) any amount raised under any other transaction which is treated in accordance with the relevant accounting principles in the latest non-consolidated or consolidated balance sheet as financial debt (*emprunts et dettes financières*);

provided that:

(i) for purposes of computing the outstanding principal amount of any Financial Indebtedness in paragraphs (a) to (e) above, any interest, dividends, commission, fees or the like shall be excluded save to the extent that they have been capitalised; and

(ii) no amount shall be included or excluded more than once in calculating the amount of principal outstanding in respect of any Financial Indebtedness;

Person includes any individual, company, corporation, firm, partnership, joint-venture, association, organisation, trust, state or agency of a state (in each case whether or not having separate legal personality);

Real Estate Assets means those Assets of any Person being real estate properties, being land and buildings (either completed or under construction) and equity or equivalent investments (*participations*) directly or indirectly in any other Person which is a *société à prépondérance immobilière* (or its equivalent in any other jurisdiction) or in any other Person (whether listed or not listed) more than 50 per cent. of whose Assets comprise real estate assets;

Relevant Debt means at any time the aggregate amount of the Financial Indebtedness of the Issuer as shown in, or derived from, the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer, excluding any Secured Debt;

Revalued Assets Value means at any time, with respect to the Issuer, (i) the Appraisal Value excluding transfer rights (*droits de transferts*) on the relevant Real Estate Assets, (ii) any relevant latent taxes (*fiscalité latente*) and (iii) the value of the equity-accounted investments (including advances) held directly or indirectly by the Issuer in any Person as shown in such financial statements;

Secured Debt means at any time the aggregate amount of the Financial Indebtedness of the Issuer as shown in, or derived from, the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer, that is secured by or benefits from a Security Interest over any of the Group's Assets;

Security Interest means any mortgage, charge, pledge, lien or other form of encumbrance or security interest which would constitute a *sûreté réelle* or any other agreement or arrangement having substantially the same economic effect (including, but not limited to, any retention of title, lease or hire-purchase arrangement); and

Unsecured Revalued Assets Value means at any time an amount equal to the Revalued Assets Value less the Secured Debt.

4. Interest

The Notes bear interest at the rate of 2.375 per cent. per annum, from and including 24 March 2016 (the **Interest Commencement Date**) payable annually in arrear on 16 September in each year (each an **Interest Payment Date**), provided that there will be a short first coupon for the period from, and including, 24 March 2016 to, but excluding, 16 September 2016.

The period commencing on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period commencing on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an **Interest Period**.

Notes will cease to bear interest from the date provided for their redemption, unless the Issuer defaults in making due provision for their redemption on said date. In such event, the Notes will continue to bear interest in accordance with this Condition (as well after as before judgment) on the principal amount of such Notes until whichever is the earlier of (i) the day on which all sums due in respect of such Notes up to that day are received by or on behalf of the relevant holder and (ii) the day after the Fiscal Agent has notified the holders of the Notes (the **Noteholders**) in accordance with Condition 10 of receipt of all sums due in respect of all the Notes up to that day.

Interest will be calculated on an Actual/Actual (ICMA) basis. Where interest is to be calculated in respect of a period of less than one year, it shall be calculated on the basis of the number of days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in such period in which the relevant period falls (including the first but excluding the last day of such period).

5. Redemption and Purchase

The Notes may not be redeemed otherwise than in accordance with this Condition 5.

(a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer at their principal amount on 16 September 2024.

(b) *Redemption for Taxation Reasons*

(i) If, by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 7 below, and provided that such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may on any Interest Payment Date, subject to having given not more than 60 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the outstanding Notes at their principal amount plus any interest accrued to the date fixed for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding or deduction for French taxes.

(ii) If the Issuer would on the occasion of the next payment in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 below, and provided that this cannot be avoided by the Issuer taking reasonable measures available to it, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 10 redeem all, but not some only, of the Notes then outstanding at their principal amount plus any accrued interest on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes without withholding or deduction for French taxes, or, if such date is past, as soon as practicable thereafter.

(c) *Redemption at the option of Noteholders following a Change of Control*

If at any time while any Note remains outstanding (a) a Change of Control occurs and (b) within the Change of Control Period, (i) (if at the time of the Change of Control the Issuer and/or the Notes outstanding have a rating from a Rating Agency) a Rating Downgrade occurs or has occurred as a result of such Change of Control or (ii) (if at the time of the Change of Control the Issuer and/or the Notes outstanding do not have a rating from a Rating Agency) a Negative Rating Event in respect of that Change of Control occurs (such Change of Control and Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Change of Control Period together called a **Put Event**), each Noteholder will have the option (the **Change of Control Put Option**) (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 5) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that Note, on the Optional Redemption Date (as defined below). Each Note shall be redeemed or purchased at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to (but excluding) the Optional Redemption Date.

A **Change of Control** shall be deemed to have occurred each time that any person or persons acting in concert (within the meaning of Article L.233-10 of the French *Code de commerce*), other than Carrefour, directly or indirectly holds more than 50 per cent. of the shares or voting rights of the Issuer.

Carrefour means Carrefour SA and its Subsidiaries.

Change of Control Period means the period commencing on the date that is the earlier of (i) the date of the first public announcement of the occurrence of the relevant Change of Control; and (ii) the date of the earliest Potential Change of Control Announcement (if any) and ending on the date which is 180 days after the date of the first public announcement of the occurrence of the relevant Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 180 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration).

Negative Rating Event shall be deemed to have occurred if (i) the Issuer does not on or before the expiry of 60 days following the Change of Control seek to obtain an investment grade rating (BBB-, or its equivalent for the time being, or better) of the Notes failing which, a corporate rating from a Rating Agency, or (ii) if it does so seek, it has not at the expiry of the Change of Control Period obtained such rating, provided that the Rating Agency (A) announces or publicly confirms or, (B) having been so requested by the Issuer, informs the Issuer or the Fiscal Agent in writing that its declining to assign such rating was the result, in whole or in part, of the applicable Change of Control (whether or not the Change of Control shall have occurred at the time such rating is declined).

Potential Change of Control Announcement means any public announcement or public statement by the Issuer, any actual or potential bidder or any advisor thereto relating to any potential Change of Control, such announcement or statement occurring no more than 180 days prior to the first public announcement of the occurrence of the relevant Change of Control.

Rating Agency means any of the following: (a) Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.; or (b) any other rating agency of equivalent international standing established in the European Union and registered under Regulation (EC) No. 1060/2009 as amended and requested from time to time by the Issuer to grant a rating and, in each case, their respective successors or affiliates.

A **Rating Downgrade** shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period:

(A) the rating previously assigned to the Notes or to the Issuer by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-, or its equivalent for the time being, or better) to a non-investment grade rating (BB+, or its equivalent for the time being, or worse); and

(B) such rating is not within the Change of Control Period subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) either to an investment grade credit rating (in the case of (y)) or to its earlier credit rating or better (in the case of (x)) by such Rating Agency;

provided however that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed to have occurred in respect of a particular Change of Control only if (i) the Rating Agency making the relevant decision referred to above publicly announces or publicly confirms that such decision was the result, in whole or in part, of the Change of Control or (ii) the Rating Agency making the relevant decision referred to above has confirmed in a letter or other form of written communication sent to the Issuer and publicly disclosed that such decision was the result, in whole or in part, of the Change of Control, and provided further that if the Notes are rated by more than one Rating Agency, a Rating Downgrade shall be deemed not to have occurred in respect of a particular Put Event if only one Rating Agency has withdrawn or lowered its rating.

S&P's means Standard & Poor's Credit Market Services France SAS, a part of The McGraw-Hill Financial and its successors or affiliates.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **Put Event Notice**) to the Fiscal Agent and to the Noteholders in accordance with Condition 10 specifying the nature of the Put Event, the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option contained in this section.

To exercise the Change of Control Put Option to require redemption or, as the case may be, purchase of a Note under this section, a Noteholder must transfer (or cause to be transferred by its Account Holder) its Notes to be so redeemed or purchased to the account of the Fiscal Agent (details of which are specified in the Put Option Notice) for the account of the Issuer within the period of forty-five (45) days after the Put Event Notice is given (the **Put Period**), together with a duly signed and completed notice of exercise in the form obtainable from the specified office of the Fiscal Agent or the Paying Agent (a **Put Option Notice**) and in which the Noteholder shall specify a bank account denominated in euro to which payment is to be made under this Condition.

A Put Option Notice once given shall be irrevocable.

The Issuer shall redeem or, at the option of the Issuer, procure the purchase of, the Notes in respect of which the Change of Control Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the accounts of the Fiscal Agent for the account of the Issuer as described above on the date which is the fifth (5th) Business Day following the end of the Put Period (the **Optional Redemption Date**). Payment in respect of any Note so transferred will be made via the relevant Account Holders on the Optional Redemption Date in Euro to the Euro-denominated bank account specified by the Noteholder in the Put Option Notice.

For the avoidance of doubt, no additional amount shall be payable by the Issuer to a Noteholder as a result of or in connection with such Noteholder’s exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising therefrom or otherwise).

(d) *Make Whole Redemption by the Issuer*

The Issuer will, subject to compliance by the Issuer with all relevant laws, regulations and directives and having given not less than thirty nor more than forty-five days’ notice in accordance with Condition 10 to the Noteholders and to the Fiscal Agent (which notice shall be irrevocable and shall specify the date fixed for redemption), have the option to redeem the Notes, in whole or in part, at any time prior to their Maturity Date (the **Optional Make Whole Redemption Date**) at their **Optional Make Whole Redemption Amount** (as described below) together with any accrued and unpaid interest up to their effective redemption date and any Additional Amounts.

The Optional Make Whole Redemption Amount will be calculated by the Calculation Agent and will be an amount in Euro rounded to the nearest cent (half a cent being rounded upwards) being the greater of (x) 100 per cent. of the Principal Amount of the Notes so redeemed and, (y) the sum of the then present values on the Optional Make Whole Redemption Date of (i) the Principal Amount of the Notes and (ii) of the remaining scheduled payments of interest on such Notes for the remaining term of such Note (determined on the basis of the interest rate applicable to such Note from but excluding the Optional Make Whole Redemption Date), discounted to the Optional Make Whole Redemption Date on an annual basis (Actual / Actual ICMA) at the Early Redemption Rate plus an Early Redemption Margin.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

Early Redemption Margin means 0.40 per cent. per annum.

