Prospectus dated 31 October 2017

Mercialys

(a *société anonyme* incorporated in France)

€150,000,000 2.00 per cent. Bonds due 2027

Issue Price: 99.713 per cent. of the aggregate principal amount of the Bonds

This prospectus constitutes a prospectus (the "**Prospectus**") for the purposes of Article 5.3 of Directive 2003/71/EC as amended by Directive 2010/73/EU to the extent that such amendments have been implemented in a Member State of the European Economic Area (the "**Prospectus Directive**").

The €150,000,000 2.00 per cent. Bonds due 2027 (the "**Bonds**") of Mercialys (the "**Issuer**" or the "**Company**") will be issued on 3 November 2017 (the "**Issue Date**") and will mature on 3 November 2027 (the "**Maturity Date**").

Interest on the Bonds will accrue at the rate of 2.00 per cent. *per annum* and will be payable in Euro annually in arrear on 3 November in each year, commencing on 3 November 2018.

Unless previously purchased and cancelled, the Bonds may not be redeemed prior to the Maturity Date except as described hereafter. The Bonds 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 Bonds — Redemption and Purchase"). The Issuer may, at its option, redeem all (but not some only) of the outstanding Bonds (i) from (and including) 3 August 2027 to (but excluding) the Maturity Date, on any such date, at their principal amount together with accrued interest, as described under "Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at the option of the Issuer – Pre-Maturity Call Option" and (ii) at any time prior to the Maturity Date and in accordance with the provisions set out in "Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at the option of the Issuer – Make-whole Redemption by the Issuer".

Following a Change of Control and if a Put Event occurs, each Bondholder will have the option to require the Issuer to redeem or repurchase all or part of the Bonds held by such Bondholder 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 Bonds – Redemption and Purchase – Redemption at the option of Bondholders following a Change of Control".

The Bonds will, upon issue on 3 November 2017, 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 Bonds — Form, Denomination and Title") including Euroclear Bank SA/NV ("**Euroclear**") and the depositary bank for Clearstream Banking S.A. ("**Clearstream**").

The Bonds will be issued in dematerialised bearer form in the denomination of €100,000 each. Bonds may be held in registered or bearer form, at the option of the Bondholder. The Bonds will at all times be represented in book-entry form (*dématérialisée*) in the books of the Account Holders in compliance with Articles L.211-3 and R.211-1 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 Bonds.

Application has been made to the *Autorité des marchés financiers* in France (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 for the purposes of Prospectus Directive. Application has also been made to Euronext Paris for the Bonds to be admitted to trading on Euronext Paris. Euronext Paris is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments, as amended.

The Bonds have been assigned a rating of BBB by S&P Global Ratings France SAS. The long-term debt of the Issuer has been assigned a rating of BBB by S&P Global Ratings France SAS. A rating is not a recommendation to buy, sell or hold Bonds and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency. The credit ratings included or referred to in this Prospectus have been issued by S&P Global Ratings France SAS, which is established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit ratings agencies, as amended (the "**CRA Regulation**"), and included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority's website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) as of the date of this Prospectus.

Prospective investors should have regard to the factors described in the Section headed "Risk Factors" in this Prospectus.

Sole Bookrunner
Deutsche Bank

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

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 Sole Bookrunner (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Bonds. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Sole Bookrunner to inform themselves about and to observe any such restrictions. The Bonds 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 Bonds 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 Bonds 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 Sole Bookrunner. 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 since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer 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 Bonds 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, the Sole Bookrunner accepts no responsibility whatsoever for the content of this Prospectus or for any other statement in connection with the Issuer.

The Sole Bookrunner has not verified the information contained in this Prospectus in connection with the Issuer. None of thesmakes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus in connection with the Issuer. 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 and the Sole Bookrunner that any recipient of this Prospectus or any other financial statements should purchase the Bonds. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Prospectus and its purchase of Bonds should be based upon such investigation as it deems necessary. The Sole Bookrunner undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Sole Bookrunner.

The Sole Bookrunner and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. The Sole Bookrunner and its affiliates may have positions, deal or make markets in the Bonds, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor *clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.*

In addition, in the ordinary course of their business activities, the Sole Bookrunner and its 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 the Issuer's affiliates. The Sole Bookrunner or its 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, the Sole Bookrunner and its 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 Bonds. Any such positions could adversely affect future trading prices of the Bonds. The Sole Bookrunner and its 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.

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

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. 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 Bonds are also described below.

The Issuer believes that the factors described below represent the risks inherent in investing in the Bonds, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Bonds for other reasons. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any document incorporated by reference herein) and reach their own views prior to making any investment decision.

I – Risks Factors related to the Issuer

Please refer to the Section "Documents Incorporated by Reference", on page 9 of this Prospectus which includes the following risk factors:

- Financial risks;
- Liquidity risk;
- Financial counterparty risk;
- Operational risk;
- Risk on connection with agreements and relationships with the Casino group;
- Health and environmental risks; and
- Legal risks.

II – Risks Factors related to the Bonds

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds 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 Bonds, the merits and risks of investing in the Bonds 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 Bonds and the impact the Bonds 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 Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and 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.

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 Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds 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.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds 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 Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency-equivalent market value of the Bonds.

