Prospectus dated 5 March 2018

(a *société anonyme* incorporated in France)

€350,000,000 2.125 per cent. Notes due 7 March 2028
Issue Price: 99.662 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 €350,000,000 2.125 per cent. Notes due 7 March 2028 (the **Notes**) of Carmila (the **Issuer**) will mature on 7 March 2028 (the **Maturity Date**).

Interest on the Notes will accrue at the rate of 2.125 per cent. *per annum* from 7 March 2018 (the **Issue Date**) and will be payable in Euro annually in arrear on 7 March in each year. 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 7 March 2028. 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 Directive 2014/65/EU, as amended ("**MiFID II**"), appearing on the list of regulated markets issued by the European Commission (a **Regulated Market**).

The Notes will, upon issue on 7 March 2018, 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 Issuer's long-term debt is rated BBB with a stable outlook by Standard & Poor's Ratings Services (S&P). The Notes are rated BBB by 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/finance/), 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

Crédit Agricole CIB **ING** **Morgan Stanley**

In this Prospectus:

- *"**Cardety**" means the former Cardety SA, a French* société anonyme *that absorbed Old Carmila (as defined below) as a result of the Merger (as defined below) and was renamed Carmila following the Merger's completion, and its consolidated subsidiairies and associates as a whole.*
- *The "**Carrefour Group**" or "**Carrefour**" refer to Carrefour, a French* société anonyme, *and its consolidated subsidiairies as a whole.*
- *The "**Issuer**" means Carmila, a French* société anonyme, *formely named Cardety which is the entity resulting from the merger of Old Carmila into Cardety.*
- *"**Old Carmila**" refers to the former Carmila, a French* société par actions simplifiée, *which was dissolved following its absorption by Cardety in the Merger.*
- *"**Old Carmila Group**" refers to Old Carmila and its former consolidated subsidiaries as a whole.*

*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.

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – *The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.*

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET *– Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines on MiFID II product governance requirements published by ESMA dated 5 February 2018, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **Distributor**) should take into consideration the manufacturers' target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.*

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.

TABLE OF CONTENTS

Risk Factors 6

Documents Incorporated by Reference 26

Terms and Conditions of the Notes 29

Use of Proceeds 44

Description of the Issuer 45

Taxation 73

Subscription and Sale 75

General Information 77

Persons Responsible for the Information Given in the Prospectus 80

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.

Risks Relating to the Issuer's Industry

The Issuer is subject to risks relating to unfavourable changes in macroeconomic conditions in the countries in which it operates.

As of the date of this document, the Group's properties comprise 206 shopping centres and retail parks anchored by Carrefour Group stores in France, Spain and Italy.

The Group's business development and asset valuations could be significantly affected by a changing political environment or by unfavourable changes in the principal macroeconomic factors in the countries where it operates, including the following:

- employment and growth rates;
- inflation, purchasing power and consumer spending;
- decreases in the indices used as the basis for rent adjustments (in particular, the French commercial lease index (*indice des loyers commerciaux*, or **ILC**));
- increased interest rates and access to financing by potential real estate buyers; and
- rates and changes in real estate taxation.

Unfavourable changes in the foregoing economic factors may have the following negative impacts:

- an unfavourable impact on rental income generated by the properties that the Group owns or may own in the future, since (i) a decline or slower growth in the ILC index could have a negative effect on rents

tied to that index, and (ii) a decrease in consumer spending could have a negative effect on rents under variable-rent leases indexed to tenants' revenues;

- a substantial drop in occupancy rates, which would depress rental income due both to the decrease in rent and the increase in charges that would no longer be passed on;

- a substantial impact on tenants' ability to pay their rent and thus on the Group's rent collection rates and charges related to distressed tenants, particularly during difficult economic periods;

- a decrease in the value of the real estate assets that the Group owns or may own in the future, which depends on many factors, such as market supply and demand, which themselves depend on general economic conditions;

- an unfavourable impact on the Group's ability to increase or maintain rent levels when it renews leases, which depends on its tenants' current and expected revenues, changes in supply and demand and changes in the market (which themselves depend on general economic conditions) and changes in regulations governing commercial leases;

- reduced demand for new commercial space and a resulting reduced need to revitalize and expand the Group's shopping centres; and

- a reduction in the Group's capacity to finance potential real estate acquisitions or new development projects that it may wish to carry out in the future, in particular in the event of higher interest rates or difficulty in obtaining financing from financial institutions or the capital markets.

A downturn in the commercial real estate market could have a negative impact on the valuation of the Issuer's real estate assets and rental income.

The value of the Group's commercial properties and its lease agreements are vulnerable to unfavourable changes in the real estate market:

- unfavourable market conditions could lead to a decrease in the appraised value of the Group's real estate assets, since appraisals take into account, among other factors, the values of comparable real estate transactions. A generalized decrease in market prices paid in such transactions would affect the appraised value of the Group's real estate assets; and

- unfavourable market conditions could lead to a decrease in rents, which would negatively affect rent levels in the Group's new and renewed leases and would also make it more difficult to obtain the maximum legal rent increases from its existing tenants on the basis of movements in the ILC if the rent payable under continuing leases is greater than that of new or renewed leases.

In addition, an extended downturn in the commercial real estate market could reduce liquidity and make potential asset disposals difficult. The Group might be unable to meet its obligations under the terms of its indebtedness or to dispose of its commercial properties on satisfactory financial terms and sufficiently quickly, if such disposals became necessary. In particular, there can be no assurance that the Group will be able to dispose of its commercial properties on terms that are at least as favourable as those on which it acquired them.

The Group's real estate assets are concentrated in France, Spain and Italy.

As of 31 December, 2017, 75% of the Group's real estate assets by appraised value (including transfer taxes) were located in France. The concentration of the Group's assets in France means that a significant deterioration in economic conditions in France would have a larger impact on the Group's results and financial condition than on those of a real estate company whose assets are more widely distributed in Europe or internationally. In particular, a decrease in market rents in France would lead to a decrease in the Group's rental revenues in the medium term.

The Group also owns and operates shopping centres in two other countries in continental Europe, Spain and Italy (in particular, northern Italy), in addition to its principal market in France. These two countries may have different risk profiles from those of the French market, in particular in terms of their respective economic conditions and regulatory frameworks. Suboptimal management of such risks could have an adverse effect on the Group's strategy, results of operations, financial condition and future prospects.

As of the date of this document, growth remains limited in France and Italy, and the International Monetary Fund's growth forecasts for these countries are modest (1.9% for France and 1.4% for Italy for the 2018)[1]. While projected growth in Spain is more favourable (2.4% over the same period), there can be no assurance that these forecasts will be correct and/or will hold over the period. The unfavourable consequences of a deteriorating economic situation in France, Spain and/or Italy, in particular a decrease in purchasing power and in consumer confidence, could cause consumers to delay or reduce their spending on the products and services offered in the shopping centres operated by the Group. This could lead to a decrease in the variable portion of the rent collected by the Group, limited recruitment of new retailers and an increase in unpaid rent.

The Issuer is subject to interest rate risk, particularly rising interest rates.

An increase in interest rates, which are currently at historically low levels, could have a negative impact on the Group's financial condition, results or outlook for several reasons:

- an increase in interest rates could lead to a decrease in the appraised value of the Group's assets by affecting the discount rates applied to rents for purposes of determining the present value of rental income, which is based on the difference between the appraisal value and market value, including transfer taxes. Appraisal procedures and methodologies are described in Part 2 of the document;

- if interest rates increase or borrowing terms become less favourable, when its existing loans and hedge agreements expire, the Group could be forced to enter into new loans or hedge agreements with higher financial costs than its current ones; and

- an increase in interest rates could have an impact on the Group's growth strategy, since higher financing costs would reduce its capacity to finance acquisitions or development projects and implement its strategy.

Conversely, a decrease in interest rates could lead to an increase in real estate prices and increase property acquisition costs, which could have an unfavourable effect on the Group's results of operations, financial condition, investment strategy and future prospects.

The Issuer operates in a highly competitive environment.

In its real estate investment activity and its leasing operations, the Group competes in France, Italy and Spain with numerous other companies. Its real estate investment competitors include listed and unlisted real estate companies, including both French competitors (such as Unibail-Rodamco, Klépierre and Altarea) and European competitors (such as Eurocommercial Properties, Wereldhave, IGD and Hammerson); large institutional investors, such as

[1]Source: IMF, World Economic Outlook, January, 2018.

banks and insurance companies; real estate entities of retail groups (such as Immochan, Galimmo, Mercialys and Immo Mousquetaires); and independent operators.

The Group's leasing operations are subject to significant competitive pressures. Competition may come from other shopping centres, business parks or other commercial spaces operated by competitors and located in catchment areas that may overlap with those of the Group's shopping centres; from e-commerce; or from the attractiveness of store brands located in competing shopping centres. The development of competing shopping centres near the Group's existing shopping centres, or renovations or expansions of competing shopping centres located in the same catchment area, could have an adverse effect on the Group's ability to lease commercial space on favourable terms, and therefore on rent and expected results of operations. Moreover, the development of e-commerce could lead to a decrease in footfall at shopping centres and in tenants' revenues, and could have a resulting adverse effect on the Group's results of operations, financial condition and future prospects, as well as on the value of its asset portfolio. In addition, competitive pressure could threaten certain expansion projects, as the Group could be unable to pre-rent new lots on favourable terms, thus negatively affecting the profitability and viability of these projects.

Finally, the Group's tenants are subject to strong competitive pressures in their respective sectors. A deterioration in their business or financial condition due to competition could affect their ability to pay rent, the amount of rent collected by the Group under leases indexing rent to the tenant's revenue and the tenant's decision to renew a lease at the end of its term.

Given the competition in the commercial real estate market, the Group could be unable to complete the acquisition projects that it would like to undertake, which could slow its growth and the implementation of its strategy, and could have an adverse effect on its business, potential growth and future results.

All of these factors could have a material adverse effect on the revenues of the Group's shopping centres, their development prospects and their results of operations, as well as on rental income and the results that it generates for the Group and, as a consequence, on the Group's financial condition and future prospects.

The Issuer could be unable to anticipate, identify and keep up with changes in the commercial real estate market, or to invest with commercial success in new services and technologies.

The commercial real estate sector is evolving structurally and facing potentially significant changes, including technological advances and the resulting changes in consumer preferences and behavior. The development of the Internet, and digital technology generally, creates new opportunities but also carries risks, since the Group could prove unable to adapt quickly enough to meet tenant and consumer expectations, and therefore might fail to seize opportunities in this rapidly evolving market.

In order to keep up with these changes, the Group allocates a portion of its investments to services and technologies that it believes will have strong added value or will be well received by its tenants and by consumers. However, due to the rapid evolution of these technologies and tenant and consumer expectations, the Group cannot guarantee that it will anticipate and identify services and products that meet such expectations or successfully adapt its offerings to new technologies and trends. Moreover, the Group could incur significant costs to update and digitalize its service offerings but still fail to achieve expected commercial benefits from those efforts. As a result, the Group could fail to differentiate itself from its competitors, which in the long term could have a material adverse effect on the Group's business, results of operations, financial condition and future prospects.

Risks Relating to the Issuer's Business

The Issuer's investment policy and the success of its development strategy rely on its partnership with the Carrefour Group.

The Group's development strategy relies on its strategic partnership with the Carrefour Group. Since inception, the Group has conducted a significant renovation and expansion program in coordination with Carrefour Property entities, which are subsidiaries of the Carrefour Group that own Carrefour hypermarket and supermarket buildings in France, Spain and Italy, as well as, in most cases, the parking lots for these buildings. The Group entered into a renovation and development partnership agreement (the **Renovation and Development Agreement**) with the Carrefour Group, the purpose of which is to implement a strategy to reinforce the attractiveness and optimize the value of the commercial sites that are co-owned by the Carrefour Group (hypermarkets and parking lots) and the Group (shopping centres). The Renovation and Development Agreement provides for joint approval and financing by the Group and the Carrefour Group of projects to renovate and expand the Group's shopping centres.

If the Carrefour Group were to decide (following a strategic disagreement or otherwise) not to finance all or some of the contemplated shopping center renovation and development projects, or if the Renovation and Development Agreement were terminated or not renewed, the Group might be unable on its own to finance and carry out projects necessary to maintain the value and attractiveness of its shopping centres, or to continue to implement its growth strategy in a market in which opportunities for acquiring new shopping centres are currently relatively limited. This could have a material adverse effect on the Group's business, results of operations, financial condition and growth prospects.

The Carrefour Group announced its "Carrefour 2022" transformation plan, which includes a reduction of its investments in renovations and extensions of hypermarkets. This reduction of investments, if it concerns the sites co-owned by the Group, could have an impact on Carmila's capacity to upgrade the overall quality of a given shopping centre.

Customer traffic at the Group's shopping centres relies on the presence and attractiveness of the Carrefour Group's hypermarkets.

As a company dedicated to managing and increasing the value of shopping centres and retail parks anchored by the Carrefour Group's stores, the Group benefits from the presence and image of the Carrefour Group's hypermarkets adjacent to the shopping centres that it operates. The presence of these hypermarkets under the Carrefour Group brand is a major factor in the attractiveness of the adjoining shopping centres and could significantly contribute to their footfall, which benefits all of the Group tenant retailers.

A loss of brand strength on the part of the Carrefour Group's hypermarkets or the closing of one or more of such hypermarkets would likely have a material adverse effect on footfall at the Group's shopping centres and on the business of its tenant retailers and, in turn, on the total rental income from certain shopping centres and on the Group's business, results of operations, financial condition and growth prospects.

The Carrefour Group announced its "Carrefour 2022" transformation plan, which includes a reduction of its investments in renovations and extensions of hypermarkets. This reduction of investments, if it concerns the sites co-owned by the Group, could reduce the attractiveness of a given hypermarket.

The Issuer is subject to the risk of a decrease in the number of visitors to its shopping centres.

The Group depends on visitor traffic to its tenant retailers' stores in its shopping centres. Visitor traffic, in turn, is affected by both the operational quality of these sites and events outside the control of the Group.

While the Group intends to continue to offer a high-quality experience and well-kept sites to satisfy tenant and customer expectations, this requires regular expenditures and investments. A prolonged and significant lack of satisfaction on the part of customers could affect the Group's reputation and attractiveness to the brands currently

present in its shopping centres or lead to lower footfall and, as a result, have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The Group's properties in France, Spain and Italy, which receive a significant number of visitors, are exposed to the risk of a terrorist attack, which could lead to a decrease in shopping centre traffic, increased costs associated with strengthening security at the Group's sites and cause potential damage to the Group's image. Furthermore, even an attack or an attempted attack at a shopping centre that does not belong to the Group could have a material adverse effect on the Group's business, results of operations and financial condition. The shopping centres could also be affected by natural disasters such as floods and fires, which could render sites inaccessible or require significant reconstruction. Such events could have a material adverse effect on the Group's business, results of operations, financial condition and future prospects, especially if the Group's insurance policies prove insufficient to cover all of the related damages.