Early Redemption Rate means the average of the four quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth business day in Paris preceding the Optional Make Whole Redemption Date at 11.00 a.m. (Central European time (CET)).

If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent after prior consultation with the Issuer if practicable under the circumstances, at 11.00 a.m. (Central European time (CET)) on the fourth business day in Paris preceding the Optional Make Whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer and notified to the Noteholders in accordance with Condition 10.

Principal Amount means €100,000.

Reference Benchmark Security means the German government bond (bearing interest at a rate of 1 per cent. per annum and maturing in August 2024 with ISIN DE0001102366.

Reference Dealers means each of the four banks (that may include the Managers) selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

Similar Security means a reference bond or reference bonds issued by the German Government having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

(e) *Residual Maturity Call Option by the Issuer*

The Issuer may, at its option, from and including 3 months prior to the Maturity Date to but excluding the Maturity Date, subject to having given not more than sixty nor less than thirty days prior notice to the Noteholders and the Fiscal Agent in accordance with Condition 10 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all but not some only of the outstanding Notes, at their principal amount plus accrued interest up to but excluding the date fixed for redemption.

(f) *Squeeze Out Redemption*

In the event that 20 per cent. or less of the initial aggregate principal amount of the Notes (including any assimilated Notes issued pursuant to Condition 12) remains outstanding, the Issuer may, at its option but subject to having given not more than sixty (60) nor less than thirty (30) calendar days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 10, redeem all, but not some only, of the outstanding Notes at their principal amount together with any interest accrued to, but excluding, the date set for redemption.

(g) *Partial Redemption*

In the case of a redemption on any day by the Issuer of less than all the outstanding Notes on such day, pursuant to Condition 5(d) above, such redemption will be effected by reducing the principal amount of all Notes in proportion to the aggregate nominal amount of the Notes so redeemed on such day, subject to compliance with any applicable laws and, so long as the Notes are admitted to trading on Euronext Paris, the requirements of Euronext Paris.

(h) *Purchases*

The Issuer may at any time purchase Notes together with rights to interest relating thereto in the open market or otherwise at any price. Notes so purchased by the Issuer may be held and resold in accordance with Article L.213-1A and D.213-1 A of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Notes.

(i) *Cancellation*

All Notes which are redeemed pursuant to paragraphs (a), (b)(i), (b)(ii), (c), (d), (e) or (f) or purchased for cancellation pursuant to paragraph (h) of this Condition will forthwith be cancelled and accordingly may not be reissued or sold.

6. Payments

(a) *Method of Payment*

Payments of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account to which Euro may be credited or transferred) specified by the payee in a city in which banks have access to the TARGET System. **TARGET System** means the Trans European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments validly made to such Account Holders in favour of the Noteholders will be an effective discharge of the Issuer and the Paying Agents, as the case may be, in respect of such payments.

Payments of principal and interest on the Notes will, in all cases, be subject to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

(b) *Payments on Business Days*

If any due date for payment of principal or interest in respect of any Note is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day (as defined below) and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

In this Condition **Business Day** means any day, not being a Saturday or a Sunday, on which the TARGET System is operating and on which Euroclear France is open for general business.

No commission or expenses shall be charged to the Noteholders in respect of such payments.

(c) *Fiscal Agent, Calculation Agent, Put Agent and Paying Agents*

The names of the initial Agents and their specified offices are set out below:

Société Générale
32, rue du Champ de Tir - CS 30812
44308 Nantes Cedex 3
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Fiscal Agent, a Calculation Agent, a Put Agent and a Principal Paying Agent having a specified office in a European city that is not obliged to withhold or deduct tax pursuant to the Council Directive 2003/48/EC (as amended) or any other law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any such change or any change of specified office shall promptly be given to the Noteholders in accordance with Condition 10.

7. Taxation

(a) *Withholding Tax*

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any jurisdiction or any political subdivision or any authority thereof having power to tax, unless such withholding or deduction is required by law.

(b) *Additional Amounts*

If, pursuant to French laws or regulations, payments of principal or interest in respect of any Note become subject to deduction or withholding in respect of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed by or on behalf of the Republic of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Note, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such deduction or withholding; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note:

(i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with France other than the mere holding of such Note;

(ii) presented more than thirty days after the Relevant Date (as defined below), except to the extent that the Noteholder thereof would have been entitled to such additional amounts on the last day of such period of thirty days; or

(iii) where such withholding or deduction is required to be made pursuant to any Council Directive 2003/48/EC (as amended) or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive.

For this purpose, the "Relevant Date" in relation to any Note means whichever is the later of (A) the date on which the payment in respect of such Note first becomes due and payable, and (B) if the full amount of the monies payable on such date in respect of such Note has not been received by the Fiscal Agent on or prior to such date, the date on which notice is given to Noteholders that such monies have been so received, notice to that effect shall have been duly published in accordance with Condition 10.

Any references to these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 7.

8. Events of Default

Any Noteholder may, upon written notice to the Issuer, with a copy to the Fiscal Agent, cause all the Notes (but not some only) held by such Noteholder to become immediately due and payable at their principal amount, together with interest accrued since the last Interest Payment Date (or, if applicable, since the Issue Date) preceding the early redemption date and until the date of effective redemption, if any of the following events occurs (an **Event of Default**):

(a) if any amount of principal or interest on any Note shall not be paid by the Issuer on the due date thereof and such default shall not be remedied by the Issuer within a period of fifteen days from such due date; or

(b) if the Issuer defaults in the due performance of any obligation in respect of the Notes (other than as referred in (a) above) and such default continues for a period of thirty days (unless such default is not curable in which case such period shall not apply) following receipt by the Issuer of a written notice of such default; or

(c) if (a) any present or future Financial Indebtedness (as defined in Condition 3) of the Issuer or any of its Material Subsidiaries (as defined in Condition 2) shall become due and payable and shall not be paid when due or, as the case may be, after the expiration of any originally applicable grace period; or (b) any guarantee or indemnity given by the Issuer or any of its Material Subsidiaries for Financial Indebtedness of others shall not be honoured when due or called upon or, as the case may be, after expiration of any originally applicable grace period,

provided that the amounts due in respect of (a) and (b) are, individually or in the aggregate, equal to or in excess of €30,000,000 (or its equivalent in any other currency), and unless in any such event (x) the Issuer or such Material Subsidiary, as the case may be, is disputing in good faith that such Financial Indebtedness is due and payable or that such guarantee or indemnity is due and callable, in which case such event shall not constitute an Event of Default hereunder so long as the dispute shall not have been irrevocably adjudicated or (y) the amount due is not paid due to circumstances affecting the making or clearing of the payment which are outside the control of the Issuer or such Material Subsidiary, as the case may be, in which case such event shall not constitute an Event of Default so long as such circumstances continue in existence; or

(d) if the Issuer is wound up or dissolved or ceases to carry on all or substantially all of its business except (i) in connection with a merger or spin-off (including fusion-scission), consolidation, amalgamation or other form of reorganisation (including a management buy-out or leveraged buy-out) pursuant to which the surviving entity shall be the transferee of or successor to all or substantially all of the business of the Issuer and assumes all of the obligations of the Issuer with respect to the Notes or (ii) on such other terms approved by a resolution of the general meeting of Noteholders; or

(e) if (i) any judgment is issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or any of its Material Subsidiaries or the transfer of the whole of the business (*cession totale de* *l'entreprise*) of the Issuer or any of its Material Subsidiaries in the context of a procedure of judicial liquidation (*liquidation judiciaire*) or of a judicial rehabilitation (*redressement judiciaire*) or (ii) the Issuer or any of its Material Subsidiaries is subject to any similar proceedings whatsoever.

9. Representation of the Noteholders

Noteholders will be grouped automatically for the defence of their common interests in a masse (the **Masse**). The Masse will be governed by the provisions of the French *Code de commerce*, and with the exception of Articles L.228-48, L.228-59, R.228-63, R.228-67 and R.228-69 subject to the following provisions:

(a) **Legal Personality:** The Masse will be a separate legal entity and will act in part through one or more representatives (the **Representative**) and in part through a general meeting of the Noteholders (the **General Meeting**).

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

(b) **Representative:** The office of the Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

(i) the Issuer, the members of its Board of Directors (*conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or

(ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers *(gérants)*, general managers (*directeurs généraux*), members of their Board of Directors (*Conseil d'administration*), Management Board (*Directoire*) or Supervisory Board (*Conseil de surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouses; or

(iii) companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or

(iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The following persons are designated as Representatives of the Masse:

S.C.P. G. SIMONIN, E.LE MAREC and V. GUERRIER

Huissiers de Justice associés
54 rue de Taitbout
75009 PARIS

Tel 01 48 78 96 96
rdm@simonin-huissier.com

The Issuer shall pay to the Representatives of the Masse an amount equal to EUR 500 for the first year, payable at the Issue Date; then EUR 250 per annum, payable annually on the anniversary date of the issue.

In the event of dissolution, death, retirement or revocation of appointment of one of the Representatives, such Representative will be replaced by another Representative, an alternate Representative will be elected by the General Meeting.

(c) **Powers of the Representatives:** The Representatives shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representatives.

The Representative may not interfere in the management of the affairs of the Issuer.

(d) **General Meeting:** A General Meeting may be held at any time, on convocation either by the Issuer or by the Representatives. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representatives a demand for convocation of the General Meeting, together with the proposed agenda for such General Meeting. If such General Meeting has not been convened within two months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published as provided under Condition 10 not less than 15 days prior to the date of such General Meeting.

Each Noteholder has the right to participate in a General Meeting in person, by proxy, correspondence, or, if the *statuts* of the Issuer so specify, videoconference or any other means of telecommunications allowing the identification of the participating Noteholders. Each Note carries the right to one vote.

(e) **Powers of the General Meetings:** The General Meeting is empowered to deliberate on the dismissal and replacement of the Representatives and any alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representatives to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) to Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least a fifth of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder on the second business day in Paris preceding the date set for the meeting of the relevant General Meeting at 0:00, Paris time.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 10.

(f) **Information to Noteholders:** Each Noteholder or Representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

(g) **Expenses:** The Issuer will pay all reasonable expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(h) **Notice of Decisions:** Decisions of the meetings shall be published in accordance with the provisions set out in Condition 10 not more than 90 days from the date thereof.