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 Bonds bear interest at a fixed rate. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Credit risk

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

The Bonds may be redeemed prior to maturity

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

In addition, the Issuer has the option to redeem all (but not some only) of the outstanding Bonds as provided in Condition 5(c) of the Terms and Conditions of the Bonds. If the market interest rates decrease, the risk to Bondholders that the Issuer will exercise its right of early redemption increases. As a consequence, the yields received upon such early redemption may be lower than expected, and the redeemed face amount of the Bonds may be lower than the purchase price paid for such Bonds by the Bondholder where the purchase price was above par and/or lower than the then prevailing market price of the Bonds. As a consequence, part of the capital invested by the Bondholder may be lost, so that the Bondholder in such case would not receive the total amount of the capital invested. However, the redeemed face amount of the Bonds may not be below par. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than such redeemed Bonds.

Market value of the Bonds

The value of the Bonds 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 Bonds are traded. The price at which a holder of Bonds will be able to sell the Bonds prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

Change of Control

Exercise of Change of Control Put Option provided in Condition 5(d) in respect of certain Bonds may affect the liquidity of the Bonds in respect of which such option is not exercised.

Depending on the number of Bonds in respect of which the Change of Control Put Option is exercised, any trading market in respect of those Bonds in respect of which such option is not exercised may become illiquid.

Modification, waivers and substitution

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Credit Rating may not reflect all risks

The Bonds have been assigned a rating of BBB by S&P Global Ratings France SAS. The rating assigned by the Rating Agency to the Bonds 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 Bonds. A rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the Rating Agency at any time.

The actual yield of the Bonds may be reduced by transaction costs

When the Bonds are purchased or sold, several types of incidental costs are incurred in addition to the current price of the Bonds (including transaction fees, commissions and any additional or follow-up costs in connection with the purchase, custody or sale of the Bonds) which may significantly reduce or even exclude any potential profit on the Bonds.

Change of law

The Terms and Conditions of the Bonds 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 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.

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 procedure (*procédure de sauvegarde*), an accelerated preservation procedure *(procédure de sauvegarde accélérée)*, an accelerated financial preservation procedure *(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 Bonds) regardless of their governing law. The Assembly deliberates on the proposed preservation plan (*projet de plan de sauvegarde*), proposed accelerated preservation plan (*projet de plan de sauvegarde accélérée*), proposed accelerated financial preservation plan (*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 Bondholders) 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 Bondholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Bonds) 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 attending such Assembly or represented thereat). 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 Bonds seeking repayment in the event that the Issuer or its subsidiaries were to become insolvent.

Potential conflict of interest

The Sole Bookrunner and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Sole Bookrunner and its 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. The Sole Bookrunner or its 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, the Sole Bookrunner and its 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 Bonds to be issued hereunder. Any such short positions could adversely affect future trading prices of Bonds to be issued hereunder. The Sole Bookrunner and its 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.

Taxation

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds 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 Bonds. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Bonds. 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.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Bonds.

A Bondholder's effective yield on the Bonds may be diminished by the tax impact on that Bondholder of its investment in the Bonds.

Financial Transaction Tax

On 14 February 2013, the European Commission published a proposal for a Council Directive (the "**Commission's Proposal**") for a common financial transaction tax ("**FTT**"). According to the Commission's Proposal, the FTT shall be implemented and enter into effect in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia (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 in its current form, apply to certain dealings in the Bonds in certain circumstances, save for the issuance and subscription of Bonds which should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Bonds 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 Commission's 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/other Participating Member State may decide to withdraw.

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

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following sections identified in the cross-reference table below of the following documents:

(a) the 2015 reference document (*document de référence*) of the Issuer in the French language (the "**2015 Registration Document**"), which was filed with the AMF under number D. 16-0199 on 23 March 2016; except for the third paragraph of the Section "*Attestation du responsable du Document de Référence"* on page 297;

(b) the 2016 reference document (*document de référence*) of the Issuer in the French language (the "**2016 Registration Document**"), which was filed with the AMF under number D.17-0212 on 23 March 2017; except for the third paragraph of the Section "*Attestation du responsable du Document de Référence*" on page 341; and

(c) the 2017 interim financial report (*rapport semestriel*) of the Issuer in the French language for the period from 1 January 2017 to 30 June 2017 filed with the AMF (the "**2017 Interim Financial Report**").

Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of the 2015 Registration Document and the 2016 Registration Document may be obtained on the website of the AMF (www.amf-france.org). Copies of all the documents incorporated by reference in this Prospectus may be obtained without charge from the registered office of the Issuer and on the Issuer's website (www.mercialys.fr). For the purpose of the Prospectus Directive, information can be found in the documents incorporated by reference in this Prospectus in accordance with the following cross-reference table (in which the numbering refers to the relevant items of Annex IX of the Commission Regulation No. 809/2004, as amended).

Any information not listed in the following cross-reference tables but included in the documents incorporated by reference in this Prospectus is given for information purposes only.