The Issuer is subject to risks in carrying out renovation, restructuring and expansion projects at its shopping centres.

In connection with its strategy to develop and increase the value of its real estate assets, the Group conducts renovation, restructuring and expansion projects at its shopping centres.

These projects are subject to a number of risks, including the following:

- the administrative authorizations requested by the Group or its partners that are required for renovations and expansions may be delayed or refused altogether;
- the Group could be unable to obtain financing for its projects on satisfactory terms;
- the Group's projects could require third-party consents, such as from other property owners, anchor retailers, creditors or its development partners, and these consents might not be granted;
- initial project costs, such as the cost of conducting studies, generally cannot be deferred or cancelled in the event of a delay or cancellation of projects;
- rental income may be lower than initially budgeted or expected. Pre-marketing leases signed with retailers might not be honored on the initial terms, or the Group could encounter difficulties in marketing retail space that is not leased in the pre-marketing phase; and
- the cost of renovating assets could turn out to be greater than initially estimated, either because the renovation takes longer than planned or because of technical difficulties or delays on complex projects.

These risks could lead to delays or cancellations of investments or their completion at a higher cost than initially budgeted, or lower profitability than initially hoped (or losses). Any or all of these events could slow the Group's growth and the implementation of its strategy and could have a material adverse effect on its results of operations, business, financial condition and future prospects.

The Issuer is subject to risks relating to the acquisition of shopping centres.

The Group intends to pursue a policy of targeted acquisitions of shopping centres anchored by the Carrefour Group's hypermarkets in France, Spain and Italy. This policy carries risks, including the following:

- the Group could overestimate the potential return on acquired assets and acquire them at too high a price given the financing required or could be unable to acquire them on satisfactory terms, in particular in connection with competitive bid processes or during periods of high economic volatility or uncertainty;

- the Group could discover undisclosed issues with respect to the acquired assets, such as subleases, tenant violations of applicable regulations (in particular environmental regulations) or non-compliance with construction plans that are not covered by the warranties included in the relevant acquisition agreement;

- to the extent that an acquisition is financed by sales of other assets, unfavourable market conditions or timing could delay or compromise the Group's ability to complete the acquisition. As a result, the actual benefit of the relevant acquisition could be less than anticipated, or could occur later than estimated in the business plan at the time of the relevant acquisition; and

- the profitability of such acquisitions could depend on the completion of restructuring and/or expansion projects following such acquisitions, which could be blocked or delayed for various reasons (see above, "**The Group is subject to risks in carrying out renovation, restructuring and expansion projects at its shopping centres**").

More generally, the Group cannot guarantee that opportunities to acquire such assets on satisfactory terms will arise. Moreover, the cost of such acquisitions could require significant financial resources, in particular external financing that the Group cannot guarantee it will be able to obtain on satisfactory terms. This could slow the rate at which the Group acquires new assets on the market, as well as their integration into the Group, and more generally, could diminish benefits expected at the operational level and adversely impact the Group's portfolio development strategy.

Finally, the Group has not ruled out investments in new geographical markets in Europe where it is currently not directly present, and in which the Carrefour Group operates, which could present risks that are different in nature than those of the markets in which the Group currently operates.

In the event that anticipated synergies and value creation are not achieved, or are achieved later than expected, there could be a material adverse effect on the Group's business, results of operations, financial condition and future prospects.

The Issuer is subject to the risk of decreased occupancy rates at its shopping centres.

The Group defines its financial occupancy rate as the ratio between the amount of rent invoiced during a given period and the amount of rent that the Group would collect if its entire portfolio were leased, with the assumed rent for vacant lots determined on the basis of rental values used in determining the appraised values. The financial occupancy rate of the Group's shopping centres stands at 96.4% as of 31 December, 2017.

The Group's occupancy rate could decline, causing a material adverse effect on its results of operations and future prospects, for a number of reasons, including the following:

- if market conditions deteriorate, particularly in France (see above, "**The Group's real estate assets are concentrated in France, Spain and Italy**");

- if the Group were to become less effective at marketing its vacant lots due to an inability to keep up with the rapidly changing environment in the commercial real estate market and changing demand from clients;

- in the event of non-renewals of expiring leases, if the Group were unable to re-let its assets rapidly (resulting in a loss of revenue from the vacant lots in addition to the related fixed charges that would be paid by the Group) or were unable to re-let them on satisfactory terms;

- at the time of lease renewals, if the Group were faced with an unfavourable market for lessors or with regulatory changes imposing new restrictions or constraints with respect to the redetermination of rents; and
- in connection with projects to expand or to acquire new assets, if the pre-marketing agreements signed with retailers were not honored on the terms and within the time periods that were initially agreed.

Appraisals of the Group's portfolio may not reflect the actual amount that the Group would receive if it sold the properties, and the valuation of its assets may vary from one period to the next.

In accordance with IAS 40, the Group has opted to record its real estate assets at fair value. This accounting method was adopted by the Group for the purposes of its 2017 Annual Consolidated Financial Statements incorporated by reference in this prospectus (see section "Documents Incorporated by Reference"). The change in fair value of these real estate assets is recorded in the Group's income statement.

The Group's real estate portfolio is valued by independent appraisers.

The valuations determined by the independent appraisers rely on several assumptions that may not prove to be correct and may vary significantly, in particular in the event of poor performance by the shopping centres. These valuations depend on changes in the commercial real estate market, interest rates and the economic environment, including supply and demand. As a result, the valuation of the Group's assets might not be the same as the valuation that could be obtained in a sale. The valuation may vary depending on increases or decreases in certain criteria assessed by independent appraisers.

The Issuer could be unable to maintain its relationships with major retailers or to establish new relationships with other large retailers on satisfactory terms.

The commercial real estate assets owned by the Group are intended to be leased to local, national and international retailers.

The Group's shopping centres are often supported by one or more anchor retailers with strong potential to attract customers (such as H&M, Primark, Fnac, Orange or Sephora). The presence of large anchor retailers with strong potential to attract customers may have a significant impact on traffic and footfall at the shopping centres and therefore on the results of operations of all of the tenants at those sites, due to the sales-generating role played by these large retailers in certain shopping centres. A decrease in the attractiveness of these retailers, or a slowdown or cessation of their activity (especially in an unfavourable economic environment), the non-renewal or termination of their leases, a delay in re-letting their premises, or the failure of the shopping centres to adapt to changes in the industry could result in decreased traffic at the shopping centres. This decrease in traffic could lead to a decrease in sales by the other retailers and thus have a material adverse effect on the total rental return on certain centres and, therefore, on the asset valuation, business, results of operations and future prospects of the Group.

The commercial real estate industry in which the Group operates is characterized, moreover, by a rapid evolution in its environment and by changing demand from consumers, requiring the Group to adapt its shopping center design and its choice of tenant retailers based on consumer expectations and, more generally, to anticipate and react effectively to changes in the commercial real estate market. The Group could have difficulty finding tenant retailers who are attractive in terms of the amount or structure of the rent they will pay, in particular when the Group is marketing new real estate assets. This could have a material adverse effect on the Group's business, financial condition, results and future prospects.

The Issuer's marketing and leasing initiatives could be unsuccessful or unprofitable.

The success of the Group's strategy relies in part on its proprietary "Smart Mall" concept, which uses location-based digital marketing solutions. The Group has also developed an innovative approach to leasing, in particular

through the use of teams specialized in short-term rentals, partnerships with promising new retailers, and the creation of original concepts in collaboration with the Carrefour Group's hypermarkets.

If the Group's marketing and leasing efforts do not succeed in attracting retailers and consumers at a reasonable cost, this could have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

The Group's profitability is subject to the risk of tenant insolvency.

The Group's ability to collect rent depends on the solvency of its tenants. While a tenant's ability to pay is taken into account before entering into a lease, tenants may nevertheless fail to pay their rent on time or may cease to make payments, in particular during difficult economic periods, which could have a material adverse effect on the Group's business, results of operations, financial condition and future prospects.

The Group relies on the Carrefour Group for necessary support functions, which are provided under agreements with Carrefour Group entities.

The Group relies on Carrefour Group entities for several necessary support functions, in particular for property management, legal and IT services. In addition, Messrs. Jacques Ehrmann, Chairman and Chief Executive Officer, and Yves Cadélano, Deputy CEO, continue to perform their operational functions for the Carrefour Group, and have been made available by the Carrefour Group to perform their operational functions for the Group.

These agreements and the Group's resulting dependency on the Carrefour Group give rise to a number of risks, including the following:

- the expiration or termination of one or more of these agreements could disrupt the Group's operations or generate potential disruptions related to difficulties in obtaining substitute services, if it is not able to perform these functions internally, or could require it to incur costs for replacement (and potentially more expensive) service providers or to create these services internally;
- the renegotiation of financial terms when these agreements expire could prove unfavourable to the Group; and
- the services provided by the Carrefour Group are performed by its own employees, who do not work exclusively for the Group.

The Issuer is subject to risks relating to information systems.

The Group uses a number of information tools and communications and information systems that play an essential role in the conduct of its business, such as for the invoicing of rent and for financial and accounting management. Any failure, interruption or compromise of these information systems, or any loss of data, could lead to failures or interruptions in the Group's activities, and could result in significant costs relating to the recovery and verification of the information, as well as to a potential loss of business.

The Group's information systems could also be subject to cyber-criminal attacks resulting in the theft or embezzlement of confidential data, the extortion of funds or a temporary interruption in the Group's activities (such as a denial of service). The consequences could be financial (termination of negotiations, penalties, etc.), reputational (disclosure of operational data or non-public financial data) or legal (liability to the legal entities or individuals with respect to whom the Group holds confidential or identifying information).

Any failure, interruption or compromise of the Group's information systems could have a material adverse effect on its image, reputation, business, results of operations, financial condition or future prospects.

The Issuer may be unable to retain the members of its management team or to attract and retain qualified employees.

The Group depends on the involvement and expertise of its management. The Group's management is composed of experienced executives and employees chosen for their proven skills and their expertise in managing shopping centres. The Group's management team has significant experience in its industry, and the Group's success depends in part on the contributions of this team. The loss of one or more members of the Group's management could adversely affect its ability to prepare and implement an effective business plan, and the Group could be unable to find satisfactory new employees to replace those who have departed. The loss of key employees of the Group could also lead to a loss in technical or specific skills, which could slow or alter certain businesses or projects. In the event of a loss of such employees, the Group would need to recruit new qualified employees in order to develop its business and may need to train them in order to familiarize them with the issues and constraints that are specific to the Group. Any inability on the part of the Group to retain highly qualified staff or to attract new employees and to train them adequately could reduce the efficiency of its organization and its capacity to execute its business plan and its growth strategy.

Risks relating to the financial condition and financing policy of the Issuer

The Group's significant indebtedness could affect its ability to pay its debts and conduct its business.

The Group currently has a significant amount of debt. As of 31 December, 2016, the Old Carmila Group's gross debt totaled €2,218.4 million. As of 31 December, 2017, the Group's gross debt amounts to €2,075.1 million. As of the same date, the Group had total cash of €329.4 million, for a net debt of €1,745.7 million.

The Group's significant indebtedness could have the following consequences:

- increased difficulty in satisfying the Group obligations with respect to its indebtedness and other liabilities;
- the allocation of a substantial portion of its cash flow from operational activities to repay its debt, which would reduce available cash for financing growth and investment, as well as other needs;
- greater vulnerability to a slowdown in its business, in the economy or in industry conditions;
- a competitive disadvantage as compared with competitors carrying less debt;
- limited flexibility in planning and adapting to changes in its business and industry;
- limited capacity to carry out strategic acquisitions or expansion projects; and
- limitations on, among other things, its ability and the ability of its subsidiaries to borrow additional funds or to raise equity in the future and an increase in costs relating to these additional financings.

The Group's ability to repay its debt will depend on its future performance, which will be affected by economic conditions and financial, commercial, regulatory and other factors. Some of those factors are outside the Group's control. If the Group were unable to repay its debt and to comply with its other obligations and commitments, it could be forced to refinance its debt or to sell certain assets in order to obtain the necessary funds. The Group cannot guarantee that such refinancings or asset disposals would be completed in a timely fashion or on satisfactory terms, that it would succeed in completing them at all, or that such refinancings or asset disposals would be permitted under the terms of its financing arrangements.

The Group is subject to restrictive covenants under its financing agreements, which could impair its ability to conduct its business.

The Group is subject to restrictive covenants under its financing agreements, which could impair its ability to conduct its business. If the Group were to fail to comply with these covenants, including as a result of events outside its control such as prevailing economic conditions or financial, commercial, regulatory or other factors,

this could lead to an event of default, which could have a material adverse effect on its financial condition and results of operations. A breach by the Group of one of its covenants or restrictions could lead to an event of default under its financing agreements.

The Group's Credit Agreements include negative covenants that will restrict, in particular, the Group's ability to:

- conduct mergers, spinoffs or reorganizations that involve terminating the Group's existence;
- substantially modify the general nature of its business;
- grant sureties or guarantees;
- carry out certain asset disposals; and
- incur additional indebtedness.

Moreover, the Credit Agreements contain the following financial covenants:

- *Interest Coverage*: the ratio of EBITDA (excluding fair value adjustments) to net cost of financial indebtedness must be greater than 2.00 on any calculation date (December 31 and June 30 of each year, tested by reference to the Group's most recent year-end or half-year consolidated financial statements, as the case may be). As of 31 December, 2017, this ratio was 4.7.
- *Loan-to-Value*: the ratio of consolidated net financial debt to fair value of investment assets must not exceed 55% on any calculation date (December 31 and June 30 of each year, tested by reference to the Group's most recent year-end or half-year consolidated financial statements, as the case may be). This threshold is calculated with a denominator equal to the fair value of investment properties including transfer taxes (and including the Group's share of equity-accounted companies). As of 31 December, 2017, this ratio was 30.1%.

The Credit Agreements also provide for a maximum threshold of secured debt as compared with the total amount of the fair value of the Group's investment properties, which must at all times equal a minimum amount of €2.5 billion throughout the term of the loan. Moreover, the Credit Agreements provide that the debt will be accelerated (i) if the Carrefour Group reduces its direct and indirect stake in the Group's share capital and voting rights to less than 20%, or (ii) if a third party (other than the Carrefour Group) comes to hold, directly or indirectly, more than 40% of the share capital and/or voting rights of the Group and the Carrefour Group holds less than 33.33%.

The agreements relating to the issuance of the Notes contain provisions restricting the Group's ability to incur additional indebtedness and to grant security interests. The holders of the Notes may also accelerate the debt if (i) a third party other than the Carrefour Group comes to hold, directly or indirectly, more than 50% of the share capital and/or voting rights of the Group, and (ii) such change of control causes the Group's debt to be downgraded to non-investment grade (BB+ or below) and the Group is unable to obtain an investment grade rating (BBB- or above) within 180 days following the downgrade.