10. Notices

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear or Clearstream, Luxembourg, for so long as the Notes are cleared through such clearing systems and published on the website of the Issuer (http://www.carmila.com/fr/); and so long as the Notes are admitted to trading on Euronext Paris and the rules of Euronext Paris so require, on the website of Euronext Paris (www.euronext.fr). Any such notice shall be deemed to have been given on the date of such delivery or, if delivered more than once or on different dates, on the first date on which such delivery is made.

11. Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

12. Further Issues

The Issuer may, from time to time without the consent of the Noteholders, issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will, for the defence of their common interests, be grouped in a single Masse having legal personality.

13. Governing Law and Jurisdiction

The Notes are governed by the laws of France.

The competent courts within the jurisdiction of the Court of Appeal of Paris have non-exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be used by the Issuer in part for the repayment of loans granted to the Issuer by a pool of banks (see "Description of the Issuer – Sources of Funding") and in part for general corporate purposes, such as the funding of Carmila's development, including the financing of Carmila's capital expenditure programme for 2016.

DESCRIPTION OF THE ISSUER

1. OVERVIEW OF THE ISSUER

Carmila SAS (the **Issuer** and together with its subsidiaries, **Carmila**) is a French real estate company whose aim is to revitalise and develop shopping centres anchored by Carrefour hypermarkets in Europe.

It started operations in April 2014 by purchasing a portfolio of Carrefour-anchored shopping centres from Klépierre in three European countries (France, Spain and Italy), valued at €2.7 billion. On the same date, Carrefour contributed or sold most of its shopping centres in France to Carmila. Further large transactions totalling €1.1 billion took place in November and December 2014. Carmila acquired six shopping centres from Unibail-Rodamco in France and three shopping centres from Carrefour Property Espana along with various isolated units belonging to Carrefour Property Espana in Spanish shopping centres which Carmila had previously acquired from Klépierre in April 2014.

Currently Carmila owns 189 shopping centres, valued at approximately €4.5 billion including transfer costs (€4.3 billion excluding transfer costs) in three European countries: 116 in France, valued at approximately €3.5 billion (including transfer costs), 66 in Spain, valued at approximately €0.7 billion (including transfer costs) and 7 in Italy, valued at approximately €0.3 billion (including transfer costs). The portfolio represents over 1.1 million square metres of leasable space and approximately €260 million in terms of annual gross rental income.

Carmila has a large diversified tenant base with approximately 4,900 lease contracts. As at 31 December 2015, the largest consolidated tenant represents 2.1% of rental income. Although Carrefour is a strategic partner and owns 42.2% of the share capital of Carmila alongside major long-term real estate investors, less than 1% of Carmila's gross rental income comes from Carrefour.

Carmila employs 131 people and is led by a management team which includes experts from Europe's largest shopping mall operators.

2. STRATEGY

Carmila is dedicated to optimising the shopping experience and enhancing the value of shopping centres anchored by Carrefour hypermarkets in Europe.

2.1 Key pillars of Carmila's strategy

The key pillars of Carmila's strategy are the following:

- A differentiated marketing approach

  Carmila is developing a differentiated marketing approach through the "*Air de Famille*" concept. This concept, which is customer-oriented, is being rolled-out in all three countries ("*Un air de famille*" in France, "*Un aire de familia*" in Spain and "*Un'aria di famiglia*" in Italy). With this concept, Carmila positions itself as a "retail" property company which shares retailers' expectations and offers services that will benefit the end customer. Through active shopping centre management focused on enhancing the attractiveness and the development of services to tenants, Carmila expects to improve both customers' shopping experience and tenants' satisfaction. Examples of services to tenants include increasing customer awareness of new and innovative products or offering private sales to loyal customers. In addition the "*Air de Famille*" concept includes innovative digital and cross-canal solutions such as homepages focusing on up-to-date commercial offers, regular targeted email promotions to shopping centre customers using local databases and Carrefour customer databases and e-reservation of products whose availability in shops is indicated on-line.

- A wide-reaching renovation programme

  The renovation programme includes the modernisation of facades and shopping centre entrances, the refurbishment in previously under-invested assets, the rebranding under the "*Air de Famille*" concept, the renovation of car parks and the introduction of modern management of the centres. The programme is coordinated with Carrefour Property and the cost is shared by the co-owners of each site pro-rata of the Gross Leasable Area (GLA) ownership, hence Carrefour's share of the capital expenditure amounts to 60% to 80% of the total, depending on the site. In 2014, the renovation of 46 shopping centres was completed (33 in France and 13 in Spain) for a capital expenditure of €19.2 million by Carmila. In 2015, 52 renovations were initiated (44 completed) for a capital expenditure of €34.2 million, bringing the total number of renovations achieved in 2014 and 2015 to 98 (for a combined capital expenditure of €53.4 million). All shopping centres will be renovated by the end of 2016.

- A clear portfolio and shopping centre management policy

  The portfolio and site management can be categorised as follows:

  - *portfolio management* which sets the medium-term strategy and the positioning of the shopping centres with a key focus on sales, merchandise mix, lease renewals and vacancies;

  - *shopping centre management* which deals with the shopping centres on a day-to-day basis with a focus on attracting new customers, increasing the loyalty of existing customers and enhancing the average value of purchases; and

  - *condominium management* which focuses on the maintenance of existing sites, the upkeep of common areas and the credit collection of tenant contributions for common area expenses.

  The key performance indicators of each site are reported weekly or monthly, allowing management to closely monitor the performance of the portfolio. The strategy is tailored per region and takes into account the competitive landscape of each asset. The aim is that each commercial site, through either the hypermarket or the shopping centre, becomes a local retail leader.

- Shopping centre extension programme

  This programme aims to improve the attractiveness of the broader catchment area, Carmila seeks to maximise the sales potential of each shopping centre through tailored and targeted extension projects. This extension programme is a key pillar of value creation for Carmila. The extensions are led jointly with Carrefour Property through 50/50 joint ventures, with strict governance concerning the investment decision including independent valuations and execution with pre-letting hurdles before the works start. Once completed, Carmila will acquire Carrefour Property's share of the joint venture at a pre-determined price. For these extensions, the focus is on France where over 38 projects are identified; the joint venture is expected to complete 35 of such projects by 2018. In total, the 38 projects will require €714.0 million of capital expenditure. A framework agreement has been concluded which describes in detail how the extension programme will be developed.

- An acquisition strategy

  Carmila has an opportunistic approach to acquisitions with a focus on bolt-on acquisitions, which can be easily integrated and will enhance the overall portfolio valuation. Carmila is well positioned to acquire future shopping centres adjacent to Carrefour hypermarkets given its symbiotic relationship with Carrefour.

2.2 Relationship with Carrefour

Carmila and Carrefour share the same commercial and property management objectives:

- To increase footfall;
- To diversify tenants in order to enhance purchase opportunities;
- To improve knowledge of their customer base;

- To develop customer loyalty;
- To improve the customer experience with a focus on access and pathways; and
- To create a harmonious shopping experience for their clients.

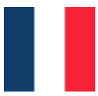
Such alignment is in the interest of both parties. Historically, Carrefour and shopping centre owners have faced deadlock situations, i.e. on major investments such as extensions, due to differing investment strategies. Now, Carrefour relationship with Carmila enables it to determine the course of such investments and focus on local leadership strategies.

3. GEOGRAPHIC REACH AND FEATURES OF THE LEASES

3.1 Geographic footprint

Carmila is dedicated to investment in shopping centres adjacent to Carrefour hypermarkets, which have a footprint overlapping Carrefour's European main markets. Carmila seeks to achieve the optimal mix of regional shopping centres and large malls and has a resilient business given the regional-focused leadership and its food-anchored base. Through the various transactions described in paragraph 5, Carmila has reached a significant size.

As at 31 December 2015, Carmila owns 189 shopping centres in France, Spain and Italy, as shown in the graphic below:

Country	*Portfolio of assets*		*Key Performance Indicators*	
	• Leader shopping centres:	77	Gross Asset Value (€bn)	3.5
	• Challenger shopping centres:	39	Gross Rental Income (€m)	199
			Financial occupancy	94%
	• Leader shopping centres:	53	Gross Asset Value (€bn)	0.7
	• Challenger shopping centres:	13	Gross Rental Income (€m)	55
			Financial occupancy	92%
	• Leader shopping centres:	6	Gross Asset Value (€bn)	0.3
	• Challenger shopping centre:	1	Gross Rental Income (€m)	18
			Financial occupancy	99%

Please note a 'Leader shopping center' meets at least one of the following criteria: (i) hypermarket sales above €100.0 million, (ii) it contains a hypermarket which is a leader in its region[1]*, (iii) the shopping centre has more than 80 units, (iv) the shopping centre is a leader in its region*[2] *or (v) the shopping centre's commercial area is a leader in its region; all other shopping centres are 'Challenger shopping centers'.*

The Gross Asset Value (GAV), defined as the fair value of the asset by independent property experts, of Carmila's portfolio is €4.5 billion (including transfer costs) as at 31 December 2015. For the year 2015, the Gross Rental Income (GRI) of the portfolio of assets held at 31 December 2015 is approximately €272 million on a full-year 12 months basis (excluding the As Cancelas shopping centre in Spain, consolidated by the equity method).

The financial occupancy rates which are determined by comparing the actual rents to the same increased by the estimated rental value of the vacant leasable units, show growth potential in France (94%) and Spain (92%).

Carmila has three distinct strategies for each of the three countries in which it operates since the features of these markets differ:

- in the French retail landscape, Carmila has a large portfolio of resilient assets with a diversified tenant base;
- in Spain, the portfolio is mostly made up of neighbourhood galleries supported by strong hypermarkets; and
- in Italy, the asset base is made up of seven strong and resilient assets which were cherry-picked from Klépierre's portfolio.

3.2 **Overview of leases**

3.2.1 Leases in France

For Carmila, in France, commercial leases are generally signed for a ten-year tenure. By law, they cannot be less than 9 years. The tenant has the right to terminate its lease on every third-year anniversary without paying compensation to its landlord, unless otherwise agreed in the lease. The nature of the activity that takes place on the premises is defined in the lease and cannot be changed by a tenant alone. The tenant also has the obligation to keep its store open during the hours during which the shopping centre is open to the public. The tenant has the right to renew its lease at its term and if the landlord decides to refuse the renewal, the tenant can claim compensation.