Annex IX	**2015 Registration Document (page numbers)**	**2016 Registration Document (page numbers)**	**2017 Interim Financial Report (page numbers)**
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11.5. Legal and arbitration proceedings	180	202	
12. MATERIAL CONTRACTS	159 to 165	179 to 185	

TERMS AND CONDITIONS OF THE BONDS

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

The issue of €150,000,000 2.00 per cent. Bonds due 2027 (the "**Bonds**") of Mercialys (the "**Issuer**") has been authorised by a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 1 September 2017 and a decision of Eric Le Gentil, *Président-Directeur Général* of the Issuer dated 25 October 2017. The Issuer has entered into an agency agreement dated 31 October 2017 relating to the Bonds (the "**Agency Agreement**") with BNP Paribas Securities Services as fiscal agent, calculation agent and principal paying agent. The fiscal agent, calculation agent, principal paying 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**" 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 Agency Agreement, and are collectively referred to as the "**Agents**". References to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs below.

1 Form, Denomination and Title

The Bonds will be issued on 3 November 2017 (the "**Issue Date**") in dematerialised bearer form in the denomination of €100,000.

Bonds may be held in registered or bearer form, at the option of the Bondholder.

Title to the Bonds 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)*.

Consequently, the rights of Bondholders will be recorded as book-entries in securities accounts opened in their name and held by:

- BNP Paribas Securities Services, appointed by the Issuer, for Bonds held in fully registered form (*forme nominative pure*);
- an authorised financial intermediary of their choice and by BNP Paribas Securities Services, appointed by the Issuer, for Bonds held in administered registered form (*forme nominative administrée*); or
- an authorised financial intermediary chosen by the Bondholders for Bonds held in bearer form (*au porteur*).

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 Bonds.

The Bonds 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 SA/NV ("**Euroclear**") and the depositary bank for Clearstream Banking S.A. ("**Clearstream**").

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

2 Status of the Bonds

The obligations of the Issuer in respect of the Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3(a)) unsecured obligations and rank and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

3 Covenants

(a) Negative Pledge

So long as any of the Bonds remain outstanding (as defined below), the Issuer will not and will ensure that none of its Material Subsidiaries (as defined below) will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest which would constitute a *sûreté réelle* or its equivalent under any applicable legislation upon all or part of their respective business (*fonds de commerce*), assets or revenues, present or future, to secure (i) any Bond Indebtedness (as defined below) or (ii) any guarantee or indemnity in respect of any Bond Indebtedness (whether before or after the issue of the Bonds) unless the obligations of the Issuer under the Bonds are equally and rateably secured therewith so as to rank *pari passu* with such Bond Indebtedness or the guarantee or indemnity thereof or by such security interest as may be approved by the general assembly of the General Meeting (as defined in Condition 9) of the Bondholders.

(b) Secured Borrowing Covenant

So long as any of the Bonds remain outstanding (as defined below) and except with the prior approval of a resolution of the General Meeting (as defined in Condition 9) of the Bondholders, the Unsecured Revalued Assets Value (as defined below) at any time shall not be less than the Relevant Debt (as defined below) at such time.

(c) Definitions

For the purposes of these Conditions:

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

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

"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 debt (*emprunts et dettes financières*);

(d) any amount raised pursuant to any issuance of shares or equivalent which are mandatorily redeemable (whether at final maturity or upon the exercise by the holder of such shares or equivalent of any option) prior to the Maturity Date;

(e) any outstanding amount of the deferred purchase price of Real Estate Assets 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

(f) 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*) (or, in the case of such amounts raised after the date hereof, would have been so treated had they been raised on or prior to such date);

Provided that:

(i) for purposes of computing the outstanding principal amount of any Financial Indebtedness in paragraphs (a) to (f) 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.

"Material Subsidiary" means any Subsidiary to the Issuer whose market value of Real Estate Assets (excluding rights) held by it accounts for more than 5 per cent. of the Revalued Assets Value.

"outstanding" means all the Bonds issued other than (a) those that 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 moneys (including all interest accrued on such Bonds to the date for such redemption and any interest payable after such date) have been duly paid as provided in Condition 6, (c) those which have become void or in respect of which claims have become prescribed under Condition 11, (d) those which have been purchased and cancelled as provided in the Conditions;

"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);

"Property Valuers" means the or those property valuer(s) of the Issuer referred to in its most recent annual report or (in the event that the Issuer publishes semi-annual financial information including revaluations of its Real Estate Assets as provided in the definition of Revalued Assets Value) in its most recent semi-annual management report (or any of their respective successors), or any other recognised property valuer of comparable reputation as selected by the Issuer;

"Real Estate Assets" means those Assets of any Person comprising 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) where more than 50 per cent. of the Assets of such Person 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 (i) the book value (excluding transfer rights and latent taxes (*hors fiscalité latente et droits de transfert*)) provided by the Property Valuers of the total Real Estate Assets owned or held directly or indirectly by the Issuer (including through financial leases and including the Real Estate Assets used as operating properties) as shown in, or derived from, the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer and (ii) 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

"Subsidiary" means any entity which is then directly or indirectly controlled (within the meaning of Article L.233-3 of the French *Code de commerce*) by the Issuer.