The restrictions imposed in the Credit Agreements and in the agreements relating to the Notes could affect the Group's ability to conduct its business and limit its ability to adapt to market conditions or to seize new potential opportunities that arise in its sector. For example, these restrictions could significantly limit its ability to finance its transactions or its working capital needs, to carry out strategic acquisitions or investments, or to restructure its corporate organization. In addition, its ability to comply with these covenants and restrictions could be affected by events outside its control.

If an event of default were to occur under one of its financing agreements and is not cured, or the condition is not waived, the lending banks under the Credit Agreements or the holders of the Notes could terminate their commitments under the agreements and accelerate the outstanding debt. This could in turn lead to cross-defaults under other financing arrangements, which could ultimately result in the Group's failure or commencement of liquidation proceedings.

The Issuer is subject to risks relating to a downgrade in its debt ratings.

The Group's debt is rated by Standard & Poor's and could be rated by other rating agencies. Since May 2015, the Old Carmila Group's long-term debt had been rated "BBB" with a stable outlook by Standard & Poor's which confirmed this rating following the Merger between Cardety and Carmila on 12 June 2017. As of the date of this document, the Group's long-term debt is rated "BBB" with a stable outlook by Standard & Poor's. This rating is based on the Group's capacity for repayment, its liquidity, certain financial ratios, its operational profile and its financial condition, as well as other factors that are considered significant for its industry and, more generally, for its economic outlook.

Any downgrading of the Group's debt could increase the cost of refinancing its existing financing agreements and could have a negative effect on the Group's capacity to finance acquisitions or to develop projects on acceptable terms. Any increase in finance costs could negatively impact the Group's operational results and the return on its development projects. To the extent that financing becomes unavailable on satisfactory terms, the Group's capacity to grow its business through acquisitions and development would be reduced.

The Group's ability to raise funds could be limited.

In the future, the Group may need to raise additional capital through public, private or other sources of financing in order to finance its growth strategy, its acquisitions or other needs. Moreover, the Group is required to distribute a significant portion of its profits to its shareholders to qualify for the SIIC regime in France. See below, "**The Group will be subject to risks in France relating to restrictions under the tax regime applicable to Listed Real Estate Investment Companies (*Sociétés d'Investissement Immobilier Cotées*, or "SIIC"), to a potential change in the rules under that regime, or to the loss of its status under the regime**". As a result, the Group relies to a large extent on indebtedness to finance its growth. This means of financing may not be available on satisfactory terms, in particular in the event of a crisis in the capital markets or debt markets, events affecting the real estate industry, an increase in interest rates, a downgrading of the Group's debt rating, restrictions imposed by covenants in its financing agreements, or any changes in the Group's business, financial condition or shareholder structure that could have an effect on investors' or lenders' perception of its creditworthiness or the attractiveness of an investment in the debt or shares of the Group. Any inability to raise necessary capital could limit the Group's ability to acquire new assets and to finance renovation and expansion of its shopping centres—key components of its strategy—or to react to competitive pressures, and could thus have a material adverse effect on its activity, its financial condition, its results of operations and its future prospects.

Regulatory, legal and tax risks

The Issuer's business is subject to numerous regulations that could change in the future.

As an owner and manager of commercial real estate assets, the Group must comply with multiple regulatory schemes in effect in the countries in which it operates, including urban planning and zoning rules, rules on the granting of construction and operating permits, health and safety rules applicable to properties that are open to the public, environmental regulations, the laws governing commercial leases, workplace regulations, corporate laws and tax laws.

Changes in the regulatory or legislative framework or the loss of benefits related to a status or authorization could force the Group to adapt or to downsize its business, its assets or its strategy, and could lead to additional constraints or costs that could have a material adverse effect on the value of its real estate portfolio, on its business and on its results of operations, either through an increase in its expenses or by a slowdown or stoppage in the development of certain investments or leasing activities.

In addition, if one or more tenants in one of the Group's shopping centres does not comply with applicable regulations, the Group could also be penalized by the closure of a store, leading to a loss in rent or by the loss of a site's commercial attractiveness, among other things.

In addition, the Group cannot guarantee, in particular with respect to its recently acquired shopping centres, that all its tenants comply with all regulations applicable to them, including with respect to public health, the environment, safety, urban planning and authorizations for commercial operations. The consequences of their failure to comply with such regulations could include penalties for the Group as owner of the relevant shopping center in which they operate, which could have a material adverse effect on its image, results of operations, financial condition and future prospects.

The Issuer is subject to regulations on commercial leases in conducting its business.

The Group is subject to regulations on commercial leases in conducting its business. In France, contractual provisions on the length of the lease, termination, invalidity, renewal and rent indexation may be considered matters of public policy. In particular, certain legal provisions in France limit the conditions under which property owners may increase rent to align it with market rates or to maximize rental income. Moreover, in France, rent under certain types of leases may be revised only every three years, evictions for non-payment of rent may be subject to significant delays, and the validity of leases that include floors on indexation may be challenged. French Law No. 2014-626 of June 18, 2014 on artisanal businesses, commerce and very small enterprises (known as the "**Pinel Law**") and Decree No. 2014-1317 of November 3, 2014 modified certain rules applicable to commercial leases. The Group is also subject to regulations on commercial leases in Spain and in Italy. In Italy, certain leases entered into by the Group are subject to the real estate leasing regime, which provides, in particular, that adjustments under a lease's annual indexation clause may not exceed 75% of the variation in the quarterly consumer price index known as ISTAT.

Any change in regulations applicable to commercial leases, particularly with respect to their duration, indexation or caps on rent or on the calculation of indemnification owed to evicted tenants could have a material adverse effect on the value of the Group's asset portfolio, its operating results, financial condition and future prospects.

The Issuer is subject to regulations on urban planning, safety and shopping center operation.

The Group's business is subject to urban planning rules, in particular the regime on authorizations for commercial operation. In addition to administrative sanctions (which may include formal notice by the relevant authorities instructing the recipient to bring the premises into compliance with the authorization and a decision by such authorities to close retail space that is being operated illegally, with monetary penalties until compliance or closure, as the case may be, is carried out) criminal penalties may also be ordered. The Group is also subject to applicable urban planning rules in Spain and in Italy for its real estate assets in those countries.

In addition, as establishments that are open to the public, the Group's shopping centres are subject to fire safety regulations. An authorization to open an establishment may be granted only with the approval of a safety commission following a site inspection. In addition, the relevant safety commissions may conduct regular inspections to verify compliance with security standards, resulting in a formal report. If there are violations, the site may be closed by national or local authorities. The Group's shopping centres are regularly inspected. If an anomaly is noted, a grace period is generally granted to enable compliance with legal and regulatory requirements; however, if the violation continues, the relevant authorities may close the shopping center.

Any changes in urban planning regulations or in the safety requirements imposed on establishments that are open to the public that lead to an increase in restrictions or constraints on the development of these shopping centres could limit the Group's options and harm its future prospects. Any deregulation in the commercial urban planning sector, such as a wider grant of authorizations for commercial operation or a reduction in safety requirements, could reduce the value of the Group's real estate assets.

In connection with its expansion projects, the Group is also subject to regulations relating to construction permits and safety standards. Stricter standards for construction, safety, the issuance of construction permits or the issuance of commercial operation authorizations could also have a negative impact on the Group's results of operations and future prospects, by increasing operating, maintenance and improvement costs, as well as the administrative costs faced by all shopping centres.

The Issuer is subject to environmental and public health regulations and is subject to related liability risk.

As an owner and manager of shopping centres, the Group must comply with local environmental and health regulations in all countries where it operates. Failure to comply with these local environmental and health regulations, or the need to comply with new regulations in these areas, could give rise to fines or increased expenses or impede the development of the Group's business, and could have repercussions on the Group's results of operations and financial condition or subject it to civil liability.

Moreover, all of the Group's properties are potentially exposed to natural disasters, such as floods, climate change, health or ecological crises, which may not be fully or partially covered by its insurance policies, and which therefore could have a material adverse effect on its real estate assets and financial condition.

The Issuer is subject to regulations relating to the security and use of personal data.

The Group collects and uses personal data concerning the customers of the shopping centres under its management as well as of the Carrefour Group's customers, in particular those holding the PASS loyalty card, who consent to the processing of their personal data by the Group and the Carrefour Group by means of a joint "opt in" form. Such data is subject to EU and French regulations on personal data, in particular an obligation to provide undertakings to or obtain authorization from the French National Commission on Information Technology and Freedom (*Commission Nationale Informatique et Libertés*, or "**CNIL**"). The Group cannot guarantee that the relevant authorities or a customer will not seek to challenge the terms for processing personal data. Furthermore, the Group cannot guarantee that there will not be a failure in its security system, which could lead to fraudulent use of consumers' personal data or of confidential information concerning its tenants.

The Group cannot guarantee that it will not be held liable for actions committed by subcontractors managing a portion of the processing of personal data or in connection with the sharing of personal data by the Group with its partners (tenants or the Carrefour Group) or with the use of the shared data by its partners, in accordance with applicable regulations, in particular for purposes of commercial solicitation.

The occurrence of such events could lead to liability for the Group and thus have an adverse effect on the Group's reputation, business, results of operations or financial condition.

In addition, if for regulatory reasons the Group were no longer able to use the personal data of its shopping center customers or of the Carrefour Group's customers, such restrictions could slow and/or limit the development of its digital strategy, which is designed to address consumer needs and is part of its business strategy. The occurrence of such an event could have a material adverse effect on the Group's business, results of operations, financial condition and future prospects.

The Issuer could be unable to protect the intellectual property necessary to conduct its business.

The Group relies on intellectual property laws (in particular with respect to trade names, trademarks, databases and copyrights) as well as on laws relating to business secrets and unfair competition, to protect its rights to its products and services. However, trademark applications do not always result in registration, and registered trademarks may be ineffective in responding to competition or may be invalidated in the event of a later objection. Moreover, the measures that the Group takes to protect its intellectual property rights could prove inadequate, which could lead to violations and infringements of its intellectual property rights with respect to its products and services. The Group's business secrets could be made known to its competitors, and the Group could be unable to effectively protect its rights to its confidential information. Furthermore, other companies could assert rights to the Group's intellectual property or could contest the Group's claim to those rights.

The Group has invested significant resources to raise employee awareness of the need to comply with the Group's trademarks and other intellectual property rights, as well as to protect its business secrets. However, third parties could object to the Group's use of copyrights, trademarks or other intellectual property rights that are important for its business. The resolution or settlement of a dispute to enforce its rights against third-party claims, whether well founded or not, could prove costly and require resources intended for other uses. The Group could lose such

disputes or could be forced to settle them due to the technical complexity of the issues involved, the inherent uncertainties in intellectual property cases and the significant costs associated with defending such claims.

Such events could have a material adverse effect on the Group's business, by limiting its ability to provide its products and services or by causing the Group to incur significant expense to defend its rights.

The Group is subject to risks in France relating to restrictions under the tax regime applicable to Listed Real Estate Investment Companies (*Sociétés d'Investissement Immobilier Cotées, *or "*SIIC*"), to a potential change in the rules under that regime, or to the loss of its status under the regime.

The Group qualifies for the SIIC tax regime provided for in Article 208 C of the French *Code général des impôts* and, in that regard, is exempt from corporate income tax on its profits from leasing property or subletting certain properties, on certain capital gains and on dividends received from its subsidiaries that are also subject to the SIIC regime. This regime also extends to the results of operations of the Group's French subsidiaries opting for this regime.

The benefits of the SIIC regime are subject to compliance with certain obligations and conditions, including (i) the obligation to redistribute a significant portion of the company's profits (95% of profits from rental income, 60% of capital gains, and 100% of dividends from subsidiaries subject to the SIIC regime (up to a limit of the SIIC result and of distributable profits)) and (ii) that one or more shareholders, individually or acting in concert, cannot hold 60% or more of the share capital or voting rights of Carmila. As a result of the Merger, Old Carmila's distribution obligations (deferred obligations to distribute a total of approximately €50.7 million) have been passed to the Issuer to the extent that future distributable profits so permit.

In the event of a failure to comply with the obligations and conditions imposed by the SIIC regime, the Group could lose their benefits under the regime, which would have the consequence, in particular, of the relevant entities becoming subject to the standard corporate income tax for the relevant fiscal years. In addition, an obligation would be imposed to add back into their taxable income, for the fiscal year in which they exit the regime, the share of distributable profits existing as of the close of the fiscal year in which they exit the regime and arising from amounts previously exempted. Moreover, they would be required to pay certain specific additional taxes in the event of an exit from the SIIC regime within 10 years of opting into the regime.

In addition, Carmila could face additional income tax expense (20% of the amount distributed) if it pays exempt dividends to a shareholder (other than an individual) holding, directly or indirectly, at least 10% of Carmila's dividend rights at the time of the payment and not subject to corporate income tax or an equivalent tax in respect of such distribution. Carmila's bylaws expressly provide that the shareholder in question will bear the burden of those taxes, but Carmila could potentially encounter difficulties in recovering the amount due, especially from an insolvent shareholder, if withholding at the source is not possible when the dividend is paid.

Substantial modifications to the SIIC tax regime applicable to the Issuer, or the loss of the benefits of that regime, could have a material adverse effect on the Group's business, results of operations, financial condition and future prospects.

Market risks

Interest rate risk

The Group is subject to the risk of changes in interest rates on its variable-rate debt. As of 31 December, 2017, the Group's consolidated gross financial debt was €2,075.1 million, of which €425.4 million was variable-rate and €1,610.0 million was fixed-rate following hedging transactions. Consolidated net debt was €1,745.7 million as of the same date.

The Group maintains a hedging policy involving the use of derivative instruments (swaps and caps).

Liquidity risk

As of 31 December, 2017, the Group's consolidated gross financial debt was €2,075.1 million, and its consolidated net debt was €1,745.7 million. The Issuer also has two credit lines that have not been drawn in an aggregate amount of €1,009.0 million and a commercial paper program in a maximum amount of €600 million. The payment schedule for the Group's debt is included in Note 7.2.7 to the Group's Annual 2017 Consolidated Financial Statements incorporated by reference in this Prospectus (see Section "Document Incorporated by Reference"). The Group's principal debt maturities relate to the repayment of its Notes, which total €1.2 billion in aggregate principal amount and include €600 million principal amount of Notes due in September 2023 and a €600 million principal of Notes amount due in September 2024.