Subject to the provisions of the lease, the tenant pays a base rent updated on an annual basis through indexation. The indexes used are either the Index of Construction Costs (ICC) or more commonly, the Index of Commercial Rents (ILC). These indexes are proxies of price changes in the real estate sector. Additionally, some leases include a variable rent based on the tenant’s sales. Upon renewal of the leases, if the new rent exceeds the old, the uplift will be qualified as “reversion”. Lease rents are usually paid quarterly in advance. In addition, at the beginning of the lease, the tenant pays the equivalent of three months' rent as a security deposit. In some cases, this deposit is replaced by a bank guarantee.

Most expenses incurred are re-billed to the tenant, in particular land taxes and insurance costs. In many cases, until 2014, the capital expenditure related to major repairs, heavy maintenance or compliance to regulations of the shopping centre (listed in Article 606 of the French *Code civil*) was also re-billed to the lessee. Under a new law, issued in 2014, this will no longer be possible with new leases or renewed leases. This will increase rents over time. Typically, in a shopping centre, the common charges are managed by a specific entity that receives a mandate to perform these duties. The expenses are billed to each landlord as defined in the relevant co-

[1] Source: Nielsen
[2] Source: Codata

ownership agreements and passed on to each tenant according to rules defined in the lease agreements. The allocation is generally based on the number of square metres occupied by each tenant.

3.2.2 Leases in Spain

For Carmila, in Spain, the length of the lease is determined by the parties. There are no regulatory limitations. In practice, Carmila España grants leases of an average of 8 years. For long-term leases there is often a break option for the tenant at the end of each 5 year period. As in France the nature of the activity is defined in the lease and cannot be changed by the tenant alone. For the leases that Carmila grants in Spain, lease renewal is not dealt with in the lease agreement but is the result of an open discussion. The landlord has no obligation to renew or compensate the tenant if it decides not to renew.

Under such leases, the tenant normally pays a base rent generally updated on an annual basis through indexation. The Index used is the national CPI (Consumer Price Index). Additionally, some leases include a variable rent based on the tenant’s sales. Lease rents are invoiced and paid on a monthly basis. In addition, at the beginning of a lease, the tenant pays the equivalent of two months’ rent as a security deposit.

Most expenses incurred are re-billed to the tenant, in particular property taxes and common charges. However, by law, the property management fee cannot be re-billed to the tenants. Any heavy maintenance costs are borne by the landlord.

3.2.3 Leases in Italy

In Italy, the length of leases is generally 12 years and the tenant has a break option every six years, provided it gives 12 months' notice. However the tenant is free to terminate the lease without paying compensation to the landlord, providing it has a good reason for doing so. The fact that the tenant operates at a loss is sufficient to allow him to terminate most leases. Should the tenant not have a good reason for doing so, the compensation paid by the tenant to the landlord tends to vary depending on the nature of the activity that replaces the activity of the previous tenant. The compensation paid to the landlord normally amounts to 18 months' rent if the activity is different but can reach 36 months if there is no change of activity. The tenant also has a right of renewal.

Italian law allows indexation on an annual basis but only up to 75% of the ISTAT Index (General Consumer Price Index). To compensate the loss resulting from partial indexation, there will often be variable rent based on the tenant's turnover. As a security, a bank guarantee is issued at the lease's inception generally equivalent to 4 months' rent.

In Italy, expenses and taxes cannot be re-billed to the tenant. If the tenant agrees to pay ordinary maintenance and repairs along with the common areas costs, the landlord cannot re-bill structural maintenance costs.

4. MANAGEMENT

Carmila has an experienced management team with a proven track record in the same real estate business and a clear strategic outlook:

- **Jacques Ehrmann**: Chairman and CEO of Carmila, Executive Director of Carrefour Group in charge of assets, development and new activities; Mr Ehrmann, now 55, started his career as General Counsel to the Société des Hôtels Méridien. He also held general management positions with Euro Disney and Club Méditerranée. In 2003 he joined the Casino Group as Chief Real Estate and Development Officer. Whilst there he conceived, created and listed Mercialys, the shopping centre company of the French food retailer Casino Group, as well as doubling its size in just seven years. In mid 2013, he joined the Carrefour Group and proceeded to create Carmila;
- **Géry Robert-Ambroix**: Deputy CEO of Carmila, Mr Robert-Ambroix started his career with the construction company Bouygues Group. In 1998, he joined CGIS, which later became the real estate group Nexity, as Deputy Director to financial structuring. He became CEO of Sari Gestion and was

promoted to the Executive Committee of Sari in 2000. After being a Director with Affine he joined the Casino Group in 2005 and participated in the launch and development of Mercialys as Deputy CEO. He joined Carrefour Property in 2013 ahead of becoming Deputy CEO of Carmila upon its creation;

- **Yves Cadelano**: Deputy CEO of Carmila, Executive Director of Carrefour Property France; Mr Cadelano, with a degree in architecture, joined Euro Disney in 1995 as a Development Manager. He moved to Club Méditerranée in 1999 and to the Casino Group in 2004 as Director of Real Estate Development in France and abroad. He became Deputy CEO of Mercialys and added Marketing to his responsibilities in 2006. In June 2012, Mr Cadelano joined Carrefour Property France in the position of CEO. With 21 years of experience in real estate, today he is the Executive Director for Carrefour Property France, as well as Deputy CEO of Carmila;

- **Sebastian Palacios**: COO for Carmila España, Mr Palacios began his career in Belgium with the retail Group GIB. He then moved to the Spanish subsidiary of Promodès Group where he took on various responsibilities in the Asset and Real Estate Department. In 2000, when Promodès merged with Carrefour, Mr Palacios became Store and Shopping Centre Development Director with Carrefour España and COO of Carrefour Property España. He took the position of COO of Carmila España in 2014;

- **Maryse Beucher**: COO for Carmila Italia, Mrs Beucher joined Carrefour in France in March 1990. She pioneered the first store opening in Poland as Organisation Manager in the mid 90s and developed skills for structuring organisations which she used with Carrefour in Turkey, Greece, Portugal and Italy where she arrived in 2001. In 2004, she became Controller of the Real Estate Department of Carrefour Italia and has since worked on all aspects of shopping centre development and management before joining Carmila as COO for Italy in 2014;

- **Patrick Armand**: CFO of Carmila, Mr Armand started his career with Arthur Andersen in 1981, and joined the Carrefour Group as Consolidation Director in 1985. He then alternated operational and financial positions among which store director and regional manager for Carrefour, and within the financial function, held the positions of Group Internal Audit Director, Group Treasurer, Group Merger and Acquisition Director and CFO for Europe. He joined Carmila in April 2014, at its launch; and

- **Anne-Laure Joumas**: Chief Marketing Officer, Mrs Joumas has developed her urban planning skills with Bérénice, a development planner company, which she joined in 2000 and Bouwfonds MAB Development where she moved in 2005. In 2007, she joined Mercialys as Marketing and Communication Director to develop “l’Esprit voisin” concept. In 2013, Mrs Joumas joined Carrefour Property and has held the position of Marketing and Site Management Director with Carmila since April 2015.

5. HISTORY

5.1 INCORPORATION

The Issuer was incorporated on 4 December 2013 for a duration of 99 years until 4 December 2112 as a simplified joint stock company (*société par actions simplifiée*), governed by the French *Code de commerce* and registered in France with the Nanterre Trade and Companies Register (*RCS Nanterre*) under number 798 904 025 RCS Nanterre. The Issuer's registered office is located at 58, avenue Emile Zola, 92100 Boulogne Billancourt, France and its registered office telephone number is +33 (0)1 58 33 61 00.

5.2 ACQUISITION AND TRANSFERS OF ASSETS FROM KLÉPIERRE AND CARREFOUR

5.2.1 Summary

On 15 December 2013, Carrefour, Klépierre and the Issuer signed a memorandum of understanding (the **Memorandum**) by which Klépierre committed to sell to Carmila assets from the Klépierre group and shares in companies owning Klépierre group assets. Simultaneously, Carrefour and a group of investors signed an investment agreement (the **Investment Agreement**) specifying the terms and conditions of a transfer by Carrefour to Carmila of (i) assets to be contributed by Carrefour group entities, (ii) assets to be sold by Carrefour group entities and (iii) shares in companies owning Carrefour group assets.

In February and March 2014, the Issuer established two wholly-owned subsidiaries, one French (**Carmila France**) and the other Italian (**Carmila Holding Italia**), and acquired a Spanish subsidiary (**Carmila España**), each to be used to acquire assets from Carrefour and Klépierre.

On 16 April 2014, Carmila, Carrefour and Klépierre substantially completed the transfers and purchases envisaged in the Memorandum and the Investment Agreement.

5.2.2 The Klépierre acquisitions

On 16 April 2014:

- Carmila France completed its acquisition from the Klépierre group of 53 assets located in France for a total price, based on an appraisal of the value of those assets, of €1,132.9 million (including transfer costs);
- Carmila France completed its acquisition of all of the shares comprising the capital of three general partnerships (SNC KC1, SNC KC6 and SNC KC8), which were the owners of the assets located in Antibes, Montesson and Nice respectively, for a total price, based on an appraisal of the value of those assets, of €249.3 million (including transfer costs). Following a decision by their sole partner, Carmila France, on 28 November 2014, SNC KC1, SNC KC6 and SNC KC8 were wound-up and all their assets were transferred to Carmila France.
- Carmila España completed its acquisition of all the 63 shopping malls of the Klépierre group located in Spain for a total price, based on an appraisal of the value of those assets, of €379.8 million (including transfer costs); and
- Carmila Holding Italia completed its acquisition of all of the shares comprising the capital of Carmila Italia, the company previously created by Klépierre and to which the Klépierre group entities transferred 7 shopping malls owned by the Klépierre group in Italy, for a total price, based on an appraisal of the value of those assets, of €221.1 million (including transfer costs).

In total, on 16 April 2014 Carmila acquired 126 sites from Klépierre, located in France, Spain and Italy, with a market value of €2.0 billion (including transfer costs).