"Unsecured Revalued Assets Value" means at any time an amount equal to the Revalued Assets Value less the Secured Debt, in each case at such time**.**

4 Interest

The Bonds bear interest at the rate of 2.00 per cent. *per annum*, from and including 3 November 2017 (the "**Interest Commencement Date**") payable annually in arrear on 3 November in each year (each an "**Interest Payment Date**"), commencing on 3 November 2018. 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**".

Bonds 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 Bonds will continue to bear interest in accordance with this Condition (as well after as before judgment) on the principal amount of such Bonds until whichever is the earlier of (i) the day on which all sums due in respect of such Bonds 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 Bonds (the "**Bondholders**") in accordance with Condition 10 of receipt of all sums due in respect of all the Bonds up to that day.

Interest will be calculated on an Actual/Actual (ICMA) basis. If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a day count fraction which will be calculated by taking the number of days 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 the Interest Period in which the relevant period falls (including the first such day but excluding the last).

5 Redemption and Purchase

The Bonds 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 Bonds will be redeemed by the Issuer at their principal amount on 3 November 2027 (the "**Maturity Date**").

(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 3 November 2017, the Issuer would on the occasion of the next payment due in respect of the Bonds, not be able to make such payment without having to pay additional amounts as specified in Condition 7 below, the Issuer may on any Interest Payment Date, subject to having given not more than 45 nor less than 30 calendar days' prior notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the outstanding Bonds at their principal amount 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 for French taxes.

(ii) If the Issuer would on the occasion of the next payment in respect of the Bonds be prevented by French law or regulation from making payment to the Bondholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven calendar days' prior notice to the Bondholders in accordance with Condition 10 redeem all, but not some only, of the Bonds 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 Bonds without withholding for French taxes, or, if such date is past, as soon as practicable thereafter.

(c) Redemption at the option of the Issuer

(i) Pre-Maturity Call Option

The Issuer may, at its option, from (and including) 3 August 2027 to (but excluding) the Maturity Date, subject to having given not more than 30 nor less than 15 calendar days' prior notice to the Bondholders 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 Bonds, at their principal amount together with accrued interest up to (but excluding) the date fixed for redemption.

(ii) Make-whole Redemption by the Issuer

The Issuer may, subject to compliance with all relevant laws, regulations and directives and to having given not more than 30 nor less than 15 calendar days' prior notice to the Bondholders 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 Bonds, at any time prior to their Maturity Date (the "**Make-whole Redemption Date**") at an amount per Bond calculated by the Calculation Agent equal to the greater of:

(a) 100 per cent. of the principal amount of the Bonds; and

(b) the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Bonds to, but excluding, the Make-whole Redemption Date) discounted to the Make-whole Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Reference Rate (as defined below) plus 0.25 per cent.,

plus, in each case (a) or (b) above, any interest accrued on the Bonds to, but excluding, the Make-whole Redemption Date.

The Reference Rate will be published by the Issuer in accordance with Condition 10.

The Reference Rate is the average of the four quotations given by the Reference Dealers of the mid-market annual yield of the Reference Bund on the fourth Business Day preceding the Make-whole Redemption Date at 11.00 a.m. (Central European Time ("**CET**").

If the Reference Bund is no longer outstanding, a Similar Security will be chosen by the Calculation Agent at 11.00 a.m. (CET) on the third Business Day preceding the Make-whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer and notified in accordance with Condition 10.

Where:

"**Business Day**" means a day (other than a Saturday or a Sunday) on which (i) Euroclear France is open for business, (ii) the TARGET System is operating and (iii) commercial banks and foreign exchange markets are open for general business in France.

"**Reference Bund**" means the Federal Government Bund of Bundesrepublik Deutschland due August 2027, with ISIN DE0001102424;

"**Reference Dealers**" means each of the four banks 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 Federal Government having an actual or interpolated maturity comparable with the remaining term of the Bonds 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 Bonds.

If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or if the Calculation Agent fails duly to establish the amount due in relation to this Condition 5(c), the Issuer shall appoint some other leading bank engaged in the Euro interbank market (acting through its principal Euro-zone office) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

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.

(d) *Redemption at the option of Bondholders following a Change of Control*

If at any time while any Bond remains outstanding, there occurs (i) a Change of Control and (ii) within the Change of Control Period, a Rating Downgrade occurs or has occurred as a result of such Change of Control (a "**Put Event**"), the holder of such Bond will have the option (the "**Put Option**") (unless, prior to the giving of the Put Event Notice, the Issuer gives notice of its intention to redeem the Bonds under Condition 5(b) (Redemption for taxation reasons)) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that Bond, on the Optional Redemption Date at its principal amount together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date.

A "**Change of Control**" shall be deemed to have occurred each time that a Third Party (as defined below), acting alone or in concert with other Third Parties come(s) to own or acquire(s) directly or indirectly such number of shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights exercisable at a general meeting of the Issuer.

"**Affiliate**" means any entity which Controls, directly or indirectly, the Issuer or is Controlled, directly or indirectly, by the Issuer.

"**Control**" or "**Controlled**" has the meaning set forth under Article L.233-3 of the French *Code monétaire et financier*.

"**Third Party**" means any person other than Casino Guichard-Perrachon and its Affiliates.