The Issuer's Credit Agreements contain restrictive covenants, including change of control and financial ratio covenants, in particular a requirement to maintain a ratio of EBITDA (excluding fair value adjustments) to net cost of financial indebtedness of at least 2.00 on any calculation date (December 31 and June 30 of each year, tested by reference to the Group's most recent year-end or half-year consolidated financial statements, as the case may be). Failure to comply with these covenants or ratios could enable the Group's creditors to accelerate the amounts due under the Credit Agreements. In that event, the Group could be unable to repay those amounts or could be forced to resort to refinancing solutions on less favourable terms. Moreover, such a situation would make it difficult to raise new financing or could lead to a significant increase in the cost of new financing, which would be an obstacle to the Group's growth strategy and to financing its investments.

Comparability risk of financial information provided

The financial information included for the year 2016 in the 2017 Annual Consolidated Financial Statements incorporated by reference in this prospectus (see section "Documents Incorporated by Reference") relates to Old Carmila on a stand alone basis. Given the relative size of Cardety as compared to Old Carmila, pro-forma financial information is not relevant and has therefore not been included. The audited IFRS financial statements of Cardety for the financial year ended 31 December 2016 are also incorporated by reference to allow comparison between the financial statements of the same legal entity.

When comparing financial information for the year 2017 in the 2017 Annual Consolidated Financial Statements to the 2016 comparative figures, one must be aware that it is not strictly comparable, since Cardety's contribution is excluded from the 2016 comparative figures and is limited to seven months activity in the 2017 figures. As a result percentage increases are overstated and could lead to misinterpretation, in particular of the speed of growth.

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 Terms and Conditions of the Notes contain provisions for collective decisions of Noteholders to consider matters affecting their interests generally to be adopted either through a general meeting or by consent following a written consultation. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote or were not represented at the relevant meeting or did not consent to the written decision 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 general description of certain withholding tax considerations in France relating to the Notes 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, disposal 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.

Financial Transaction Tax

On 14 February 2013, the European Commission published a proposal (the **Commission's proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **Participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary' market transactions) in certain circumstances.

Under the Commission's proposal, 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 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 and/or Participating Member States may decide to withdraw. 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 Old Carmila in the French language for the financial year period ended 31 December 2016 (the "**Old Carmila 2016 Annual Consolidated Financial Statements**") including the statutory auditors' report thereof ;

(b) the 2016 registration document of Cardety filed with the AMF under no. D.17-0428 on 25 avril 2017 (the "**Cardety 2016 Registration Document**") – except for the statement by the person responsible for the Cardety 2016 Registration Document "*Attestation du Responsable du Document de Référence*" on page 7 of such registration document, including the audited IFRS financial statement of Cardety in the French language for the financial year period ended 31 December 2016 ("**the Cardety 2016 Annual IFRS Financial Statements**") including the statutory auditors report;

(c) the audited consolidated financial statements of the Issuer in the French language for the financial year period ended 31 December 2017 (the "**2017 Annual Consolidated Financial Statements**") including the statutory auditors' report thereof;

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/finance/).

Free English translations of the Old Carmila 2016 Annual Consolidated Financial Statements and the 2017 Annual Consolidated Financial Statements will be available on the website of the Issuer (http://www.carmila.com/finance/). 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.

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	2017 Annual Consolidated Financial Statements (page number)	Old Carmila 2016 Annual Consolidated Financial Statements (page number)	Cardety 2016 Annual IFRS 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	**1-64**	**5-64**	**134-155**

	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	**6-7** **5-6** **12-64**	**6-7** **5** **10-64**	**134** **135** **138-155**
11.2	Financial statements If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.	**5-9**	**5-9**	**134-137**
11.3	Auditing of historical annual financial information 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-viii**	**ii-iii**	**155**
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**

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**
11.4	Age of latest financial information			
11.4.1	The last year of audited financial information may not be older than 18 months from the date of the registration document.	**5**	**5**	**134**

TERMS AND CONDITIONS OF THE NOTES

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

The issue of €350,000,000 2.125 per cent. Notes due 7 March 2028 (the **Notes**) of Carmila (the **Issuer**) has been authorised by a resolution of the Board of Directors (*conseil d'administratio*n) of the Issuer dated 14 February 2018 and a decision of Jacques Ehrmann in his capacity as Chief Executive Officer (*Président Directeur Général*) of the Issuer dated 28 February 2018. The Issuer has entered into a fiscal agency agreement (the **Fiscal Agency Agreement**) dated 5 March 2018 with Société Générale Securities Services 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.

The provisions of Article 1195 of the French *Code civil* shall not apply to these conditions.

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 7 March 2018 (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 the Property 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 the Property 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 2.125 per cent. per annum, from and including 7 March 2018 (the **Interest Commencement Date**) payable annually in arrear on 7 March in each year (each an **Interest Payment Date**).

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 7 March 2028.

(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 or regulation, 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(h), 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 0.25 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(h).

Principal Amount means €100,000.

Reference Benchmark Security means the German government bond (bearing interest at a rate of 0.500 per cent. per annum and maturing on 15 February 2028 with ISIN DE0001102440.

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 applicable laws and regulations 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 **Error! Reference source not found.** 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 Securities Services
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. 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, 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 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.

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 €50,000,000 (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

The Noteholders will be grouped automatically for the defence of their common interests in a masse (the **Masse**) which will be governed by the provisions of articles L.228-46 et seq. of the French Code de commerce as amended by this Condition 9.

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which may accrue with respect to the Notes, without prejudice to the rights that Noteholders may exercise individually in accordance with, and subject to, the provisions of the terms and conditions of the Notes.

(a) Representation of the Noteholders

The Masse will be a separate legal entity and will act in part through a representative (the **Representative**) and in part through collective decisions of the Noteholders (the **Collective Decisions**).

(b) Representative:

The following person is designated as Representative of the Masse:

SCP Gérald Simonin, Eric Le Marec, Valérie Guerrier
54 rue Taitbout
75009 Paris

Tel: +33(0)1 48 78 96 96
rdm@simonin-huissier.com

The Issuer shall pay to the Representative 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 death, liquidation, retirement, resignation or revocation of appointment of the Representative, another Representative may be appointed.

(c) Powers of the Representatives:

The Representative shall (in the absence of any Collective Decision to the contrary) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders, with the capacity to delegate its powers.

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

(d) Collective Decisions

Collective Decisions are adopted either (i) in a general meeting (the **General Meeting**), or (ii) by unanimous consent of the Noteholders following a written consultation (the **Written Unanimous Decision**), or (iii) by the consent of one or more Noteholders holding together at least $66^{2/3}$ per cent. of the principal amount of the Notes outstanding, following a written consultation (the **Written Majority Decision**).

In accordance with Article R.228-71 of the French Code de commerce, the rights of each Noteholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) of the name of such Noteholder as of 0:00 Paris time, on the second (2nd) business day in Paris preceding the date set for the Collective Decision.

Collective Decisions must be published in accordance with Condition 9(h).

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of any of the Notes of such Series.

(i) General Meetings

A General Meeting may be called at any time, either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the principal amount of Notes outstanding, may address to the Issuer and the Representative a demand for a General Meeting to be called. If such General Meeting has not been called within two (2) months after such demand, the Noteholders may commission one of them to petition the competent court to appoint an agent (mandataire) who will call the General Meeting.

General Meetings may deliberate validly on first convocation only if the Noteholders present or represented hold at least one-fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a two-third (2/3) majority of votes held by the Noteholders attending such General Meeting or represented thereat, except when

the General Meeting deliberates on any proposal for a merger or demerger of the Issuer in the circumstances provided for under Articles L.236-13 and L.236-18 of the French Code de commerce, in which case the decision will be taken by a simple majority of votes held by the Noteholders attending such General Meeting or represented thereat.

Notice of the date, time, place and agenda of any General Meeting will be published in accordance with Condition 9(h) not less than fifteen (15) calendar days prior to the date of the General Meeting on first convocation and not less than five (5) calendar days prior to the date of the General Meeting on second convocation.

Each Noteholder has the right to participate in a General Meeting in person, by proxy or by correspondence.

Each Noteholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, 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 and at any other place specified in the notice of the General Meeting, during the fifteen (15) calendar day period preceding the holding of the General Meeting on first convocation, or during the five (5) calendar day period preceding the holding of the General Meeting on second convocation.

The General Meeting is chaired by the Representative. In the event of the absence of a representative at the start of a General Meeting and if no Noteholder is present or represented at the General Meeting , the Issuer may, notwithstanding the provisions of Article L.228-64 of the French Code de commerce, designate a provisional chairman until a new Representative has been appointed.

(ii) Written Decisions

At the initiative of the Issuer, Collective Decisions may also be taken by Written Unanimous Decisions or Written Majority Decisions.

(a) Written Unanimous Decision

Written Unanimous Decisions shall be signed by or on behalf of all the Noteholders. Approval of a Written Unanimous Decision may also be given by way of electronic communication allowing the identification of Noteholders in accordance with Article L.228-46-1 of the French Code de commerce (**Electronic Consent**). Any such decision shall, for all purposes, have the same effect as a resolution passed at a General Meeting of such Noteholders. Such Written Unanimous Decision may be contained in one document, or in several documents in like form each signed by or on behalf of one or more of such Noteholders, and shall be published in accordance with Condition 9(h).

(b) Written Majority Decision

Notices seeking the approval of a Written Majority Decision will be published as provided under Condition 9(h) no less than 15 calendar days prior to the date fixed for the passing of such Written Majority Decision (the **Written Majority Decision Date**). Notices seeking the approval of a Written Majority Decision will contain the conditions of form and time limits to be complied with by the Noteholders who wish to express their approval or rejection of such proposed Written Majority Decision. Noteholders expressing their approval or rejection before the Written Majority Decision Date will undertake not to dispose of their Notes until after the Written Majority Decision Date.

Written Majority Decisions shall be signed by one or more Noteholders holding together at least $66^{2/3}$ per cent. of the principal amount of the Notes outstanding. Approval of a Written Majority Decision may also be given by Electronic Consent. Any Written Majority Decision shall, for all purposes, have the same effect as a resolution passed at a General Meeting of the Noteholders. Such Written Majority Decisions may be contained in one document, or in several documents in like form each signed by or on one behalf of one or more of the Noteholders, and shall be published in accordance with Condition 9(h).

(e) *Expenses*

The Issuer shall pay all expenses relating to the operations of the Masse, including all expenses relating to the calling and holding of Collective Decisions and, more generally, all administrative expenses resolved upon by Collective Decisions, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(f) *Single Masse*

The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 12, shall, for the defence of their respective common interests, be grouped in a single Masse.

(g) *Sole Noteholder*

If and for so long as the Notes of any Series are held by a sole Noteholder and unless a Representative has been appointed in relation to such Series, such Noteholder shall exercise all powers, rights and obligations entrusted to the Masse by the provisions of the French Code de commerce. The Issuer shall hold a register of the decisions taken by the sole Noteholder in this capacity and shall make it available, upon request, to any subsequent holder of any of the Notes of such Series.

(h) *Notices to Noteholders*

Any notice to be given to Noteholders in accordance with this Condition 9 shall be given in accordance with Condition 10.

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 for the general corporate purposes of the Issuer.

DESCRIPTION OF THE ISSUER

1. OVERVIEW OF THE ISSUER

Carmila, a French *société anonyme*, incorporated under the laws of France (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 as Old Carmila (as defined on page 3 of this Prospectus) by purchasing a portfolio of Carrefour-anchored shopping centres from Klépierre in three European countries (France, Spain and Italy), valued at €2.0 billion. On the same date, Carrefour contributed or sold most of its shopping centres in France to Old Carmila, for €0.6 billion. Another large transaction totaling €1.1 billion took place in November and December 2014. Old Carmila acquired six shopping centres from Unibail-Rodamco in France and three shopping centres, in Spain, from Carrefour Property Espana along with various isolated units belonging to Carrefour Property Espana in Spanish shopping centres which Old Carmila had previously acquired from Klépierre in April 2014.

In 2017, Old Carmila and Cardety, another retail real estate company of which Carrefour was the main shareholder, merged, thus enabling Carmila to have access to capital markets. On 12 June 2017, the merger was approved by the shareholders of both entities and Cardety, the legal acquirer – which absorbed Old Carmila, changed its name to Carmila (the **Merger**).

Carmila has a large diversified tenant base with 5,793 lease contracts. As at 31 December 2017, the largest consolidated tenant represents 1.9% of rental income. Although Carrefour is a strategic partner and owns 35.8% of the share capital of Carmila alongside major long-term real estate investors, less than 1% of Carmila's gross rental income derives from Carrefour.

Carmila employs 196 people and is led by a management team which includes experienced professionals from Europe's largest shopping mall operators.

1.1 STRATEGY

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

- **Key pillars of Carmila's strategy**

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

- A differentiated marketing approach

  Carmila has developed a differentiated marketing approach through the "*Air de Famille*" concept. This concept, which is customer-oriented, has been 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, all focused on enhancing the retailer's turnover. Through active shopping centre management focused on improving 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 for all the Carmila centres, 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 to the centres, all aimed at improving the customer's shopping experience. 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 which amounts to 60% to 80% of the total GLA, depending on the site. As of 31 December 2017, Carmila completed its renovation program (the renovation of six sites was deferred to be carried out during the associated extensions) for a total investment of €350 million spread over the 2014-2017 period, of which €90 million borne by Carmila. The renovation programme is now almost complete with only six centres that remain to be renovated as the extension work's take place.

- 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 running costs.

  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.

  Over the years 2016 to 2023, Carmila has identified 43 extension projects (36 in France, 4 in Spain and 3 in Italy), for which 12 have been delivered by the end of 2017 (11 in France and 1 in Italy) for an investment of €251 million representing c. 83 000 sqm of additional letting space and the remainder expected to be co-developed with Carrefour. Of these projects, 16 have obtained regulatory authorisation and 12 their building permit. These are low risk develoments taking place alongside existing shopping centres. By 2023, Carmila intends to accelerate development of its pipeline of shopping centre extensions and plans to deliver 31 projects that will require € 1.5 billion of capital expenditure.

  The average target return on investment (annualized net rent divided by the total estimated investment amount) for these expansion projects is between 7% to 8%, of which between 6% and 7% will go to Carmila after equal sharing of the development margin with Carrefour Property. Carmila estimates that

its shopping centre expansion program could generate approximately €85 million in additional rental income over a full year, for a targeted average return on investment of approximately 6.5% and a market yield of 5.5%

- 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.

- **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. Today, Carrefour's relationship with Carmila enables it to determine the course of such investments and focus on local leadership strategies.

1.2 GEOGRAPHIC REACH AND FEATURES OF THE LEASES

- **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 3, Carmila has reached a significant size.