5.2.3 Carrefour assets

On 16 April 2014, various assets in 78 shopping centres (including some units in sites acquired from Klépierre) were contributed by the Carrefour group to Carmila France for a total price, based on an appraisal of the value of those assets (excluding transfer costs), of €526.5 million.

Prior to this contribution, Carmila signed agreements with the Carrefour group entities owning the transferred shares to contribute said shares to Carmila France, based on a valuation of the assets in their possession corresponding to their appraisal value (excluding transfer costs), amounting to a total sum of €14.5 million, together with an additional payment in cash of €0.6 million. The shares that were contributed represent 100% of the shares in SARL Hyparmo (an asset located in Francheville) and 50% of the shares in SCI de l'Arche (an asset located in Berck sur Mer).

In addition, on 16 April 2014 Carmila France also directly acquired (i) various Carrefour group assets (Bourges, Flins, Mondevillage) for a total price, based on an appraisal of the value of those assets, of €65.4 million and (ii) all of the shares comprising the capital of the SNC du Centre Commercial de Lescar, a general partnership within the Carrefour group, for a total price, based on an appraisal of the value of those assets (including transfer costs), of €37.0 million.

5.3 BECOMING A SIIC

On 1 June 2014, the Issuer and its French subsidiaries opted to become subject to the regime for *sociétés d'investissements immobiliers cotées* (**SIIC**), thus becoming subject to corporation tax exemptions, albeit subject to the fulfilment of various conditions set out in the French *Code général des impôts*. Carmila and its subsidiaries are able to benefit from the SIIC tax regime, despite not being listed companies, because Carmila's ultimate shareholders hold at least 95% of the shares in Carmila through French real estate investment companies (*sociétés de placement à prépondérance immobilière à capital variable*). For more information, please see *Risk Factors – Risk linked to the French special tax regime*, page 12.

5.4 ACQUISITION OF ASSETS FROM UNIBAIL-RODAMCO AND CARREFOUR PROPERTY ESPANA

On 28 November 2014, the Issuer, acting through Carmila France, acquired six regional shopping centres in France from Unibail-Rodamco for a total price of €932.0 million (such price comprising the value of the assets, the transfer tax costs and the share held by minority interests).

To complete the acquisition, Carmila France established four companies (the **SPVs**): Carmila Anglet, Carmila Coquelles, Carmila Orleans and Carmila Labege. The SPVs then used the sums lent to it by Carmila France to acquire, on 28 November 2014:

(i) various assets of Unibail-Rodamco, namely:

- the Unibail-Rodamco assets held by SCI Pontots (the BAB2 shopping centre in Anglet, close to Biarritz), for a total price, based on an appraisal of the value of those assets, of €172.9 million;
- the Unibail-Rodamco assets held by SCI Labex (some units in a shopping centre in Labège, in the suburbs of Toulouse), for a total price, based on an appraisal of the value of those assets, of €33.5 million;
- the Unibail-Rodamco assets held by SCI Sirmione and SCI SICOR (the Place d'Arc shopping centre in Orleans), for a total price, based on an appraisal of the value of those assets, of €108.0 million;
- the Unibail-Rodamco assets held by SARL Espace Coquelles (vacant land), for a total price, based on an appraisal of the value of those assets, of €0.1 million, and

(ii) shares of the following Unibail-Rodamco companies:

- all of the shares in SCI Espace Commerce Europe (**ECE**) (the Coquelles shopping centre on the outskirts of Calais), for a total price, based on an appraisal of the value of those assets, of €172.9 million. On 30 April 2015, all ECE’s assets were transferred to Carmila Coquelles;
- all of the shares in SCI Centre Commercial de Labège (a large shopping centre in the suburbs of Toulouse), for a total price, based on an appraisal of the value of those assets, of €192.2 million;
- all of the shares in SCI Pontots (the extension rights of the BAB2 shopping centre in Anglet), for a total price, based on an appraisal of the value of those assets, of €22.6 million.

On 28 November 2014, Carmila España acquired from Carrefour Property España commercial property assets (or shares in companies owning commercial property assets) located in Spain including the Huelva and Talavera shopping centres and a 50% share in the As Cancelas shopping centre in Santiago de Compostela along with various units in shopping centres acquired from Klépierre. Carmila España was funded through Carmila by contributions in cash from Carrefour. These assets were valued at a total of €181.6 million.

5.5 OTHER SHOPPING CENTRE ACQUISITIONS AND PROJECT DEVELOPMENTS

On 30 June 2014, in France, Carmila completed its acquisition of the assets owned by Carrefour affiliates Guyenne & Gascogne (a shopping centre in Auch, another in Saint Jean de Luz and vacant land in Tarnos) and Carcoop (shopping centres in Bourg en Bresse and Denain), for the total amount of €23.0 million.

On 22 July 2014, acting through Carmila France, Carmila acquired a shopping centre in Laval for the sum of €43.8 million (including transfer costs) from KKR, ultimate shareholder of three Castel Real Estate Funds.

On 19 January 2015, acting through Carmila France, Carmila acquired a shopping centre in Montluçon from SOFODIC for an amount of €20.6 million (including transfer costs).

On 29 January 2015, Carmila France also acquired three shopping centres in Mont Saint Aignan, Puget sur Argens and Sannois, France, from CBRE for the total sum of €88.3 million (excluding transfer costs).

In March 2015, in Italy, Carmila Holding Italia constituted a company "Galleria Commerciale Nichelino Srl" which is due to become a 50/50 joint venture with Carrefour Property to launch the extension programme of the Nichelino shopping centre in Torino. Upon completion, the shopping centre, next to a rebuilt Carrefour hypermarket, will include 45 units spreading over 42,000 square metres GLA and a retail park with 14 units.

In May 2015, in Italy, additional units were acquired from Carrefour Property Italia in shopping malls already majority held in Thiene, Giussano and Paderno for a total amount of €3.9 million.

On 24 July 2015, Carmila acquired from SCI DGG Invest in Gruchet le Valasse a building lease with a tenancy of 5 medium-sized units for €4.5 million.

On 29 July 2015, Carmila France acquired from CADS, a shopping centre in Draguignan for €10.0 million and from Carcoop, the larger part of a shopping centre located in Liévin for €11.0 million.

Also, during the 2015 third quarter in France, Carmila France acquired various units from Carrefour Group companies in shopping centres already majority held, such as a unit in the Bourg-en-Bresse shopping centre, a vacant unit in the Labège shopping centre, a ground lease in La Chapelle Saint Luc, as well as various units from third parties in the shopping centres of Tournefeuille (from SAS Frafin) and Puget sur Argens (from SCI de l'Esterel) for a total amount of €9.6 million.

On 30 September 2015, Carmila France acquired a 65% stake in Financière Geric which owns the shopping centre in Thionville, East of France. The acquisition amounted to €60.6 million (with €1.0 million in transaction costs).

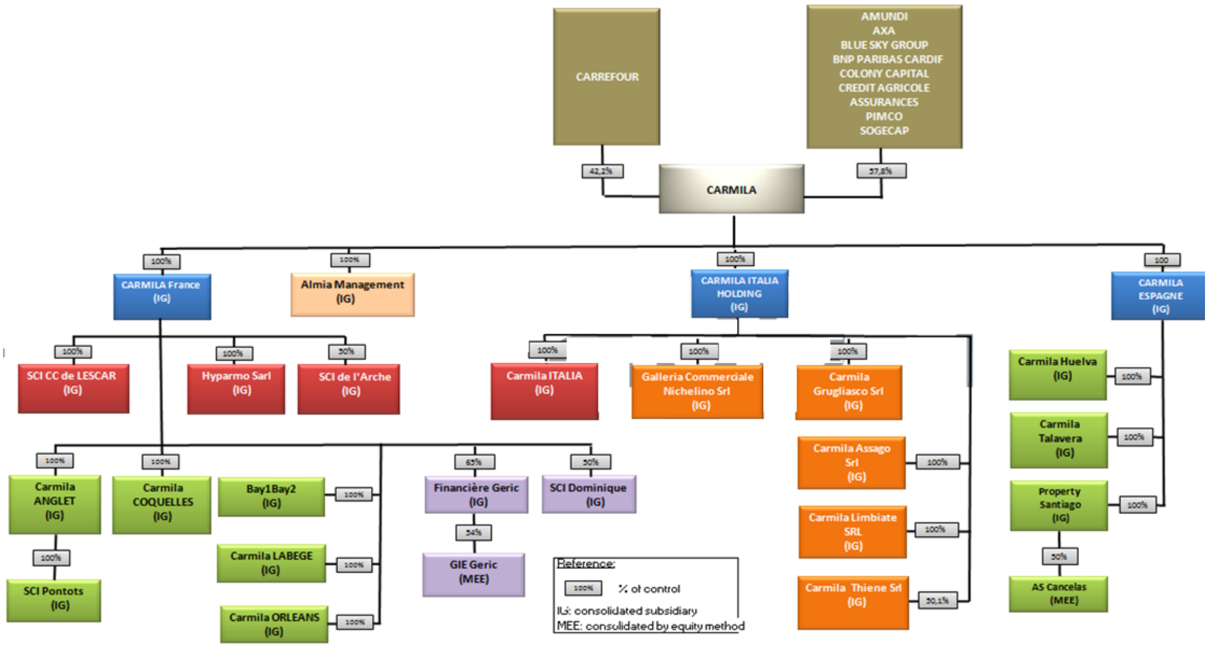
During the fourth quarter of 2015, Carmila France also acquired a shopping center in L'Hay Les Roses from several investors including a Carrefour subsidiary for €3.9 million. It also acquired from another Carrefour subsidiary two medium size units in Mandeville for €2.3 million.

On 29 December 2015, Carmila Holding Italia acquired units in the shopping centres of Vercelli, Assago, Gruliasco and Limbiate from Carrefour Property Italia for a total amount of €35.6 million.

On 31 December 2015, Carmila France acquired a shopping centre in Ormesson, in the Eastern Paris suburb. The acquisition for a total amount of €41.0 million includes a 50% stake in SCI Dominique for €1.3 million.

6. GROUP STRUCTURE

Carmila's simplified corporate structure as at 31 December 2015 is shown below. The changes during 2015 include the winding up of ECE into Carmila Coquelles and SCI Labège into Carmila Labège. In Italy, 5 new companies were incorporated, two of which will include the development or extension of shopping malls, Galleria Commerciale Nichelino Srl and Carmila Thiene Srl, and three of which are designed to hold the units acquired in December 2015 in Assago, Grugliasco and Limbiate. In France, during December 2015, 65% of Financière Geric and 50% of SCI Dominique were acquired.