"**Change of Control Period**" means the period commencing on the date that is the earlier of (1) the date of the first public announcement of the relevant Change of Control; and (2) the date of the earliest Potential Change of Control Announcement (if any) and ending on the date which is 120 calendar days after the date of the first public announcement of the relevant Change of Control.

A "**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period, the rating previously assigned to the Bonds by any Rating Agency (as defined below) is (i) withdrawn or (ii) 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) or (iii) if the rating previously assigned to the Bonds by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB; or their respective equivalents), provided that, (i) a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control, as if the case may be, if the Rating Agency making the change in rating does not publicly announce or publicly confirm that the reduction or withdrawal was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control, as the case may be and (ii) any Rating Downgrade must have been confirmed in a letter or other form of written communication sent to the Issuer and publically disclosed.

"**Rating Agency**" means S&P Global Ratings France SAS or any other rating agency of equivalent international standing specified from time to time by the Issuer and, in each case, their respective successors or affiliates.

"**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.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a "**Put Event Notice**") to the Bondholders in accordance with Condition 10 specifying the nature of the Put Event, the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition 5(d).

To exercise the Put Option to require redemption or, as the case may be, purchase of the Bonds following a Put Event, a Bondholder must transfer or cause to be transferred its Bonds to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice (as defined below) for the account of the Issuer within the period (the "**Put Period**") of 45 calendar days after the Put Event Notice is given together with a duly signed and completed notice of exercise (a "**Put Option Notice**") and in which the holder may specify a bank account to which payment is to be made under this Condition 5(d).

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 Bonds in respect of which the Put Option has been validly exercised as provided above and subject to the transfer of such Bonds to the account of the Fiscal Agent for the account of the Issuer, on the date which is the fifth business day following the end of the Put Period (the "**Optional Redemption Date**"). Payment in respect of such Bonds will be made on the Optional Redemption Date by transfer to the bank account specified in the Put Option Notice and otherwise subject to the provisions of Condition 6.

For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Bondholder may incur as a result of or in connection with such Bondholder's exercise or purported exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising there from or otherwise).

(e) *Purchases*

The Issuer may at any time purchase Bonds in the open market or otherwise at any price. Bonds so purchased by the Issuer may be held and resold in accordance with Articles L.213-0-1 and D.213-0-1 of the French *Code monétaire et financier* for the purpose of enhancing the liquidity of the Bonds.

(f) *Cancellation*

All Bonds which are redeemed or purchased for cancellation pursuant to paragraphs (b)(i), (b)(ii), (c), (d) or (e) 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 Bonds 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 Bondholders to the Account Holders and all payments validly made to such Account Holders in favour of the Bondholders 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 Bonds will, in all cases, be subject to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) *Payments on Business Days*

If any due date for payment of principal or interest in respect of any Bond is not a Business Day, then the Bondholder 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 Bondholder 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 Bondholders in respect of such payments.

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

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

BNP Paribas Securities Services
Les Grands Moulins de Pantin
9, rue du Débarcadère
93500 Pantin
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Calculation Agent or Paying Agent and/or appoint additional or other Paying Agents or Calculation Agent 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 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 Bondholders in accordance with Condition 10.

7 Taxation

(a) *Withholding Tax*

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

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

(ii) presented more than 30 calendar days after the Relevant Date (as defined below), except to the extent that the holder thereof would have been entitled to such additional amounts on the last day of such period of 30 calendar days.

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

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

8 Events of Default

If any of the following events (each an "**Event of Default**") shall have occurred and be continuing:

(i) in the event of default by the Issuer in the payment of principal and interest on any of the Bonds and such default shall not have been cured within 15 calendar days thereafter; or

(ii) in the event of default by the Issuer in the due performance of any provision of the Bonds other than as referred in Condition 8(i) above and such default shall not have been cured within 30 calendar days after receipt by the Fiscal Agent of written notice of such default given by the Representative (as defined in Condition 9); or

(iii) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries (as defined in Condition 3(c)) for borrowed monies in excess of Euro 20,000,000 (or its equivalent in any other currency), whether individually or in the aggregate, becomes, following, where applicable, the expiry of any originally applicable grace period, due and payable (*exigible*) prior to its stated maturity as a result of a default thereunder, or any such indebtedness shall not be paid when due or, as the case may be, within any originally applicable grace period therefor or any steps shall be taken to enforce any security in respect of any such indebtedness or any guarantee or indemnity given by the Issuer or any of its Material Subsidiaries for, or in respect of, any such indebtedness of others shall not be honoured when due and called upon unless the Issuer or such Material Subsidiary, as the case may be, has disputed in good faith that such borrowed money is due or such guarantee or indemnity is callable, and such dispute has been submitted to a competent court in which case such event shall not constitute an event of default hereunder so long as the dispute has not been finally adjudicated; or

(iv) a judgement is issued for the judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise*) or substantially the whole of the business of the Issuer; or any of its Material Subsidiaries or, to the extent permitted by law, the Issuer or any of its Material Subsidiaries is subject to any other insolvency or bankruptcy proceedings under any applicable laws or the Issuer or any of its Material Subsidiaries makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors;

(v) 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, 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 Bonds or (ii) on such other terms approved by a resolution of the General Meeting of Bondholders; or

(vi) if any of the Issuer's Material Subsidiaries is wound up or dissolved or ceases to carry on all or substantially all of its business,

then the Representative upon request of any Bondholder shall, by written notice to the Issuer and the Fiscal Agent given before all continuing Events of Default shall have been cured, cause all the Bonds (but not some only) held by such Bondholder to become immediately due and payable as of the date on which such notice for payment is received by the Fiscal Agent without further formality at the principal amount of the Bonds together with any accrued interest thereon.