  As at 31 December 2017, Carmila owns 206 shopping centres in France, Spain and Italy, as shown in the table below:

Country	Portfolio of assets		Key Performance Indicators	
	• Leader shopping centres:	76	Gross Asset Value* (€bn)	4.3
	• Challenger shopping centres:	52	Gross Rental Income (€m)	213
			Financial occupancy	96,1%
	• Leader shopping centres:	57	Gross Asset Value* (€bn)	1.1
	• Challenger shopping centres:	13	Gross Rental Income (€m)	68
			Financial occupancy	96,2%
	• Leader shopping centres:	8	Gross Asset Value* (€bn)	0.4
	• Challenger shopping centres:		Gross Rental Income (€m)	20
			Financial occupancy	99,9%

Please note a 'Leader shopping centre' meets at least one of the following criteria: (i) hypermarket sales above €100.0 million in France and above €60,0 million in Spain and Italy, (ii) it contains a hypermarket which is a leader in its region[2], (iii) the shopping centre has more than 80 units in France and more than 60 units in Spain and Italy, (iv) the shopping centre is a leader in its region[3] or (v) the shopping centre's commercial area is a leader in its region; all other shopping centres are 'Challenger shopping centres'.

**Fair value appraised by independant property expert, including transfer taxes*

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, stand at 96.4% at a consolidated level with 96.1% in France, 96.2% in Spain and 99.9% in Italy.

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 eight strong and resilient assets which were cherry-picked from Klépierre's portfolio or developed since.

1.3 OVERVIEW OF LEASES

1.3.1 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 the lease on every third-year anniversary without paying compensation to his landlord, unless otherwise agreed in the lease. The nature of the activity that takes place on

[2] Source: Nielsen
[3] Source: Codata

the premises is defined in the lease and cannot be changed by the 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, most 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 is no longer possible with new leases or renewed leases. This will increase base 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-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.

1.3.2 Leases in Spain

For Carmila, in Spain, the tenure of the lease is determined by the parties. There are no regulatory limitations. In practice, Carmila España grants leases of an average of 5 years. For long-term leases there is often a break option for the tenant at the end of each 3 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 pays a base rent generally updated on an annual basis through indexation. The Index used is the national CPI (Consumer Price Index). Additionally, most 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 structural maintenance costs are borne by the landlord.

1.3.3 Leases in Italy

In Italy, the tenure 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. Compensation is rarely due.

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 3 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.

2. 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 57, 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.

3. HISTORY

3.1 INCORPORATION

The Issuer was incorporated on 17 July 1997 for a duration of 93 years expiring on 5 May 2090 and is presently a public limited company (*société anonyme*), governed by the French *Code de commerce* and registered in France with the Nanterre Trade and Companies Register (*RCS Nanterre*) under number 381 844 471 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.

3.2 ACQUISITION AND TRANSFERS OF ASSETS FROM KLÉPIERRE AND CARREFOUR

3.2.1 Summary

On 15 December 2013, Carrefour, Klépierre and Old Carmila signed a memorandum of understanding (the **Memorandum**) by which Klépierre committed to sell to Old 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 Old 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, Old Carmila 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, Old Carmila, Carrefour and Klépierre substantially completed the transfers and purchases envisaged in the Memorandum and the Investment Agreement.

3.2.2 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 Old Carmila acquired 126 sites from Klépierre, located in France, Spain and Italy, with a market value of €2.0 billion (including transfer costs).

3.2.3 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, Old Carmila signed agreements with the Carrefour group entities owning the transferred shares to contribute said shares to Carmila France, based on a the appraisal value of the assets (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.

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

On 28 November 2014, Old Carmila, acting through Carmila France, acquired six regional shopping centres in France from Unibail-Rodamco for a total price of €927.6 million (such price comprising the value of the assets, the transfer tax costs).

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.

3.4 OTHER SHOPPING CENTRE ACQUISITIONS AND PROJECT DEVELOPMENTS

Shopping centre acquisitions

As part of its strategy to develop and enhance the value of its portfolio, the Group carried out the following significant acquisitions:

<u>In France</u>

On 30 June 2014 Old 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, Old 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, Old 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 from CBRE for the total sum of €91.1 million (including transfer costs).

Also, during the third quarter of 2015, 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).

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.

On February 26, 2016, the Old Carmila Group became the sole shareholder of SA Financière Geric, the owner of the Thionville shopping center, representing an investment of €32 million (value of the shares);

In Spain

On August 5, 2016, the Old Carmila Group acquired three major shopping centers in Spain from Hispania Retail Properties (El Mirador in the Burgos province, Montigal in Badalona and Atalayas, in the center of Murcia), for a total of €77 million; and

On December 15, 2016, it also acquired the FAN shopping center in Palma de Majorca from Carrefour Property España for a total of €164.6 million.

A successful extension programme

In October 2016, Old Carmila opened the extension of its Bourges shopping centre, the total investment amounted to €24.7 million for a leasable area increase of 3 027 sqm.

In April 2017, Old Carmila saw the successful public opening of Phase 2 of the extension programme for the BAB2 shopping centre in Anglet (Bayonne). The extension has entailed an increase of leasable area by 11,000 sqm with 38 stores (taking account of both phases of the project). The full BAB2 shopping centre totalises currently 25,700 m² with 120 stores for an investment of € 82.4 million, with a 6.8% rate of return.

Eight extensions of existing sites have been opened in the second half of 2017 for a total increase in leasable area by 62 558 m2 and an investment of €144 million, (Langueux (Saint Brieuc), Pau - Lescar, Rambouillet, Saint Egrève (Grenoble), Vannes, Crèches sur Saône (Macon), Evreux phase 1 and Nichelino in Turin, Italy).

Going forward, Carmila has a pipeline of 31 projects for extensions to existing shopping centres (24 in France, four in Spain and three in Italy). The overall investment is €1.5 billion, with future rental income of approximately €100 million.

3.5 THE MERGER BY OLD CARMILA WITH CARDETY ON JUNE 12, 2017

The shareholders of Cardety and Old Carmila convened on June 12, 2017 for the purpose of approving the Merger for their respective companies, on the basis of a conversion factor of one Cardety share for three Old Carmila shares, thus entailing the absorption of Old Carmila by Cardety.

The merged entity was renamed “Carmila” and the new shares resulting from the Merger were admitted to trading on 14 June 2017 in Compartment C of the Euronext Paris regulated market under ISIN code FR0010828137 (mnemonic code CARM).

A Merger Memorandum was prepared in view of this transaction and filed with the AMF on May 5, 2017 with the visa number no. E.17-040 and is available on the company’s website.

The two companies had previously signed a merger agreement on 4 April 2017 to create the third-largest listed shopping centre property company in continental Europe, with a portfolio of 205 assets then valued at €5.4 billion, engaged in the value-creation and development of shopping centres that are leaders in their catchment areas, in France, Spain and Italy, based on a strategic partnership with the Carrefour Group, one of the world’s leading retailers.

3.6 CAPITAL INCREASE

At its meeting held on 23 June 2017, the Board of Directors used the power of attorney granted under the thirty-seventh and forty-seventh resolutions of the shareholders' general meeting of June 12, 2017 to proceed with the placement of shares, as previously announced at the time of the Merger of Old Carmila into Cardety.

This placement comprised (i) a capital increase carried out through the allotment to existing shareholders of warrants giving right to subscribe shares pursuant to the thirty-seventh resolution of the shareholders' general meeting (the **Capital Increase**) and (ii) a capital increase through the issuance, without preferential subscription rights, of warrants giving the right to subscribe shares by the underwriting banks pursuant to the forty-seventh resolution of the shareholders' general meeting (the **Additional Capital Increase**)

This transaction was described in an Offering Memorandum filed with the Autorité des Marchés Financiers on June 23, 2017 under the visa number 17-298, which includes Cardety's registration document, appendix 2 to Document E and an offering circular and is available on the Carmila website.

As a result of the Capital Increase, 23 123 818 new shares were issued and paid at a price of €24/share. The nominal amount of the capital increase stands at €138.7 million and the issuance premium at €416.2 million.

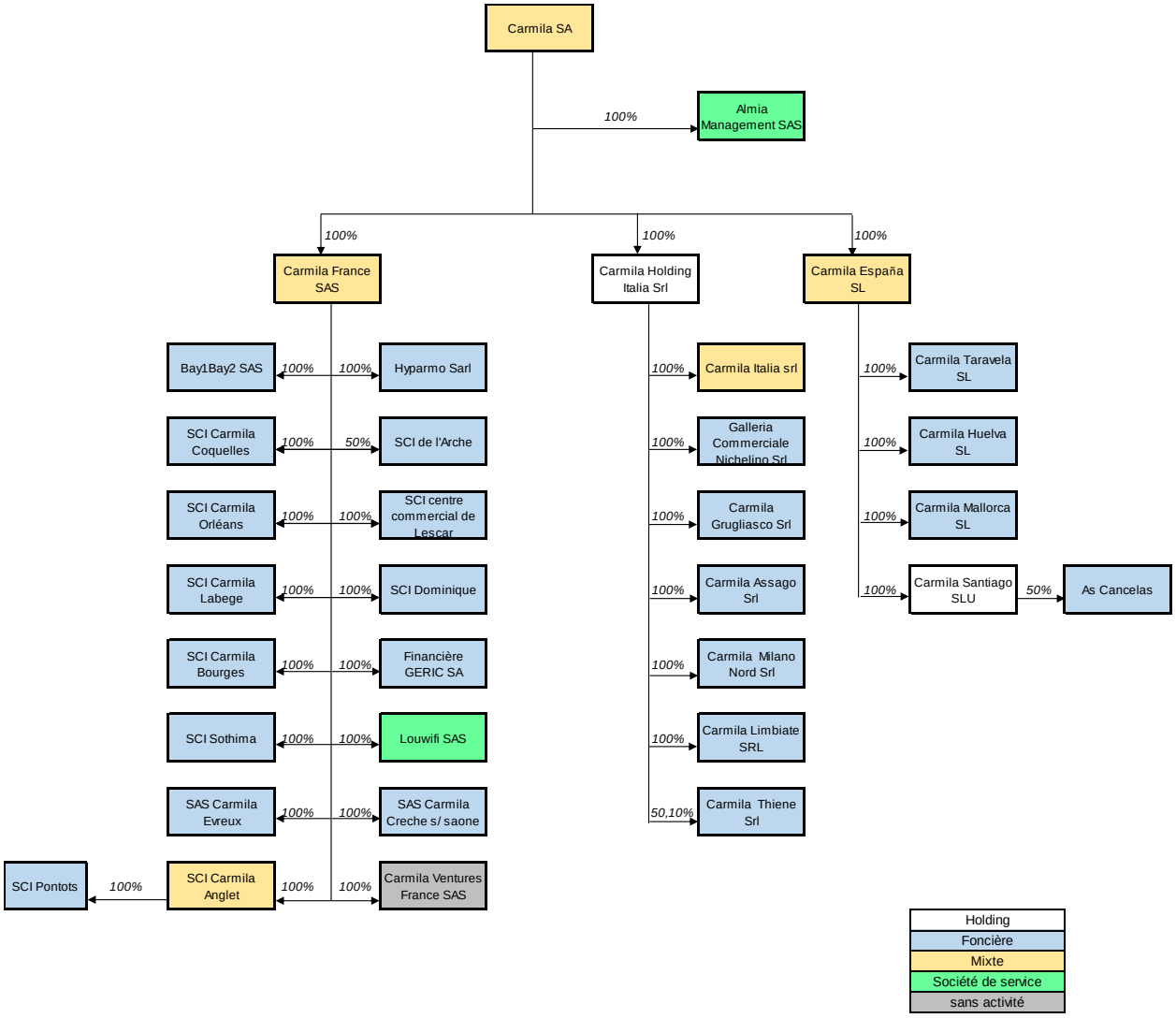
As a result of the Additional Capital Increase, 3 067 982 new additional shares were issued and paid at a price of €24/share. The nominal amount of this Additional Capital Increase amounts to €18.4 million and the issuance premium at €55.2 million.

In total these transactions enabled Carmila to raise €614.0 million, net of issuance costs, in view of financing its growth prospects over the years 2018 to 2023 and notably the 31 extensions projects, targeted acquisitions, and the deployment of its digital marketing strategy..

At the end of this transaction finalized on July 31, 2017, Carmila's share capital amounts to €810 360 174 divided into 135 060 029 shares of nominal value of €6.00/share.

4. GROUP STRUCTURE

Carmila's corporate structure as at 31 December 2017 is shown below.



4.1 MAJOR SHAREHOLDERS

Contributions from shareholders have totalled €2,968.3 million since the creation of Carmila, including €1,830.0 million in April 2014, €509.7 million in November 2014 and €613.9 million net proceeds in July 2017.

The largest shareholder of Carmila is Carrefour, with a 35.8% shareholding.

4.2 AGREEMENTS WITH CARREFOUR

On 16 April 2014, various entities of the Carrefour Group signed with Old Carmila service agreements entrusting asset management and back-office functions and services to Carrefour. These agreements were renewed in 2017 for a three year term. This enables Carmila to focus on its strategic functions such as portfolio management, letting contracts for vacancies, lease renewals and new tenant leases in asset developments, shopping centre management and marketing.

In addition, as previously mentioned, Old Carmila signed an agreement with Carrefour Property on the renovation and extension of Carmila's assets, defining each party's role in such developments. This agreement was renewed with Carmila for a ten year tenure in 2017.

5. PRESENTATION OF FINANCIAL INFORMATION

5.1 Background

As a reminder, on June 12, 2017 a Merger took place between Old Carmila and Cardety, the legal acquirer, giving Carmila access to the capital markets. Carmila took advantage of the listing in July with a public capital increase of €628.6 million (€613.9 net of issuance costs). Under IFRS rules, the Merger has been accounted for as a reverse merger, as Old Carmila, the acquiree, owns a portfolio nearly 40 times the size of the assets belonging to Cardety, the acquirer. Cardety's activities are therefore consolidated in the financial statements as of the date Old Carmila took control, i.e. from June 2017 onwards. The financial data given for the year 2016 is extracted from the audited financial statements of Old Carmila's for the year then ended, since the comparative size of Cardety to Old Carmila is well below the scope of proforma requirements.

5.2 Selected financial information

The extracts below, from the audited and translated into English December 2017 Annual Consolidated Financial Statements, 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 fair value accounting for its properties and has applied it uniformly to all its shopping centres.

Carmila has opted for the regime of *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*. The benefits of the SIIC regime are subject to compliance with certain obligations and conditions including the obligation to distribute a significant portion of Carmila's profits: 95% of profits from rental income, 60% of capital gains and 100% of dividends received from subsidiaries subject to the SIIC regime.