6.1 Major Shareholders

Contributions from shareholders have totalled €2,294.1 million since the creation of Carmila, including €1,830.0 million in April 2014 and €509.7 million in November 2014.

The largest shareholder in Carmila is Carrefour, with a 42.2% shareholding. The other shareholders hold 57.8% of the share capital since 16 April 2014.

6.2 Agreements with Carrefour

On 16 April 2014, various entities of the Carrefour Group signed with Carmila service agreements entrusting asset management and back-office functions and services to Carrefour. This enables Carmila to focus on its strategic functions such as portfolio management, letting contracts for vacancies, lease renewals and new tenant contracts in asset developments, shopping centre management and marketing.

In addition, as previously mentioned, Carmila signed an agreement with Carrefour Property on the renovation and extension of Carmila's assets, defining each party's role in the developments.

7. PRESENTATION OF FINANCIAL INFORMATION

7.1 Background

As the Issuer decided to become a SIIC as from 1 June 2014, its initial financial statements cover the period from 4 December 2013 to 31 May 2014. Given that Carmila SAS was not active until 16 April 2014, these initial financial statements cover, in real terms, a period of 1.5 months of trading activity. Consolidated financial statements were also prepared for this period.

The second set of financial statements for 2014 cover the period from 1 June 2014 to 31 December 2014, being 7 months of activity. Consolidated, IFRS-compliant, financial statements were prepared for this period.

Following these period adjustments, Carmila's fiscal year starts 1 January and ends 31 December. In 2015, a set of half year consolidated financial statements was prepared for the period ended 30 June 2015 on a consistent basis, comparable to prior periods. A full year set of consolidated financial statements covering the period from 1 January 2015 to 31 December 2015 was also prepared on a consistent and IFRS-compliant basis.

7.2 **Selected financial information**

The below extracts, translated from the audited December 2015 Annual Consolidated Financial Statements for the 12-month period ended 31 December 2015, the unaudited June 2015 Interim Consolidated Financial Statements for the 6-month period ended 30 June 2015, the audited December 2014 Consolidated Financial Statements for the 7-month period ended 31 December 2014 and the audited May 2014 Consolidated Financial Statements for the 6-month period ended 31 May 2014 should be read in conjunction with the financial information incorporated by reference in this Prospectus.

Carmila views shopping centres as investment properties and accordingly they are recorded and valued in accordance with the provisions of IAS 40. Under IAS 40, an investment property is measured at cost (including transaction costs) when acquired as an isolated asset rather than in a business combination involving companies which would be accounted for under IFRS 3. In addition, Carmila uses the cost method of accounting for its properties and has applied it uniformly to all its shopping centres.

Assets *(in thousands of euros)*	**31 December 2015** **(12 months)**	**30 June 2015** **(6 months)**	**31 December 2014** **(7 months)[(1)]**	**31 May 2014** **(1.5 months)[(2)]**
Investment properties	4,109,959	3,850,476	3,754,163	2,631,015
Other non-current assets	63,661	57,290	56,699	11,083
Other Current assets	157,746	153,633	115,124	32,252
Cash and cash equivalent	128,004	51,329	127,095	126,434
Total Assets	**4,459,370**	**4,112,728**	**4,053,081**	**2,800,784**

Equity *(in thousands of euros)*	**31 December 2015 (12 months)**	**30 June 2015 (6 months)**	**31 December 2014 (7 months)[1]**	**31 May 2014**
Group share	2,269,781	2,306,425	2,283,243	1,830,778
Minority interests	35,221	4,271	4,377	4,539
Shareholder's Equity	**2,305,002**	**2,310,696**	**2,287,620**	**1,835,317**

Debt *(in thousands of euros)*	**31 December 2015 (12 months)**	**30 June 2015 (6 months)**	**31 December 2014 (7 months)[1]**	**31 May 2014 (1.5 months)[2]**
Non-current financial liabilities	1,862,223	1,543,143	1,555,259	863,016
Other non-current liabilities	94,835	76,335	72,563	52,907
Other current liabilities	181,826	163,290	129,766	47,484
Current financial liabilities	15,484	19,264	7,873	2,060
Total liabilities	**2,154,368**	**1,802,032**	**1,765,461**	**965,467**
Total Liabilities and Shareholder's Equity	**4,459,370**	**4,112,728**	**4,053,081**	**2,800,784**

Income Statement *(in thousands of euros)*	**31 December 2015 (12 months)**	**30 June 2015 (6 months)**	**31 December 2014 (7 months)[1]**	**31 May 2014 (1.5 months)[2]**
Gross rental income	260,348	126,841	110,367	21,398
Net rental income	243,855	116,813	100,153	19,395
Operational income and expenses	(33,801)	(16,355)	(15,743)	(2,724)
Income from companies accounted for by the equity method	1,013	466	54	-
EBITDA	**211,067**	**100,924**	**84,464**	**16,671**

Depreciation	(117,480)	(55,320)	(54,372)	(13,152)
Income or loss from disposal of assets	138	-	-	-
EBIT	**93,725**	**45,604**	**30,092**	**3,519**
Net financial expense	(40,647)	(16,806)	(15,409)	(2,484)
Profit before tax	**53,078**	**28,798**	**14,683**	**1,035**
Income Tax	(3,057))	(1,639)	(863)	203
Consolidated net income	**50,021**	**27,159**	**13,820**	**1,238**
Group share of Consolidated net income	**49,941**	**27,135**	**13,725**	**1,243**

Funds from operations (FFO)[(3)]	**170,576**	**84,252**	**64,605**	**14,390**

Statement of Cash Flows *(in thousands of euros)*	**31 December 2015** **(12 months)**	**30 June 2015** **(6 months)**	**31 December 2014** **(7 months)**[(1)]	**31 May 2014** **(1.5 months)**[(2)]
Cash flow before cost of net financial debt and tax	199,358	97,737	80,717	16,388
Change in working capital requirements	5,778	(2,359)	(16,034)	41,415
Cash flow from operating activities	**205,136**	**95,378**	**64,683**	**57,803**
Cash flow from investing activities	**(414,904)**	**(152,817)**	**(1,189,119)**	**(2,083,280)**
Capital increase	-	-	509,745	1,289,036
Net debt and interest variation	272,804	(1,860)	654,571	862,773
Dividend distribution	(64,168)	(18,364)	(45,639)	-
Cash flow from financing activities	**208,636**	**(20,224)**	**1,118,677**	**2,151,809**
Net change in cash and cash	**(1,132)**	**(77,663)**	**(5,759)**	**126,332**

equivalents				
Net debt (amount at year end)	**1,738,233**	**1,513,935**	**1,426,778**	**736,582**
Gross asset value (including transfer costs) on a fair value basis	**4,528,515**	**4,181,893**	**3,946,874**	**-** (4)
Loan to Value (end of period)	**38.4%**	**36.2%**	**36.1%**	**28.0%**(5)
Interest cover	**5.4**	**5.6**(6)	**5.5**	**-**(7)

(1) The period covered starts on 1 June 2014 and ends 31 December 2014.
(2) The period covered is in fact 4 December 2013 to 31 May 2014, however operations only started on 16 April 2014 and thus the figures only reflect 1.5 months of trading activity.
(3) Includes income from companies accounted for by the equity method, but excludes the non-cash items in Net financial expense such as the depreciation of the deferred set-up costs.
(4) No fair value assessment took place at this stage, one and a half months after the acquisitions of 16 April 2014 (described at 5.2.1. above).
(5) Calculated with the net book value of the Investment properties (as referred to in the table on page 48).
(6) Interest cover ratio calculated as 30 June 2015 over a 12 month rolling period.
(7) Not significant after one and a half months of activity.

a) Gross rental income

The amount of Gross rental income reflects the activity of the asset portfolio owned at 31 December 2015. The acquisitions of additional shopping centres during 2015 (referred to in paragraph 5.5 above) contributed €11.4 million to Gross rental income. For the period ending 31 December 2015 in France, lease cancellations were on the rise due to the poor economic environment. However the managerial focus set on filling vacancies has lead to a financial occupancy rate at 94% as of 31 December 2015, in line with the 2014 figure. In Spain, this focus has enabled the financial occupancy rate to improve by 4% to 92%. In both countries, the restructuring of shopping centres and the change in the merchandise mix to adapt to local clients demand aims at qualitative improvements of the shopping experience. In Italy, the financial occupancy ratio remains at a high level of 99% at the end of 2015.

b) Net rental income

Certain charges are deducted from the Gross rental income, such as lease incentives, marketing support, non recoverable operating expenses and accounts receivable depreciation, whilst the net contribution from the Specialty leasing activity (i.e. the short term leasing of dedicated spaces in the common areas or temporary leases of vacant areas during a shopping centre restructuring) is added back. The ratio calculated by comparing the Net rental income to the Gross rental income is one measure of profitability. It increased by 2.9% during the full year 2015 compared to the last 7 months of 2014. This overall trend is due to several factors: the close monitoring of incentives, the good performance of the Specialty Leasing activity and the improved occupancy ratio in Spain which enables a decrease in non recoverable expenses, albeit partially offset by an increase in the accounts receivable depreciation requirements.

c) The cost line items

The cost structure, although increasing in monetary terms due to the ramp up of operating activities as a result of the large acquisitions carried out during the second half of 2015, is improving as a percentage of Gross rental income. The fixed costs such as the Marketing department or the back-office are spread out over an increased income base, improving earnings.

d) Net financial expense

The interest expense, which amounts to €40.6 million for 2015, includes both the margin on the borrowings and the cost of hedging. Carmila has implemented a hedging policy aimed at reducing interest rate risk in the future (as described in paragraph 7.4 below). The cost of these hedging instruments as the policy is progressively implemented increases as compared to a short term variable cost. This is one of the reasons why the average all-in cost of funding rose from 2.10% in the last 7 months of 2014 to 2.37% for the full year 2015. In addition, the average tenor of the debt increased with Carmila's inaugural bond issue in September, the coupon of which stands at 2.375%.

e) Funds from operations (FFO) and other definitions

The Funds from operations (FFO) are defined as EBITDA less total interest expense and income tax. They are also adjusted to exclude the non-cash items in Net financial expense such as the depreciation charge on the deferred set-up costs of the funding. They are a proxy for the cash generated by operations. As a percentage of Gross rental income, they stand at 65.5% for the full year 2015, up from 58.5% in the last 7 months of 2014.