9 Representation of the Bondholders

Bondholders will be grouped automatically for the defence of their common interests in a single *masse* (the "**Masse**"). The Masse will be governed by the provisions of the French *Code de commerce*, and, with the exception of Articles L.228-48, L.228-65 I 1°, L.228-71, R.228-61, R.228-69, R.228-79 and R.236-11, and subject to the following provisions:

(a) **Legal Personality:** The Masse will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through a general meeting of the Bondholders (the "**General Meeting**").

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

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

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

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

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

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

The following person is designated as Representative of the Masse:

MASSQUOTE S.A.S.U.
RCS 529 065 880 Nanterre
7bis rue de Neuilly
F-92110 Clichy

Mailing address :
33, rue Anna Jacquin
92100 Boulogne Billancourt
France

Represented by its Chairman

The Representative will be entitled to a remuneration of €500 (VAT excluded) per year, payable on each Interest Payment Date with the first payment at the Issue date.

The Representative will exercise its duty until its dissolution, resignation or termination of its duty by a general assembly of Noteholders or until it becomes unable to act. Its appointment shall automatically cease on the Maturity Date, or total redemption prior to the Maturity Date

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative.

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

All legal proceedings against the Bondholders or initiated by them, must be brought by or against the Representative and any such legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

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

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

In accordance with Articles L.228-59 and R.228-67 of the French *Code de commerce*, notice of date, hour, place and agenda of any General Meeting will be published as provided under Condition 10 not less than 15 calendar days prior to the date of such General Meeting on first convocation, and not less than 10 calendar days on second convocation.

Each Bondholder has the right to participate in a General Meeting in person, by proxy, by correspondence and, in accordance with Article L.228-61 of the French *Code de commerce* by videoconference or by any other means of telecommunication allowing the identification of participating Bondholders, as provided *mutatis mutandis* by Article R. 223-20-1 of the French *Code de commerce*. Each Bond carries the right to one vote.

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

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, any proposal relating to the total or partial renunciation to the guarantees granted to Bondholders, the extension of the due date for payment of the interest and the alteration of the terms of repayment or the interest rate, or any proposal relating to a merger or a split-off of the Issuer (in cases specified in Articles L.236-1 and L.236-18 of the Code). However, it is specified that the General Meeting may not increase the liabilities (*charges*) to Bondholders, nor establish any unequal treatment between the Bondholders, nor decide to convert Bonds into shares.

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

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

(f) **Information to Bondholders:** Each Bondholder or the Representative thereof will have the right, during the 15 calendar day period preceding the holding of the General Meeting on first convocation, and, in the case of adjourned General Meeting, 10 calendar day period preceding the holding of the General Meeting on second convocation, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Bondholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

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

(h) **One Bondholder:** If and for so long as the Bonds are held by a single Bondholder, the provisions of this Condition will not apply. Such sole Bondholder shall hold a register of the decisions it will have taken in this capacity, shall provide copies of such decisions to the Issuer and shall make them available, upon request, to any subsequent holder of all or part of the Bonds.

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

10 Notices

Any notice to the Bondholders will be valid if delivered to the Bondholders through Euroclear France, Euroclear or Clearstream, for so long as the Bonds are cleared through such clearing systems and published in accordance with Articles 221-3 and 221-4 of the General Regulation (*Règlement général*) of the AMF and on the website of the Issuer (www.mercialys.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 Bonds shall become prescribed five years (in the case of principal or interest) from the due date for payment thereof.

12 Further Issues

The Issuer may, from time to time without the consent of the Bondholders, issue further bonds to be assimilated (*assimilables*) with the Bonds as regards their financial service, provided that such further bonds and the Bonds 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 bonds shall provide for such assimilation. In the event of such assimilation, the Bondholders and the holders of any assimilated bonds will, for the defence of their common interests, be grouped in a single Masse having legal personality.

13 No Hardship

The Issuer and the Bondholders acknowledge and agree that the provisions of Article 1195 of the French *Code civil* shall not apply to these Conditions.

14 Governing Law and Jurisdiction

The Bonds and any non contractual obligation arising out of or in connection with the Bonds are governed by the laws of France.

Any claim against the Issuer in connection with any Bonds may be brought before any competent court in Paris.

USE OF PROCEEDS

The net proceeds from the issue of the Bonds will be used for general corporate purposes, including the partial refinancing of the Issuer's existing 479.7 million euro bond maturing in March 2019.

DESCRIPTION OF THE ISSUER

The description of the Issuer and its activities is set out in the 2016 Reference Document and the 2017 Interim Financial Report of the Issuer incorporated by reference herein (see "*Documents Incorporated by Reference*", on pages 9 to 11 of this Prospectus).