Income Statement

(in thousands of euros)	31/12/2017	31/12/2016
Gross rental income	**300 911**	**275 683**
Real estate expenses	- 4 389	- 3 863
Non-recovered rental expenses	- 7 305	- 8 272
Property expenses (landlord)	- 12 562	- 11 045
Net rental income	**276 655**	**252 503**
Operating expenses	- 47 433	- 41 579
Income from management, administration and other activities	*4 790*	*1 626*
Other income from services rendered	*5 712*	*9 045*
Personnel costs	*- 23 878*	*- 22 597*
Other external expenses	*- 34 057*	*- 29 653*
Other operating income	-	1 948
Allowances for depreciation of fixed assets, amortisation of intangible fixed assets and provisions	- 809	- 523
Other current operting income and expenses	- 7 160	- 267
Gain (Loss) on disposal of investment properties and equity investments	- 2 803	441
Change in the fair value of investment properties	164 470	157 678
Increase in fair value of investement properties	*211 795*	*235 500*
Decrease in fair value of investement properties	*- 47 325*	*- 77 822*
Share of net income of equity method investments	11 067	6 094
Operating income	**393 987**	**376 295**
Income from cash and cash equivalents	927	615
Cost of gross financial debt	- 49 608	- 49 877
Cost of net debt	**- 48 681**	**- 49 262**
Other financial income and expenses	3 357	- 3 005
Net financial income (expense)	**- 45 324**	**- 52 267**
Income before taxes	**348 663**	**324 028**
Income tax	- 34 359	- 28 380
Consolidated net income	**314 304**	**295 648**
Group share	**313 787**	**294 531**
Non-controlling interests	**517**	**1 117**
Average number of shares comprising Carmila's share capital - non diluted	119 132 838	103 213 159
Income per share (in euros) - non diluted	2,63	2,85
Average number of shares comprising Carmila's share capital - diluted	119 323 222	103 359 785
Income per share (in euros) - diluted	2,63	2,85
Number of shares comprising Carmila's share capital at year-end - diluted	135 182 748	104 698 190
Income per shares outstandinfg at year-end (in euros) - diluted	2,32	2,81

Statement of other comprehensive income *(in thousands of euros)*	31/12/2017	31/12/2016
Consolidated net income	**314 304**	**295 648**
Items to be subsequently recycled in income	10 923	- 13 907
Cash-flow hedges (effective impact)	10 923	- 13 907
Related income tax	-	-
Items not to be recycled in income subsequently	- 31	39
Re-evaluation of the net liabilities under defined-benefit schemes	- 31	39
Related income tax	-	-
Consolidated comprehensive income	**325 196**	**281 780**

Balance Sheet

ASSETS

(in thousands of euros)	31/12/2017	31/12/2016	*Variation*	*% var.*
Goodwill	-	-	-	*0%*
Intangible assets	4 559	4 986	*- 427*	*-9%*
Property plant and equipment	2 411	960	*1 451*	*151%*
Investment properties carried at fair value	5 356 002	4 425 206	*930 796*	*21%*
Investment properties carried at cost	91 581	425 237	*- 333 656*	*-78%*
Investment in equity-accounted companies	47 364	48 331	*- 967*	*-2%*
Other non-current assets	12 981	9 349	*3 632*	*39%*
Deferred tax assets	6 284	1 592	*4 692*	*295%*
Non current assets	**5 521 182**	**4 915 661**	***605 521***	***12%***
Investment properties held for sale	500	-	***500***	***0%***
Trade receivables	107 919	98 164	*9 755*	*10%*
Other current assets	75 398	119 994	*- 44 596*	*-37%*
Cash and cash equivalent	329 397	71 243	*258 154*	*362%*
Current assets	**513 214**	**289 401**	***223 813***	***77%***
			-	*0%*
Total Assets	**6 034 396**	**5 205 061**	***829 335***	***16%***

LIABILITIES AND SHAREHOLDERS' EQUITY

(in thousands of euros)	31/12/2017	31/12/2016	*Variation*	*% var.*
Share capital	810 360	313 655	- *496 705*	*158%*
Additional paid-in capital	2 321 671	1 842 673	*478 998*	*26%*
Treasury shares	- 2 653	-	*- 2 653*	
Other comprehensive income	- 27 937	- 38 829	*10 892*	
Consolidated retained earnings	121 234	230 743	*- 109 509*	*-47%*
Consolidated net income - Group share	313 787	294 531	*19 257*	*7%*
Shareholders' equity - Group share	**3 536 462**	**2 642 773**	***893 689***	***34%***
Non-controlling interests	5 999	8 431	*- 2 432*	*-29%*
Shareholders' equity	**3 542 461**	**2 651 204**	- ***891 258***	***34%***
Non-current provisions	2 142	609	*1 533*	*252%*
Non-current financial debt	1 966 003	2 050 970	*- 84 967*	*-4%*
Lease deposits and guarantees	69 643	67 216	*2 427*	*4%*
Non-current tax liabilities and deferred tax liabilities	112 867	81 019	*31 848*	*39%*
Other non-current liabilities	7 477	13		
Non-current liabilities	**2 158 132**	**2 199 827**	***- 41 695***	***-2%***
Current financial debt	68 970	151 346	*- 82 376*	*-54%*
Bank overdraft	40 129	16 123	*24 006*	*149%*
Trade payables	28 567	22 993	*5 574*	*24%*
Fixed asset payables	71 751	33 773	*37 978*	*112%*
Current tax liabilities and social dues	38 661	43 254	*- 4 593*	*-11%*
Other current liabilities	85 724	86 541	*- 817*	*-1%*
Current liabilities	**333 802**	**354 030**	***- 20 228***	***-6%***
Total Liabilities and Shareholders' equity	**6 034 396**	**5 205 061**	***829 335***	***16%***

Statement of cash flows

(in thousands of euros)	31/12/2017	31/12/2016
Consolidated net income	**314 304**	**295 648**
Adjustments		
Elimination of income from companies equity-accounted	-11 067	-6 094
Elimination of depreciation, amortisation and provisions	2 263	302
Elimination of the change in fair value adjustment	-164 239	-158 073
Elimination of capital gains / losses on disposal of assets	119	-2 074
Other income and expenses with no cash effect	3 825	1 644
Cash-flow from operations after cost of net debt and tax	**145 205**	**131 353**
Elimination of tax expense / (income)	34 359	28 380
Elimination of cost of debt	48 682	49 263
Cash-flow from operations before cost of net debt and tax	**228 246**	**208 996**
Change in working capital requirements	47 822	-29 206
Change in lesse's security deposits and guarantees	-537	3 122
Income taxes paid	-11 541	-5 234
Cash flow from operating activities	**263 990**	**177 678**
Changes in the scope of consolidation	-7 643	-
Change in fixed asset payables	43 821	-
Acquisition of investment properties	-279 184	-442 219
Acquisition of other fixed assets	-282	-1 550
Changes in loans and advances	-7 343	2 031
Disposal of investment properties and other fixed assets	177	3 691
Dividends received	1 474	972
Cash-flow from investing activities	**-248 981**	**-437 075**
Share capital increase	613 937	2 002
Transactions in share capital of equity accounted companies	-10 025	-
Net sale (purchase) of treasury shares	-2 447	-
Issuance of bonds	-	592 999
Issuance of bank loans	15 905	142 000
Loan repayments	-184 778	-408 230
Interest paid	-49 692	-57 003
Interest received	928	613
Dividends and share premium distributed to shareholders	-164 690	-77 305
Cash-flow from financing activities	**219 139**	**195 076**
Change in net cash position	**234 148**	**-64 321**
Opening cash position	55 120	119 441
Closing cash position	289 268	55 120

5.3 ADDITIONAL INFORMATION

5.3.1 Recurring Earnings

(in thousands of euros)	2017	2016
Consolidated net income	**314 304**	**295 649**
Adjustments	- 134 494	- 133 471
Net fair value adjustments on investment properties	- 164 470	- 157 678
Elimination of the fair value adjustement of shares in equity accounted companies	- 8 628	- 4 698
Deffered tax liability resulting from the fair value adjustments	32 449	25 469
Elimination de la variation de juste valeur sur instruments dérivés	- 218	
Depreciation of property, plant and equipment	983	749
Net gain (loss) from the sale of investment properties	2 803	- 441
Amortisation of the cost of un-winding interest-rate derivatives	3 004	1 969
Adjustment for EPRA net income recognition of shares in equity accounted companies		1 351
Non-controlling interest share reversal	- 517	- 1 117
Fair value adjustement for investment properties for minority interests in equity accounted companies	100	925
EPRA Earnings	**179 810**	**162 178**
Adjustment for debt issuance costs	4 900	6 761
Adjustment for development margin		- 1 948
Non recurring income/expenses and write-off of assets	- 1 813	5 309
Recurring Earnings	**182 897**	**172 300**

Recurring Earnings can be defined as the net income adjusted for the non-cash and non-recurring items. Non-cash items include the fair value adjustments and its related deferred income tax where applicable along with the amortization of debt issuance costs or swap un-winding costs. Non-recurring items will include capital gains (or losses) on the sale of investment property along with the badwill resulting from the Merger (see below paragraph 5.3.7) or the non-recurring fees and costs resulting from the Merger.

5.3.2 Loan to value

(in thousands of euros)		31/12/17	31/12/2016
Net financial debt	**(A)**	**1 745 704**	**2 147 195**
Gross financial debt		2 034 972	2 218 438
Cash and cash equivalent		- 289 268	- 71 243
Investment properties [1]	**(B)**	**5 795 737**	**5 186 949**
Fair value of investment properties [1]		5 716 191	5 120 029
Works in progress		79 546	66 920
Loan-to-value	**(A)/(B)**	**30,1%**	**41,4%**

[1] *including transfer taxes*

The Net debt is measured at year-end 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.

The loan to value ratio is well below the bank credit covenant threshold which stands at 55%.

5.3.3 Interest cover

(in thousands of euros)		31/12/17	31/12/2016
Operating income		**393 987**	**376 295**
Net fair value adjustments on investment properties		- 164 470	- 157 678
Elimination of the fair value adjustement of shares in equity accounted companies		- 8 628	- 4 698
Net gain (loss) from the sale of investment properties		2 803	- 441
Non recurring expenses or charges		4 715	-
Depreciation of property, plant and equipment		983	749
EBITDA	**(A)**	229 390	214 227
Cost of net financial debt	**(B)**	48 682	49 262
Interest Cover Ratio	**(A)/(B)**	**4,7**	**4,3**

Earnings before interest, tax, depreciation and amortisation (EBITDA) is equivalent to the net income resulting from operational revenues and costs or expenses, excluding fair value adjustments. EBITDA also excludes the income or charge related to the disposal of assets as well as the non recurring itels such as the Merger costs amounting to €4.7 million.

The cost of net debt is the sum of interest expense and income from excess cash.

The interest cover ratio is well above the bank credit covenant threshold which requires it exceeds 2.

5.3.4 Gross rental income

GRI amounts to €300.9 million in 2017, up + 9.2% from 2016. This increase is due to a combination of factors, most notably:

- Rental income generated by the 2016 acquisitions in Spain: the four Spanish sites acquired in 2016, contribute +4.0% to the increase;
- Rental income generated by the shopping centre extensions notably the BAB2 shopping mall extension in Bayonne delivered in April 2017 along with the extensions delivered during the fourth quarter of 2017, all of which contribute +2,1 % to the rental income increase;
- Organic growth of the portfolio contributes +2,5% as a result of:
  - Dynamic letting activity in 2017, with 358 new leases signed, equivalent to €13.7 million in annualized full-year rental income
  - The reversion or uplift on the 472 lease renewals in 2017, for which the incremental rental income increases by +8.8% on an annual basis which breaks down into +10.0% in France, +8.5% in Spain and +3.0% in Italy.
  - Income from Specialty Leasing and the pop up store business which contributed €8.5 million in revenue, up + 18.5% over 2016.
- Other factors which account for +0.6%, notably the 7 month contribution of Cardety (consolidated as of June 2017)

The managerial focus set on filling vacancies improved the financial occupancy rate to 96.4% as of 31 December 2017, increasing by + 40 bps over 31 December 2016 (96,0%).

5.3.5 Net rental income

Certain charges come as a deduction from the Gross rental income, such as marketing support, non-recoverable operating expenses, running costs allocated to vacant premises and uncollectible receivables or receivable depreciation.

NRI amounts to €276.7 million in 2017, up + 9.6% compared with 2016. This increase is attributable to the same factors as the GRI growth and is amplified by the positive impact of vacancy reductions.

5.3.6 Operating expenses

The adjustment of human resources to the development of the business resulted in the hiring of 41 staff members. They joined progressively over the period and their full cost was only born in the last part of the year.

Other external expenses include marketing expenses, chiefly relating to the increased use of digital applications, and fees, including those paid to the Carrefour Group for the services rendered in the service agreements (accounting, human resources, general services, etc.), appraisal fees for the property portfolio, financial communications fees, travel expenses and Directors' fees.

5.3.7 Net financial expense

The Net financial costs stand at €45.3 million. Both the 2017 and 2016 Net Financial costs include non-recurring items which need to be restated to compare financial charges. In 2017, the non-recurring income is a €6.5 million badwill generated by the Merger between Cardety and Old Carmila largely attributable to the share conversion factor and the income generated by Cardety over the first 5 months of the year, prior to consolidation. In 2016, the financial charge includes a €3.2 million write-off of deferred finance issuance costs as a result of the partial redemption of a bank loan consecutive to the issuance of Old Carmila's second public bond. Excluding non-recurring items, the Net financial expense in 2017 stands at €51.9 million compared to €49.1 million in 2016. The increase is mainly due to the full year interest charge of the second bond which was issued at the end of March 2016 for an amount of €600 million bearing interest at 2.375%. The average cost of debt stands at 2.14% in 2017 to compare with 2.13% in 2016.

The hedging policy designed to protect the Group against rising interest rates was continued. The proportion of fixed-rate debt represents 79% of gross debt, compared with 73% at 31 December.

5.3.8 The statement of cash flows

Cash flow from investing activity

For the period ended 31 December 2017, Carmila's investment activities include €279.2 million of capital expenditures. €211.2 million are pertaining to the extension programme, and in particular the extension of shopping centres which were delivered in 2017, namely Anglet (France), Nichelino (Italy), Pau Lescar and Crêches sur Saone (France). An additional €67.4 million was spent on restructuring and refurbishment. This also explains the significant build-up of the fixed asset supplier balances.

Cash flow from financing activity

The financing activity reflects the capital increase of €613.9 million which took place in July 2017.

In the first half of 2017, both Old Carmila and Cardety restructured their debt taking into account the Merger with a view to extending its maturity (see details in pragagraph 5.3.11 sources of funding below)

5.3.9 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 the acquisition takes place close

to the balance sheet date. In such cases, acquisitions will be included at their purchase price (including transfer costs). At December 31, 2017 the Gross asset value amounts to €5.8 bn including transfer costs.