Earnings before interest, tax, depreciation and amortisation (EBITDA) are equivalent to the net income resulting from operational revenues and costs or expenses. EBITDA excludes the income or charge related to the disposal of assets.

Earnings before interest and tax (EBIT) is EBITDA less depreciation and amortisation but including Income from companies accounted for by the equity method. EBIT is a proxy of net operating income, provided there are no significant non-recurring or exceptional items (which is the case for the disclosed information).

f) The statement of cash flows

The statement of cash flows for the last seven months of 2014 reflects the acquisition of the Unibail Rodamco portfolio which took place at the end of November. The contribution to the cash flow of operating activities was therefore limited to just over one month. Nevertheless the funding of this acquisition was done through a capital increase of €509.7 million and additional loans of €175 million and €496 million.

For the period ended 31 December 2015, Carmila's investment activities include €304.0 million of acquisitions. The renovation programme was applied to 33 shopping centres in France, 18 in Spain and 1 in Italy for a total capital expenditure of €34.2 million. An extension programme lead to the investment of €47.2 million, mainly on the shopping centres in Anglet (France) and Nichelino (Italy). An additional €26.2 million was spent on maintenance and €2.4 million was spent on the restructuring of the Nice shopping centre.

The Net debt and interest variation includes the issuance of the 8 year bond maturing in September 2023 for which the proceeds amounted to €593.0 million. These proceeds were used to reimburse part of the €1,400 million bank loan (see paragraph 7.4 below, 'Sources of Funding') in an amount of €296.2 million and to fund Carmila's capital expenditure programmes.

g) Net debt

The Net debt is measured at the end of the year and calculated by deducting cash and cash equivalents from the outstanding financial debt. Neither the fair value of the hedging instruments, nor the deferral of the set-up fees amortised over the tenor of the debt are included in the Net debt calculation.

h) Gross asset value (including transfer costs)

The Gross asset value (including transfer costs) is defined as the market value (including transfer costs) given by independent appraisers at the date of the financial statements. The acquisitions, having taken place during the period covered by the financial statements, are also subject to an appraisal, unless they have taken place close to the end of the period. In such cases, the acquisition will be included at their purchase price (including transfer costs).

7.3 Net Asset Value

The Net Asset Value of Carmila, stated compliant with EPRA rules, is determined as follows:

Net Asset Value[(1)] *(in thousands of euros)*	**31 December 2015**	**30 June 2015**	**31 December 2014**
Shareholders' Equity – Group Share	2,269,781	2,306,425	2,283,243
Asset fair value adjustment	417,856	217,429	55,737
Reversal of the fair value adjustment of hedging instruments	24,923	11,042	25,325
Net Asset Value (as a going concern)	**2,712,560**	**2,534,895**	**2,364,305**
Number of shares outstanding	303,913.919	303,913.919	303,913.919
Net Asset Value per share (euros)	**8,93**	**8,34**	**7,78**

(1) A column for 31 May 2014 is not included as no fair value assessment took place at this time, just one and a half months after the property acquisitions of 16 April 2014 (described in 5.1.2 above).

The consolidated shareholders' equity is adjusted to include the fair value (transfer costs included) of the asset portfolio. The fair value of each asset is determined by an independent appraiser, or if acquired at a time close to the appraisal by the purchase price. Compared to the book value, based on historical costs, the fair value of the assets on 31 December 2015 is €417.9 million higher. This difference includes an increase in the value of Carmila's Spanish assets of €171.8 million. As of 31 December 2014, considering the macro-economic downturn over recent years and the slow-paced nature of the recovery, only €11.9 million of this potential capital gain had been recognised. Presently, considering the increase in the portfolio appraisal, the lessening of the risk and the pickup of investor activity in Spain, it appears reasonable to recognise the fair value adjustment for the Spanish assets. This was done gradually over 2015, since the adjustment posted for Spain on the Net Asset Value at 30 June 2015 is equivalent to 50% of the potential capital gain and amounted to €72.6 million.

Under the European Public Real Estate Association (EPRA) definitions, the Net Asset Value should be determined by taking a long term view of the portfolio, as a going concern. With such an approach, the mark to market adjustment applied to the hedging instruments is reversed. At 31 December 2015, the reversal of the mark to market adjustment is a profit since the hedging instruments were acquired over a period during which interest rates constantly decreased.

The Net Asset Value at 31 December 2015 stands at €2,712,539 million or €8.93 per share. This calculation does not include the 2015 €0.21 per share dividend distribution.

7.4 Sources of funding

On 15 December 2013, Carmila signed a loan agreement with a banking syndicate for a principal amount of €1,400.0 million of which €1,050.0 million is a term loan and €350.0 million is a revolving credit facility. Draw-downs from the term loan were used for the Klépierre acquisitions (described above) on 16 April 2014 and on 16 June 2014 for €875.0 million and €175.0 million respectively, for the purpose of partially refinancing the proceeds of a share issuance that took place on 16 April 2014.This loan agreement was amended on 30 July 2015 deferring its maturity to 30 July 2020, with two extension options, and granting improved funding conditions.

On 17 September 2014, Carmila signed a second loan agreement with the same banking syndicate in order to fund part of the Unibail-Rodamco acquisitions completed on 28 November 2014 (described above). Carmila obtained a term loan for the amount of €496.0 million and a revolving credit facility for €124.0 million. The term loan was fully drawn on the date of the acquisition of the Unibail-Rodamco assets on 28 November 2014.

On 18 September 2015, Carmila issued an inaugural 8 year bond maturing in September 2023 for a principal amount of €600.0 million with a 2.375% coupon. The net proceeds, after deducting the issuance premium and the fees, amounted to €593.0 million. An amount of € 296.2 million (50% of the proceeds after deducting costs and fees) was used to reimburse the €1,400 million loan.

As of 30 September 2015, upon acquiring Financière Geric, Carmila consolidated an additional €9.9 million of medium-long term loans.

As a result of the funding of these transactions, as at 31 December 2015, Carmila’s Loan to Value (LTV), defined as the net debt over the fair value, transfer costs included, of the investment properties measured by the appraisal by experts, stands at 38.4%.

Over the same period, Carmila has developed an interest rate hedging policy by using interest rate swaps and cap options to reduce the interest rate risk over time. As at 31 December 2015, Carmila's fixed rate debt (debt which is either nominally-fixed or fixed by hedging) amounts to 72.5% of its gross debt.

Carmila will be seeking to finance its capital expenditure programme going forward and to increase the tenor of its debt, which currently stands at six years. It expects to meet these objectives by diversifying the sources of funding through the bond market or private placements when market conditions appear attractive.

8. GOVERNANCE AND MANAGEMENT

8.1 Chief Executive Officer (*Président Directeur Général*)

The Chief Executive Officer of Carmila is appointed by the board of directors (the **Board of Directors**) for a period of three (3) years, renewable without limitation.

The Chief Executive Officer represents Carmila in respect to third parties. He is granted extensive powers to act in all circumstances in the name of Carmila, within the limits of Carmila's corporate purpose and subject to the powers expressly granted to partners and to the Board of Directors by the law, Carmila's statutes (*Statuts*) and Carmila's internal rules (*règlement intérieur*).

M. Jacques Ehrmann was appointed as Chief Executive Officer for a three-year period, renewable without limitation, on 17 April 2014.

8.2 Deputy Chief Executive Officers (*Directeurs Généraux Délégués*)

The Deputy Chief Executive Officers of Carmila are appointed by the Board of Directors for a determined or undetermined period.

The Deputy Chief Executive Officers represent Carmila in respect to third parties. They are granted extensive powers to act in the name of Carmila, subject to the limitation of powers expressly granted to partners, the Board of Directors and the Chief executive Officer by the law, Carmila's by-laws (*Statuts*) and Carmila's internal rules (*règlement intérieur*) and subject to the limitation of powers decided by the Board of Directors and the Chief executive Officer.

M. Yves Cadelano and M. Géry Robert Ambroix were appointed Deputy Chief Executive Officer for a three-year period, renewable without limitation, on 17 April 2014.

8.3 Board of Directors (*Conseil d'Administration*)

The Issuer is administered by the Board of Directors (*Conseil d'Administration*) which has the powers to carry out the administration and management of the Issuer set out in Carmila's by-laws (*statuts*) and Carmila's internal rules (*règlement intérieur*). The number of directors is determined in accordance with the terms of Carmila's by-laws (*statuts*), and can be between eight (8) and (12), depending on the number of equity partners (*associés investisseurs*) and/ in some cases the share capital/voting rights of such equity partners.

Directors are appointed at the partners' general meeting for a period of time (3) years, renewable without limitation. The current Directors were appointed on 16 April 2014 and M. Jacques Ehrmann was appointed as Chairman of the Board of Directors on 17 April 2014.

As of the date hereof, the members of the Board of Directors are: Pierre Vaquier (Axa), Cardif Assurances Vie represented by Nathalie Robin, Nadra Moussalem (Colony), Laurent Luccioni (Pimco), Emeric Servin (Crédit Agricole Assurances), Sogecap represented by Yann Briand, Olivier Lecomte (independent Board member), Vincent Abello (Carrefour), Jérôme Bedier (Carrefour), Jacques Ehrmann (Chairman of the Board of Directors), Francis Mauger (Carrefour), Noël Prioux (Carrefour).

The observer (*censeur*) is Pedro Arias (Amundi).

8.4 Investment Committee (*Comité d'Investissement*)

The Investment Committee (*Comité d'Investissement*) is composed of six (6) members of the Board of Directors (*Conseil d'Administration*). It meets as often as necessary and at least once a financial quarter, at the written request of its president (*président*) or the Chairman of the Board of Directors (*Président du Conseil d'Administration*).

It has a purely consultative role, with its mission to examine and give its opinion on the investment and disinvestment projects of the Issuer and its subsidiaries.

As of the date hereof, it is composed of three board members representing the investors, including the president, and three board members representing Carrefour.