RECENT DEVELOPMENTS

The Issuer published the following press release on 17 October 2017:

Activity at end-September 2017

Further outperformance by Mercialys' prime convenience portfolio

Business extremely solid, with +2.8% organic growth excluding indexation and operational indicators clearly outpacing the market

Dynamic lettings performance and multichannel offering further strengthened

Mercialys recognized for the transparency of its reporting and its CSR performance

Eric Le Gentil, Mercialys' Chairman and CEO: "*Mercialys is continuing to build on its success, with another excellent quarter. Organic growth excluding indexation came to +2.8%, exceeding the full-year targets, while the operational indicators strongly outperformed the market in terms of both footfall (+320bp) and retailer sales (+320bp). Our lettings performance has also been strong, with a total of 222 leases signed through to the end of September, and the Company has consolidated its multichannel approach with the deployment of its range of integrated digital services for its tenants. Alongside this, Mercialys received a number of awards this quarter for the transparency of its financial and sustainability reporting, as well as its CSR performances. Lastly, the Company is able to confirm its targets for 2017*".

I. Excellent trends maintained for organic growth

Mercialys is confirming its very positive trends, with **+2.8%** like-for-like growth in invoiced rents excluding indexation for the year to end-September 2017. Including indexation, this growth comes out at **+2.9%.**

On a current basis, invoiced rents represent **Euro 136.4 million**, down **-0.7%,** reflecting the divestment plan that is underway.

Factoring in lease rights and despecialization indemnities, **rental revenues** came to **Euro 137.8 million** at September 30, 2017, down slightly, contracting -0.8% from end-September 2016.

(In thousands of euros)	Year to end-September 2016	Year to end-September 2017	Change (%)	Like-for-like change (%)
Invoiced rents	137,384	136,407	**-0.7%**	**+2.9%**
Lease rights	1,615	1,426	**-11.7%**	
Rental revenues	**138,999**	**137,833**	**-0.8%**	

The change in invoiced rents primarily reflects the following factors:

- Very sustained organic growth: **+2.9 points** or Euro +4.0 million
- The acquisitions and investments made in 2016: **+3.8 points** or Euro +5.3 million
- The assets sold in 2016 and 2017: **-7.2 points** or Euro -9.9 million
- Other effects, including strategic vacancies linked to current extension and redevelopment programs: **-0.3 points** or Euro -0.4 million

Like-for-like, invoiced rents are up **+2.9%**, including:

- **+0.1 points** for indexation
- **+2.0 points** for actions carried out on the portfolio
- **+0.8 points** linked to the Casual Leasing business, which represented Euro 6.0 million of rental income at end-September 2017, with a significant +23.3% increase versus the same period in 2016.

Lease rights and despecialization indemnities received over the period[1] are stable compared with September 30, 2016 at Euro 0.7 million. After factoring in the deferrals required under IFRS, lease rights at September 30, 2017 represent Euro 1.4 million, compared with Euro 1.6 million at end-September 2016.

II. Outstanding and sustainable operational performances

Once again this quarter, Mercialys' operational performances highlight its solid model and relevant positioning in relation to its centers' retailers and customers.

For the year to end-August 2017, the **sales figures for retailers** in Mercialys centers[2] significantly outperformed the shopping center market overall (CNCC[3]) by +320 basis points, up **+1.9%** from the same period in 2016.

For the year to end-September 2017, **footfall in Mercialys shopping centers[2]** also outperformed the CNCC[3] by +320 basis points, up **+1.9%** from the same period last year.

With 222 new leases signed at end-September 2017, up +11% like-for-like from end-September 2016, Mercialys has confirmed its strong lettings performance, the appeal of its convenience offering and its leadership in its trading areas.

The Company has continued to diversify its retail mix, notably welcoming the fine delicatessen and chocolate store Le Comptoir de Mathilde in Toulouse Fenouillet, strengthening the range of services offered with Bouygues Télécom opening stores in Angers, Quimper and Tours, developing the health offering with two new Krys stores in Fréjus and Montpellier, in addition to the fashionable jeweler Pandora opening a store in Lanester.

Alongside this, the letting of the three major extensions that will be delivered in November 2017 is nearing completion, enabling Mercialys to bring together distinctive local, national and international retailers at these sites. For instance, leases have been signed with the Italian retailer Bialetti, the fashion brands Bonobo and Jack & Jones, and the telecoms operator Orange in Rennes. The Morlaix extension will also be welcoming a number of retailers, including Yves Rocher, while the new fine dining bistro concept Brut Butcher will be opening within the Saint-Etienne Monthieu extension.

III. Growing success with La Galerie des Services

Mercialys' prime convenience shopping centers offer their customers an efficient buying experience (average visit of 36 minutes) and a differentiating store selection that is perfectly aligned with each catchment area. These distinctive marks ensure that the centers' offering is competitive in relation to e-commerce.

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[1] Lease rights received as cash before the impact of deferrals required under IFRS (deferral of lease rights over the firm period of leases)

[2] Mercialys' large centers and main market-leading local-format centers based on a constant surface area

[3] CNCC index – all centers, comparable scope

To further strengthen the integration of digital technology for marketing and loyalty with the intrinsic appeal of its assets, Mercialys has enhanced its ecosystem with the launch of “La Galerie des Services” at the end of June 2017.