(in millions of euros)	31/12/17	31/12/16
Gross Asset Value		
France	4 236,9	3 938,6
Spain	1 127,7	1 066,4
Italy	351,6	348,1
Total	**5 716,2**	**5 353,1**

5.3.10 Net Asset Value

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

EPRA Net Asset Value *(in thousands of euros)*	31.12.2017	31.12.2016 (1)
Shareholder's Equity - Group Share	**3 536 521**	**2 642 773**
Reversal of the mark to market adjustment on hedging instruments	14 394	22 113
Reversal of deferred tax on the fair value adjustment of investment properties	103 620	57 889
Transfer tax optimisation adjustement on share deals	59 900	50 289
EPRA Net Asset Value	**3 714 435**	**2 773 064**
Average number of shares outstanding	119 132 838	103 288 819
EPRA Net Asset Value per average outstanding share (in euros)	**31,18**	**26,85**
Fully diluted number of shares outstanding at year-end	135 182 748	104 698 190
EPRA Net Asset Value per share at year-end, fully diluted (in euro)	**27,48**	**26,49**

(1) EPRA NAV calculated from Old Carmila financial data, the proforma included in Cardety's registration document appendix 2 to Document E stands at €25,85 fullly diluted per share

The consolidated shareholders' equity is adjusted to include the fair value 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. 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. From such a viewpoint, the mark to market adjustment applied to the hedging instruments is reversed, as is the deferred tax accounted for on the fair value adjustment to investment properties which will not be payable in a foreseeable future. Finally, where applicable, the disposal of investment properties through a share deal enables an optimisation of the transfer taxes.

The Net Asset Value at 31 December 2017 stands at €3,714.5 million or €27.48 per share.

5.3.11 Sources of funding

Consent for the transfer to Cardety of Old Carmila's two bond loans of €600 million each and maturing respectively on September 18, 2023 and September 16, 2024, was approved by a qualified majority of bondholders at a general bondholders meetings held on May 24, 2017, for a fee of €0.7 million.

Simultaneously with the Merger both Cardety and Old Carmila renegotiated their bank loans.

On June 12, 2017 Cardety redeemed the outstanding amount of its syndicated loan dated July 18, 2016 which stood at €21.6 million.

For Carmila, on June 16, 2017, the remaining outstanding balance of €90 million of the syndicated loan agreed on September 17, 2014 for €620 million and maturing on September 16, 2019, was repaid. The drawn down of

the Tranche A of this loan was originally €496.0 million, but the Old Carmila made several partial repayments in 2016 for a total amount of €406.0 million.

On June 16, 2017, the Issuer signed an amend and extend agreement to the €1,400.0 million syndicated loan dated of December 15, 2013, of which €1,050.0 million was a Tranche A Term Loan and €350.0 million a revolving credit facility. The outstanding amount of the Tranche A drawdown at the date of the Merger was €753.8 million. Under the supplementary clause, the Tranche A Term loan was adjusted to €770.0 million and the revolving credit facility was cancelled. The maturity date of this loan agreement was extended by five years, to 16 June 2022.

The issuance cost of this restructuring, including the new revolving credit lines described below, totalled €7.0 million over the period. A write-off of prior deferred costs in the amount of €0.6 was taken as a financial charge since the underlying loans were redeemed.

Bent on diversifying its sources of funding and their maturities, Cardety set up a commercial paper programme for a maximum amount of €600 million which was authorised by the Banque de France on June 29, 2017. The outstanding amount at the end of December 31, 2017 was €60.0 million, compared with €142.0 million for Old Carmila at December 31, 2016.

The commercial programme is backed by revolving credit facilities subscribed by banks of prime standing under loan agreements entered into June 16, 2017. These agreements are as follows:

- A revolving credit facility of €759.0 million maturing on 16 September 2022;
- A revolving credit facility of €250.0 million with a limited number of banking partners of prime standing that are close to the Group. The maturity date for this line is 16 September 2020.

Carmila is exposed to interest rates variations on its variable-rate borrowings. The objective of the hedging policy is to limit the impact of increases in interest rates on current and future income and cash flows using plain vanilla interest-rate swap derivatives, caps or swaps.

6. SUBSEQUENT EVENT

Carmila pursues its development strategy with the signing on 2 February 2018 of an agreement with Klépierre for the acquisition of two shopping centres, Grand Vitrolles (in the commune of Vitrolles, Greater Marseille) and Gran Via de Hortaleza in Madrid. These acquisitions, totalling €212.2 million, will enable Carmila to further strengthen its portfolio with two leading large or regional shopping centres, both anchored by powerful Carrefour hypermarkets.

7. GOVERNANCE AND MANAGEMENT

7.1 CHIEF EXECUTIVE OFFICER (*PRESIDENT DIRECTEUR GENERAL*)

The Chief Executive Officer of Carmila is appointed by the board of directors (the **Board of Directors**) for a period of four (4) 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 by-laws (*Statuts*) and Carmila's internal rules (*règlement intérieur*).

M. Jacques Ehrmann was appointed as Chief Executive Officer for a four-year period, renewable without limitation, on June 12, 2017.

7.2 DEPUTY CHIEF EXECUTIVE OFFICERS (*DIRECTEURS GENERAUX DELEGUES*)

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 four-year period, renewable without limitation, on June 12, 2017.

7.3 BOARD OF DIRECTORS (*CONSEIL D'ADMINISTRATION*)

The Board of Directors of the Company in its new configuration, at its meeting of June 12, 2017, after the two extraordinary general meetings summoned to approve the new composition of the Board of Directors and its Committees.

The Board of Directors now comprises 14 Directors (eight men and six women), including eight independent directors and three non-voting directors:

	Business address	**First appointed on:**	**Term of office expires on:**
Jacques Ehrmann Chairman and Chief Executive Officer	2 avenue Foch 92420 Vaucresson	12 June 2017	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2020.
Laurent Vallée Director	43 rue des Tourelles 75003 Paris	4 September 2017	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2019.
Marie Cheval Director	16 rue Théodore de Banville 75017 Paris	3 October 2017	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2019.
Raphaëlle Pezant Director	14 rue de la Redoute 92210 Saint-Cloud	3 October 2017	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2018.
Séverine Farjon Independent director	37 rue Pergolèse 75016 Paris	20 May 2015	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2018.
Valérie Guillen Independent director	5 rue Georges Berger 75017 Paris	18 April 2016	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2017.
Olivier Lecomte Independent director	91 rue de Crimée 75019 Paris	12 June 2017	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2019.
Laurent Luccioni Director	104 Point Pleasant SW18 1PP Londres, Royaume-Uni	12 June 2017	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2019.
Francis Mauger Director	2 allée Jeanne de Gondi 78860 Saint-Nom-la-Bretèche	18 June 2012	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2018.

Nadra Moussalem Director	64 rue Cortambert 75016 Paris	12 June 2017	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2019.
Axa Reim France (rep. by Amal del Monaco) Director	6 place de la Pyramide Tour Majunga La Défense 9 92800 Puteaux	12 June 2017	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2020.
Cardif Assurance Vie (rep. by Nathalie Robin) Director	1 boulevard Haussmann 75009 Paris	12 June 2017	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2020.
Predica (rep. by Emmanuel Chabas) Director	50-56 rue de la Procession 75015 Paris	12 June 2017	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2020.
Sogecap (rep. by Yann Briand) Director	17b place des Reflets Tour D2 92919 Paris la Défense Cedex	12 June 2017	Ordinary general meeting called to approve the financial statements for the year ended 31 December 2020.

Additional mandates include the following

	Other mandates
Jacques Ehrmann Chairman and Chief Executive Officer	- Member of the Managing Board of Frojal (SA) - Director of Edmond de Rothschild SA - Chairman of Tamlet (SAS) - Co-managing Director of Jakerevo (SCI) and Testa (SC) - Member of the Executive Committee of Adialéa (SAS) - Member of the Nomination Committee of Adialéa (SAS) - Director of Atacadao SA (Brazil) - Member of the HR Committee of Atacadao SA (Brazil) - Member of the Strategic Committee of Atacadao SA (Brazil) - Director of CarrefourSA (Turkey)
Laurent Vallée Director	- General Counsel to Carrefour - General Representative of the Fondation Carrefour
Marie Cheval Director	- Chairman of Carrefour Omnicanal - Chairman of Digital Media Shopper - Director of Laurent Perrier
Raphaëlle Pezant Director	- No other mandates
Séverine Farjon Independent director	- Chief Executive Officer RAISE REIM
Valérie Guillen Independent director	- Director and Audit Committee Member of SIIC Terreis - Chairman of SGP Emerige Capital.
Olivier Lecomte Independent director	- Member of the Commission de surveillance de l'hôpital Robert Debré - Member of the Comité de Pilotage du SIRIC, SOCRATE/ Institut Gustave Roussy - Member of the Conseil numérique de l'AP-HP ;

Laurent Luccioni Director	- Director of Lar Espana Real Estate Socimi SA - Supervisory Board Member of Echo Investment SA
Francis Mauger Director	- Director of Atacadao SA (Brazil)
Nadra Moussalem Director	- Chairman of Colony NorthStar SAS - Chairman of Continental Property Investments - Chairman of Data IV Services - Chairman of Data IV France - Chairman of DC 115 SAS - Chairman of Holding Sports & Événements - Chairman of Colfilm SAS - Chairman of ColIllkirch France - Chief Executive Officer of ColSpa - Managing Director of ColEvreux SCI - Managing Director of Colnîmes SARL - Managing Director of ColNozay EURL - Managing Director of Colnozay SCI - Permanent representative of Colony NorthStar SAS as to Chairman of Colkart Investment - Permanent representative of Colony NorthStar as Managing Director of ColAubergenville SCI - Permanent representative of Colony NorthStar SAS as Chairman of CFI NNN France Portfolio SAS - Permanent representative of Colony NorthStar SAS as Chairman of Colquattro French Portfolio SAS - Permanent representative of Colony NorthStar SAS as managing Director to ColEden SCI - Permanent representative of Colony NorthStar SAS as Chairman of Colbravo SAS - Permanent representative of Colony NorthStar as Managing Director to CFI NNN PIAZZA SCI - Chairman of Data 4 Italy (Italie) - Chairman of Data 4 Services Italy (Italie) - Director of Colyzeo Investment Management (Royaume-Uni) - Director of Colyzeo Investment Advisors Limited (Royaume-Uni) - Managing Director of FINANCIERE ET FONCIERE ALMA MESSINE - Managing Director of CONTINENTAL PROPERTY INVESTMENTS - Managing Director of REOC ISSY - Managing Director of ADDUCTOR FRANCE SARL - Managing Director of ADDUCTOR INTERNATIONAL SARL - Managing Director of ADD HOLDING - Managing Director of RIVESALTES ROISSY SNC - Managing Director of IDF INDUSTRIES SARL - Managing Director of ADDUCTOR CPI ARENAS - Managing Director of PROPERTY HOLDING - Managing Director of FONCIERE PHOENIX MAC DONALD - Managing Director of VILLENEUVE SENART SNC - Managing Director of MARBEAU CPI - Managing Director of VILLA 5 CPI - Managing Director of PYTHAGORE INVEST - Managing Director of COLIN SNC - Managing Director of LATOISON DUVAL SNC - Managing Director of HAYET SNC - Managing Director of IDF INDUSTRIES SNC - Managing Director of W9/SAINT QUENTIN - Managing Director of SESAME INVESTISSEMENTS - Managing Director of BINET SNC - Managing Director of LINT SNC

	- Managing Director of LAFAYETTE 06 - Managing Director of CHAMPS CPI - Managing Director of IDF INDUSTRIES MARNE SNC - Managing Director of HERBLAY CPI - Sole Director of GLOBAL CONFECTOR SLU - Sole Director of GLOBAL GRAECA SLU - Sole Director of COLPRINCESA MANAGEMENT SL - Sole Director of CPI DEVELOPMENTS SPAIN 2009 SLU
Axa Reim France (rep. by Amal del Monaco) Director	- Deputy Chief Executive Officer of AXA REIM France (SA) - Chairman of VENDOME LOGISTIQUE (SPPICAV - SA) - Chairman of VENDOME IMMOBILIER COMMERCIAL (SPPICAV - SA) - Chairman AGIPOPCI (SPPICAV - SA) - Member of the Supervisory Board of AXA SELECTIV'IMMOSERVICE (SPPICAV- SAS) - Pemanent Representative AXA FRANCE VIE du LOGEMENT FRANCAIS (SA) - Director of MARSHEG 1 BV (Hollande) - Director of MARSHEG 2 BV (Hollande) - Director of ETTEN LEUR LOGISTICS INVESTMENTS BV Sàrl (Hollande) - Director of COINDUPRES BV (Hollande) - Director of LAFLOU BV (Hollande) - Director of BATTLEBELOTTE BV (Hollande) - Director of CORDELIERE 1 BV (Hollande) - Director of CORDELIERE 2 BV (Hollande) - Director of CORDELIERE 3 BV (Hollande) - Director of TOUR DU SOMMEIL BV (Hollande) - Director of SIR OP BV (Hollande) - Director of Lao BV (Hollande) - Director of 22 Bishopsgate B.V. (Hollande) - Director of Top 22 Bishopsgate B.V. (Hollande) - Director of 22 Bishopsgate General Partner Limited (UK) - Director of Baylog Holding Limited (UK) - Director of Dagenham BV (Hollande - Director of Elysées Neuf BV (Hollande) - Director of Paktkohlestahlden BV (Hollande) - Director of Krasnapolsky II BV (Hollande) - Director of Hamba BV (Hollande) - Director of Lama RE 1 BV (Hollande) - Director of Lama RE 2 BV (Hollande) - Director of Lama RE 3 BV (Hollande) - Director of Lama RE 4 BV (Hollande) - Director of Lama RE 5 BV (Hollande) - Director of FRASIA PROPERTY (GP) LIMITED (UK) - Director of FRASIA HOLDINGS SA (Luxembourg) - Managing Director of ONLYOU SL (Espagne) - Managing Director of LINDISFARNE SL (Espagne) - Managing Director of OLAEN SL (Espagne) - Managing Director of RIGLOS SL (Espagne) - Managing Director of ZUMARAN SL (Espagne) - Director of Ouestia Holding SA (Luxembourg)