8.5 Audit, Remuneration and Nomination Committee (*Comité d'Audit, des Rémunérations et des Nominations*)

The Audit, Remuneration and Nomination Committee (*Comité d'Audit, des Rémunérations et des Nominations*) is composed of five (5) members of the Board of Directors (*Conseil d'Administration*). It meets as often as necessary and at least once a financial half-year, at the written request of its president (*président*) or the Chairman of the Board of Directors (*Président du Conseil d'Administration*).

It has a purely consultative role, with its mission to:

(i) examine (x) the accounting methods and assessment procedures in relation to the assets of the Issuer and its subsidiaries, (y) the draft financial statements and consolidated financial statements of the Issuer and its subsidiaries and (z) the proposals put forward for the appointment of auditors for the Issuer and its subsidiaries;

(ii) carry out the tasks set out in article L.823-19 of the French *Code de commerce*, notably verifying the clarity of information provided to partners;

(iii) examine the levels of risk and the procedures to protect against them;

(iv) examine and give its opinion to the Board of Directors (*Conseil d'Administration*) on every candidate nominated for appointment to the post of independent director (*administrateur indépendant*) and to reach an opinion on the applications for the Board of Directors (*Conseil d'Administration*);

(v) examine and give its opinion to the Board of Directors (*Conseil d'Administration*) on the methods and amount of remuneration, of every type, to be given to the management (*dirigeants*) of the Issuer and its subsidiaries and the rules relating to and the attribution of programmes granting stock-options, attributing a free share allocation plan, and all plans or programmes of profit sharing within the Issuer and its subsidiaries; and

(vi) examine the special report (*le rapport spécial*) of the auditors on the Issuer's regulated agreements.

As of today's date, it is composed of a president who is the independent Board Member, two board members representing the investors and two Board Members representing Carrefour.

8.6 **Conflicts**

There are no potential conflicts of interest between any duties owed by any of the members of the Board of Directors, the Investment Committee and the Audit, Remuneration and Nomination Committee towards Carmila and their private interests and/or other duties.

9. AUDITORS

The statutory auditors of the Issuer are (i) KPMG Audit ID, a simplified joint stock company (*société par actions simplifiée*), registered with the Nanterre Trade and Companies Register (*RCS Nanterre*) under the number 512 802 489 and having its registered address at Tour EQHQ, 2 avenue Gambetta, CS 60055, 92066 Paris la Défense CEDEX and (ii) EXCO Paris ACE (formerly ACE Auditeurs et Conseils d'Entreprise), a limited liability company (*société anonyme*), registered with the Paris Trade and Companies Register (*RCS Paris*) under number 380 623 868 and having its registered address at 5 Avenue Franklin Roosevelt, 75008 Paris.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

EU Savings Directive

Under 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 other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State. For a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The rate of such withholding tax equals 35 per cent. The end of the transitional period is 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).

On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the Savings Directive from 1 January 2016 in relation to all Member States other than Austria (and from 1 January 2017, or after 1 October 2016 for certain payments, in relation to Austria), subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates.

France

Withholding Tax

The following is an overview of certain withholding tax considerations that may be relevant to holders of the Notes who do not concurrently hold shares of the Issuer.

Payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non-Cooperative State**). If such payments under the Notes are made in a Non-Cooperative State, a 75 per cent. withholding tax will be applicable by virtue of Article 125 A III of the French *Code général des impôts* (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty).

Furthermore, in application of Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes will not (where otherwise deductible) be deductible from the Issuer's taxable income, if they are paid or accrued to persons established or domiciled in a Non-Cooperative State or paid in such a Non-Cooperative State (the **Deductibility Exclusion**). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq* of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French *Code général des impôts*, at a rate of 30 per cent. or 75 per cent. (subject to the more favourable provisions of an applicable double tax treaty).

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor the Deductibility Exclusion will apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of the issue of the Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to *Bulletin Officiel* *des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211 (n°550 and 990), BOI-RPPM-RCM-30-10-20-40-20140211 (n°70 and 80) and BOI-IR-DOMIC-10-20-20-60-20150320 (n°10), the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes, if the Notes are *inter alia*:

(i) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(ii) admitted, at the time of their issue, to the clearing operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositaries or operators provided that such depositary or operator is not located in a Non-Cooperative State.

Consequently, payments of interest and other revenues made by the Issuer under the Notes are not subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* and the Deductibility Exclusion does not apply to such payments.

Pursuant to Article 125 A I of the French *Code général des impôts* and where the paying agent (*établissement payeur*) is established in France, subject to certain limited exceptions, interest received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France is subject to a 24 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5 per cent. on interest paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

EU Savings Directive

The Savings Directive has been implemented into French law under Article 242 *ter* of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

SUBSCRIPTION AND SALE

Subscription Agreement

Deutsche Bank AG, London Branch, Natixis and Société Générale as joint bookrunners and managers (the **Managers**) have, pursuant to a subscription agreement dated 22 March 2016 (the **Subscription Agreement**), agreed with the Issuer, subject to the satisfaction of certain conditions, to procure subscription and payment for, and failing which, to subscribe and pay for the Notes. In addition, the Issuer will pay certain costs incurred by it and the Managers in connection with the issue of the Notes.

The Managers are entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Notes. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

General Selling Restrictions

Each Manager has agreed, severally and not jointly, to observe (to the best of its knowledge) all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Notes or have in its possession or distribute this Prospectus or any other offering material relating to the Notes. No action has been, or will be, taken in any country or jurisdiction that would, to the best of each Manager's knowledge, permit a public offering of the Notes, or the possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any circular, prospectus, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will 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.

France

Each of the Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

United Kingdom

Each Manager has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States

The Notes have not been and will not be registered under the Securities Act or the securities law of any U.S. state, and may not be offered or sold, directly or indirectly, in the United States of America or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance on Regulation S.

Terms used in this paragraph and not otherwise defined in this Prospectus have the meanings given to them in Regulation S.

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

Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Each Manager has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax, and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (the **Banking Act**) (in each case as amended from time to time);

(ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

GENERAL INFORMATION

1. Clearing of the Notes

The Notes have been accepted for clearance through Euroclear France, Clearstream, Luxembourg and Euroclear. The International Securities Identification Number (ISIN) for the Notes is FR0013142536. The Common Code number for the Notes is 138663876.

The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France. The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is 42, avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

2. Admission to trading

Application has been made to the AMF, in its capacity as competent authority pursuant to Article 212-2 of its *Règlement général* which implements the Prospectus Directive, for the approval of this Prospectus.

Application has been made to admit the Notes to trading on Euronext Paris on or about 24 March 2016. Euronext Paris is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, as amended.

3. Corporate authorisations

The issue of the Notes was authorised by a decision of Jacques Ehrmann in its capacity as Chief Executive Officer (*Président*) of the Issuer dated 18 March 2016.

4. Documents available

Copies of:

(i) the *statuts* of the Issuer;

(ii) the Fiscal Agency Agreement;

(iii) this Prospectus; and

(iv) the documents incorporated by reference in this Prospectus,

will be available for inspection during the usual business hours on any week day (except Saturdays, Sundays and public holidays) at the registered office of the Issuer.

This Prospectus and the documents incorporated by reference in this Prospectus will be published on the websites of the Issuer (http://www.carmila.com/fr/loginfinance/; password: Finance2015/) and, in relation to the Prospectus only, the AMF (www.amf-france.org).

5. No material adverse change and no significant change

There has been no significant change in the financial or trading position of the Issuer and/or the Issuer and its subsidiaries, taken as a whole, since 31 December 2015 and no material adverse change in the prospects of the Issuer since 31 December 2015.

6. No material contracts

There are, at the date of this Prospectus, no material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any member of the Group, being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

7. Litigation

The Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the twelve months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the Issuer and its subsidiaries, taken as a whole.

8. Auditors

KPMG Audit ID and EXCO Paris ACE (formerly ACE Auditeurs et Conseils d'Entreprise) are the statutory auditors of the Issuer and have audited, and rendered an unqualified report on each of the December 2015 Annual Consolidated Financial Statements of the Issuer as at, and for the 12 month period ended, 31 December 2015 and the December 2014 Consolidated Financial Statements of the Issuer as at, and for the 7 month period ended, 31 December 2014.

KPMG Audit ID and EXCO Paris ACE (formerly ACE Auditeurs et Conseils d'Entreprise) are registered as Commissaires aux Comptes (members of the Compagnie Nationale des Commissaires aux Comptes and the Compagnie Régionale de Versailles) and are regulated by the Haut Conseil du Commissariat aux Comptes.

The May 2014 Consolidated Financial Statements of the Issuer as at, and for the 6 month period ended, 31 May 2014 were not required by French law but were issued and have been audited.

The June 2015 Interim Consolidated Financial Statements of the Issuer as at, and for the 6 month period ended, 30 June 2015 have been reviewed by the statutory auditors.

9. Listing fees

The estimated costs for the admission to trading are €7,000.

10. Yield

The yield in respect of the Notes is 2.484 per cent. *per annum* and is calculated on the basis of the issue price of the Notes. It is not an indication of future yield.

11. Interest material to the issue

Save for any fees payable to the Managers, as far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

12. No conflicts of interest

In the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

13. Credit rating

The Notes and the long-term debt of the Issuer are rated BBB by Standard & Poor's Ratings Services (**S&P**). S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 as amended on credit rating agencies and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (www.esma.europea.eu). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

To the best knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Carmila S.A.S
58, avenue Emile Zola
92100 Boulogne-Billancourt
France

Duly represented by:

Patrick Armand, *Directeur Financier*
Dated 22 March 2016

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

Autorité des marchés financiers

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Réglement Général*) of the *Autorité des marchés financiers* (**AMF**), in particular Articles 211-1 to 216-1, the AMF has granted to this Prospectus the visa no. 16-088 on 22 March 2016. This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

REGISTERED OFFICE OF THE ISSUER

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92100 Boulogne-Billancourt
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United Kingdom

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France

SOCIETE GENERALE
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75009 Paris
France

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France

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(formerly ACE Auditeurs et Conseils d'Entreprise)
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To the Managers

Allen & Overy LLP
52, avenue Hoche
75008 Paris
France

FISCAL AGENT, CALCULATION AGENT AND PRINCIPAL PAYING AGENT

SOCIETE GENERALE

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