	- Director of Ouestia Property GP Limited (UK) - Chairman of OTELI FRANCE (SPPICAV - SA) - Director of GRACE HOTEL INVESTMENT Sàrl (Luxembourg)
Cardif Assurance Vie (rep. by Nathalie Robin) Director	- Director of Foncière Développement - Director of Foncière des Murs - Member of Strategic Committee of Foncière des Murs Management - Member of the Supervisory Board of Immeo - Member of the Supervisory Board of BNP Paribas REIM France - Member of the Supervisory Board of Opéra Rendement - Member of the Supervisory Board of France Investipierre - Member of the Supervisory Board of Capimmo - Member of the Supervisory Board of Dauchez - Director of AEW Immocommercial - Member of the Supervisory Board of CFH - Member of the Supervisory Board of Ciloger 3 - Censor of BNP Paribas REPM France - Member of the Supervisory Board of FLI - Member of the Supervisory Committee of ICADE Santé - Director of BNP Paribas Diversipierre - Member of the Supervisory Board of Preim Healthcare - Member of the Supervisory Board of Accès Valeur Pierre - Director of FREY - Member of the Supervisory Board of Hémisphère - Member of the Supervisory Board of Plein Air Property Fund - Dorector of PWH - Director of Powerhouse Habitat
Predica (rep. by Emmanuel Chabas) Director	- Member of the Supervisory Board of Foncière des Murs - Member of the Supervisory Board of Immeo SE - Director of Camp Invest OPPCI - Director of Iris Invest OPPCI - Chairman of Foncière Hypersud - Director of OPPCI B2 Hotel Invest - Member of the Supervisory Board of SCPI Unipierre Assurances - Director of OPCI Lapillus de Météore Italy SRL - Director of Météore Greece SA - Director of Météore Alcala - Director of Siltel SA - Managing Director to the following : SCI IMEFA 1, SCI IMEFA 2, SCI IMEFA 3, SCI IMEFA 4, SCI IMEFA 5, SCI IMEFA 6, SCI IMEFA 8, SCI IMEFA 9, SCI IMEFA 10, SCI IMEFA 11, SCI IMEFA 12, SCI IMEFA 13, SCI IMEFA 16, SCI IMEFA 17, SCI IMEFA 18, SCI IMEFA 20, SCI IMEFA 22, SCI IMEFA 25, SCI IMEFA 32, SCI IMEFA 33, SCI IMEFA 34, SCI IMEFA 35, SCI IMEFA 36, SCI IMEFA 37, SCI IMEFA 38, SCI IMEFA 39, SCI IMEFA 42, SCI IMEFA 43, SCI IMEFA 44, SCI IMEFA 45, SCI IMEFA 47, SCI IMEFA 48, SCI IMEFA 49, SCI IMEFA 50, SCI IMEFA 51, SCI IMEFA 52, SCI IMEFA 53, SCI IMEFA 54, SCI IMEFA 57, SCI IMEFA 58, SCI IMEFA 60, SCI IMEFA 61, SCI IMEFA 62, SCI IMEFA 63, SCI IMEFA 64, SCI IMEFA 66, SCI IMEFA 67, SCI IMEFA 68, SCI IMEFA 69, SCI IMEFA 72, SCI IMEFA 73, SCI IMEFA 74, SCI IMEFA 76, SCI IMEFA 77, SCI IMEFA 78, SCI IMEFA 79, SCI

	IMEFA 80, SCI IMEFA 81, SCI IMEFA 82, SCI IMEFA 83, SCI IMEFA 84, SCI IMEFA 85, SCI IMEFA 89, SCI IMEFA 91, SCI IMEFA 92, SCI MEFA 96, SCI IMEFA 97, SCI IMEFA 98, SCI IMEFA 99, SCI IMEFA 100, SCI IMEFA 101, SCI IMEFA 102, SCI IMEFA 103, SCI IMEFA 104, SCI IMEFA 105, SCI IMEFA 107, SCI IMEFA 108, SCI IMEFA 109, SCI IMEFA 110, SCI IMEFA 112, SCI IMEFA 113, SCI IMEFA 115, SCI IMEFA 116, SCI IMEFA 117, SCI IMEFA 118, SCI IMEFA 120, SCI IMEFA 121, SCI IMEFA 122, SCI IMEFA 123, SCI IMEFA 126, SCI IMEFA 128, SCI IMEFA 129, SCI IMEFA 131, SCI IMEFA 132, SCI IMEFA 140, SCI IMEFA 148, SCI IMEFA 149, SCI IMEFA 150, SCI IMEFA 155, SCI LYON TONY GARNIER, SCI VILLEURBANNE LA SOIE ILOT H, SCI IMEFA 158, SCI IMEFA 159, SCI IMEFA 161, SCI IMEFA 162, SCI IMEFA 163, SCI IMEFA 164, SCI IMEFA 165, SCI HDP BUREAUX, SCI HDP HOTEL, SCI HDP LA HALLE, SCI IMEFA 169, SCI IMEFA 170, SCI IMEFA 171, SCI IMEFA 172, SCI IMEFA 173, SCI IMEFA 174, SCI IMEFA 175, SCI IMEFA 176, SCI IMEFA 177, SCI IMEFA 178, SCI IMEFA 179, SCI IMEFA 180, SCI IMEFA 181, SCI IMEFA 182, SCI IMEFA 183, SCI IMEFA 184, SCI IMEFA 185, SCI IMEFA 186, SCI IMEFA 187, SCI IMEFA 188, SCI IMEFA 189, SCI IMEFA 190 ,SCI DAHLIA, SCI FEDERALE PEREIRE VICTOIRE, SCI FEDERLOG, SCI FEDER LONDRES, SCI FEDERALE VILLIERS, SCI GRENIER VELLEFAUX, SCI MEDIBUREAUX, SCI MEDIC HABITATION, SCI VICQ D'AZIR VELLEFAUX, SCI VICQ NEUILLY, SCI FEDERPIERRE, SCI LONGCHAMP MONTEVIDEO, SCI FEDERPIERRE MICHAL, SCI FERDERPIERRE CAULAINCOURT, SCI FERDERPIERRE UNIVERSITE, SCI FERDERPIERRE CAPUCINES, SCI 1-3 PLACE VALHUBERT, SCI VILLAGE VICTOR HUGO - Chairman of RESICO - Chairman of CAA RESIDENCE SENIORS - Chairman of the Partnership Committee of IRIS HOLDING FRANCE - Member of the Strategic Committee of Foncière des Murs Management. - Director and Chairman of the Partnership Committee of SCI HOLDING DAHLIA - Director of IRIS HOLDING - Chairman of SAS HOLDING EUROMARSEILLE - Managing Director of SCI DS CAMPUS - Managing Director of SCI NEW VELIZY - Director of ALTA BLUE - Chairman of SAS FRANCIMMO HOTEL - Managing Director of SCI MONTPARNASSE COTENTIN - Permanent Representative of Predica with OPCI CAA COMMERCES 2 - Permanent Representative of Predica as Director with OPCI PREDICA BUREAUX - Chairman of SAS 59-61 RUE LAFAYETTE - Chairman of OPCI PREDICA COMMERCES - Chairman of SAS 81-91 RUE FALGUIERE - Chairman of OPCI Messidor - Chairman of OPCI SAS CAA KART - Member of the Strategic Committee of Heart of La Defense - Representative of Predica at the Advisory Committee of Ardian

	- Permanent Representative of Predica with the Supervisory Board of SAS PREIM HEALTHCARE - Representative of Predica with SCI Frey Retail Villebon - Member of the Supervisory Committee of ICADE SANTE - Director of OPCI LAPILLUS 1 - Member of the Real Estate Committee of FFA - Member of the Supervisory Board of Patrimoine et Commerce
Sogecap (rep. by Yann Briand) Director	- Director, Chairman of the Compensation and Nomination Committee and Member of the Investment Committee of Frey - Director of Oteli France - Director of BG 1 SA

7.4 STRATEGIC AND INVESTMENT COMMITTEE (*COMITÉ D'INVESTISSEMENT*)

The Strategic and Investment Committee (*Comité Stratégique et d'Investissement*) is composed of six (6) members of the Board of Directors (*Conseil d'Administration*). It meets as often as necessary 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.

7.5 AUDIT COMMITTEE COMPENSATION AND NOMINATING COMMITTEE (*COMITE D'AUDIT, COMITE DES REMUNERATIONS ET DES NOMINATIONS*)

Audit Committee

The role of the Audit Committee is to advise and assist the Board of Directors with respect to those matters falling within its competence under the Board of Directors' rules of procedure. It assists the Board of Directors in its review of the accuracy and fairness of the consolidated financial statements of Carmila and ensures the quality of internal controls and of the information given to shareholders and the financial markets. The Audit Committee is composed of four (4) members of the Board of Directors including 3 independent directors (including the president).

Compensation and Nominating Committee

The role of the Compensation and Nominating Committee is to advise and facilitate the work of the Board of Directors with respect to those matters falling within its competence under the Board of Directors' rules of procedure and in particular to make proposals concerning the nominations of independent directors to the Board and the Carmila's compensation policy, as well as to evaluate the functioning of the Board of Directors. The Compensation and Nominating Committee is composed of four (5) members of the Board of Directors including 3 independent directors (including the president).

7.6 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.

8. AUDITORS

The statutory auditors of the Issuer are (i) KPMG S.A., a joint stock company (*société anonyme*), 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) Deloitte & Associés, a joint stock company (*société anonyme*), registered with the Nanterre Trade and Companies Register (*RCS Nanterre*) under the number 572 028 041 and having its registered office at 185 avenue Charles de Gaulle, 92524 Neuilly-sur-Seine Cedex.

TAXATION

The following is a general description of certain withholding tax considerations in France relating to the holding of 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 general description is based upon the legislation as in force in France on the date of this Prospectus and is subject to any change in legislation and/or interpretation hereof that may take effect after such date (potentially with a retroactive effect).

The following may be relevant to holders of 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 outside France in a Non-Cooperative State, a 75 per cent. withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, in application of Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes are not deductible from the Issuer's taxable income (where otherwise deductible) if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid on an account opened in a financial institution established 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* 2 of the French *Code général des impôts*, at a rate of (i) 75 per cent. for payments made outside France in a Non-Cooperative State, (ii) 30 per cent. (to be aligned on the standard corporate income tax rate set forth in Article 219-I of the French *Code général des impôts* for fiscal years beginning as from 1 January 2020) for payments benefiting legal persons who are not French tax residents or (iii) 12.8 per cent. for payments benefiting individuals who are not French tax residents (in each case subject to certain exceptions and 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, to the extent that the relevant interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion (and therefore the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* that may be levied as a result of the Deductibility Exclusion) will apply in respect of the Notes if the Issuer can prove that the main purpose and effect of the issue of the Notes were not that of allowing the payments of interest and other revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* (BOI-INT-DG-20-50-20140211, n°550 and n°990, BOI-RPPM-RCM-30-10-20-40-20140211, n°70 and n°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 operations of a central depositary or of a securities 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 depositaries or operators are not located in a Non-Cooperative State.

Since the Notes will *inter alia* be admitted, at the time of their issue, to the operations of Euroclear France, the Notes will benefit from the Exception and are therefore exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*. In addition, they will be subject neither to the Deductibility Exclusion nor to the withholding tax set out under Article 119 *bis* 2 of the same Code solely on account of their being paid to an account opened in a financial institution established in a Non-Cooperative State or accrued or paid to persons domiciled or established in a Non-Cooperative State.

Pursuant to Article 125 A I of the French *Code général des impôts* (i.e. where the paying agent is established in France) and subject to certain exceptions, interest and other similar revenues received by individuals who are fiscally domiciled in France are subject to a 12.8 per cent. mandatory 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 are also withheld at source at an aggregate rate of 17.2 per cent. (CSG, CRDS and other related contributions) on such interest and other similar revenues.

SUBSCRIPTION AND SALE

Subscription Agreement

Crédit Agricole Corporate and Investment Bank, ING Bank N.V., Belgian Branch and Morgan Stanley & Co. International plc as joint bookrunners and managers (the **Managers**) have, pursuant to a subscription agreement dated 5 March 2018 (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.

Prohibition of Sales to EEA Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Note to any retail investor in the EEA. For the purposes of this provision the expression "retail investor" means a person who is one (or both) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II and/or (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

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.

Republic of Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("CONSOB") pursuant to Italian securities legislation. 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 regulation.

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 (in each case as amended from time to time); and

(ii) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016); 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 FR0013321536. The Common Code number for the Notes is 178849859.

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 7 March 2018. Euronext Paris is a regulated market for the purposes of MiFID II and of the Council on markets in financial instruments, as amended.

3. Corporate authorisations

The issue of the Notes was authorised by a resolution of the Board of Directors (*conseil d'administratio*n) of the Issuer dated 14 February 2018 and a decision of Jacques Ehrmann in its capacity as Chief Executive Officer (*Président Directeur Général*) of the Issuer dated 28 February 2018.

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/finance/) and, in relation to the Prospectus only, the AMF (www.amf-france.org).

5. No material adverse change and no significant change

Save as disclosed in this Prospectus, 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 2017 and no material adverse change in the prospects of the Issuer since 31 December 2017.

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

Save as disclosed in this Prospectus, 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 S.A and Deloitte & Associés are the statutory auditors of the Issuer and have audited, and rendered an unqualified report on the 2017 Annual Consolidated Financial Statements of the Issuer as at, and for the financial year ended 31 December 2017. As statutory auditors, they have also issued an unqualified report on the Cardety 2016 Annual IFRS Financial Statements.

Previously, KPMG Audit ID and EXCO Paris ACE (formely ACE Auditeurs et Conseils d'Entreprise) rendered an unqualified report on the 2016 Annual Consolidated Financial Statements of Old Carmila as at and for the financial year ended 31 December 2016. EXCO Paris ACE has its registered office at 5, avenue Franklin D. Roosevelt, 75008 Paris, France.

KPMG S.A., Deloitte & Associés, KPMG Audit ID and EXCO Paris ACE 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.

9. Listing fees

The estimated costs for the admission to trading are €13,700 (including AMF fees).

10. Yield

The yield in respect of the Notes is 2.163 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. Stabilisation

In connection with the issue of the Notes, Crédit Agricole Corporate and Investment Bank (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) may, to the extent permitted by applicable laws and regulations, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) calendar days after the Issue Date and sixty (60) calendar days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and regulations.

13. Credit rating

The Issuer's long-term debt is rated BBB with a stable outlook by Standard & Poor's Ratings Services (**S&P**). The Notes are rated BBB by 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
58, avenue Emile Zola
92100 Boulogne-Billancourt
France

Duly represented by:

Patrick Armand, *Directeur Financier*
Dated 5 March 2018

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. 18-071 on 5 March 2018. 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 *appropriateness* of the issue of the Notes nor the accounting and financial data set out in this Prospectus.

REGISTERED OFFICE OF THE ISSUER

Carmila
58, avenue Emile Zola
92100 Boulogne-Billancourt
France

JOINT BOOKRUNNERS

Crédit Agricole Corporate and Investment Bank
12, place des Etats-Unis
CS 70052
92547 Montrouge Cedex
France

ING Bank N.V., Belgian Branch
Avenue Marnix 24
1000 Brussels
Belgium

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

STATUTORY AUDITORS OF THE ISSUER

KPMG S.A
Tour EQHQ
2 avenue Gambetta
CS 60055
92066 Paris La Défense Cedex
France

Deloitte & Associés
185 avenue Charles de Gaulle
92524 Neuilly-sur-Seine
France

LEGAL ADVISORS

To the Issuer

Clifford Chance Europe LLP
1 rue d'Astorg
CS 60058
75377 Paris Cedex 08
France

To the Managers

Allen & Overy LLP
52, avenue Hoche
75008 Paris
France

FISCAL AGENT, CALCULATION AGENT AND PRINCIPAL PAYING AGENT

SOCIETE GENERALE SECURITIES SERVICES

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