By the end of September 2017, this new platform already had 1,200 retailers signed up, out of a total of around 2,100 leases. Nearly 60% of the stores are thence already able to benefit from this new tool’s acceleration effect for their offers.

With La Galerie des Services, the benefits for retailers in Mercialys centers include:

1. Communicating with customers and promoting their offers across all the digital channels available. In just three months, 20% of the retailers have already deployed ad hoc promotional campaigns using the platform.
2. Building customer loyalty. More than 25,000 “retailer special offers” have been shared with consumers in our shopping centers since the beginning of the year.
3. Diversifying their distribution channels. Mercialys notably offers retailers the possibility to set up click-and-collect services and simplified access to the various forms of casual leasing.
4. Helping firmly establish the shopping centers within local community life, notably offering job offers online.

La Galerie des Services has been rolled out to supplement all the digital arrangements already used in Mercialys centers, including the Challenge Fidélité loyalty program, the only fully virtual loyalty program offered to date by a real estate company in France. This program, launched in 2014, is enjoying great success with both retailers and customers: 70% of the stores have signed up for it and nearly 350,000 qualified customers are registered in Mercialys’ database to date, an increase of 120,000 in three months and nearly 9,000 on average for each center managed.

IV. Major transparency and CSR achievements

This quarter, Mercialys received a number of awards, recognizing its application of the best international practices for financial and sustainability reporting, as well as its progress in terms of corporate social responsibility.

In September, the Company won two EPRA Gold Awards at the annual EPRA conference[1]. The first award recognized, for the third consecutive year, the transparency and quality of its financial reporting. The second rewarded the implementation of its CSR strategy and the reporting of its progress ensuring strict compliance with standards.

Also in September, Mercialys won an award at the eighth Grands Prix de la Transparence event, which reviews each year French companies listed on the SBF 120 for their regulatory reporting based on over 150 criteria. Mercialys was ranked third in the SBF 120, the highest level ever achieved by a real estate company, and won the most improved award, climbing up the rankings by 80 places in one year.

Lastly, for its second participation in the GRESB[2], Mercialys retained its Green Star status[3] and was ranked 26th out of 138 in the Global Retail category, up 42 places. With an excellent overall result of 84/100, up 20 points over one year, Mercialys achieved an outstanding score in particular for its governance (90/100).

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[1] The European Public Real Estate Association works to promote, develop and represent listed European real estate companies

[2] Global Real Estate Sustainability Benchmark: the real estate industry's leading CSR rankings

[3] Green Star status: highest category in the GRESB rankings

V. Dividend and outlook

As announced with the 2017 half-year earnings, Mercialys' Board of Directors has decided to pay out an interim dividend of Euro 0.41 per share, considering the Company's solid performances, which will have an ex-dividend date of October 19, 2017 and be released for payment on October 23, 2017.

In addition, for the full year in 2017, Mercialys is able to confirm that:

- It will pay out a dividend ranging from 85% to 95% of 2017 FFO, and this will be at least stable compared with the dividend for 2016
- Organic growth in invoiced rents excluding indexation will be over +2%
- The contraction in FFO will be significantly less than the -5% announced at the start of the year, factoring in the schedule for disposals over the year and the quality of the operational results achieved at this stage.

The management team is also reaffirming its confidence that the LTV ratio excluding transfer taxes will converge to around 37%.

* * *

About Mercialys

Mercialys is one of France's leading real estate companies, focused exclusively on retail property. At June 30, 2017, Mercialys had a portfolio of 2,108 leases, representing a rental value of Euro 174.6 million on an annualized basis. At June 30, 2017, it owned properties with an estimated value of Euro 3.7 billion (including transfer taxes). Mercialys has had "SIIC" real estate investment trust (REIT) tax status since November 1, 2005 and has been listed on Euronext Paris Compartment A (ticker: MERY) since its initial public offering on October 12, 2005. At June 30, 2017, there were 92,049,169 shares outstanding.

IMPORTANT INFORMATION

This press release contains certain forward-looking statements regarding future events, trends, projects or targets. These forward-looking statements are subject to identified and unidentified risks and uncertainties that could cause actual results to differ materially from the results anticipated in the forward-looking statements. Please refer to the Mercialys shelf registration document available at www.mercialys.com for the year ended December 31, 2016 for more details regarding certain factors, risks and uncertainties that could affect Mercialys' business. Mercialys makes no undertaking in any form to publish updates or adjustments to these forward-looking statements, nor to report new information, new future events or any other circumstances that might cause these statements to be revised.

MERCIALYS RENTAL REVENUES

2016	Mar 31, 2016	Jun 30, 2016	Sep 30, 2016	Dec 31, 2016	Q1	Q2	Q3	Q4
Invoiced rents	44,992	91,869	137,384	187,621	44,992	46,877	45,515	50,237
Lease rights	559	1,155	1,615	2,175	559	596	460	560
Rental revenues	**45,551**	**93,025**	**138,999**	**189,795**	**45,551**	**47,474**	**45,974**	**50,796**
Change in invoiced rents	16.2%	14.0%	13.2%	13.1%	16.2%	12.0%	11.5%	12.7%
Change in rental revenues	15.0%	13.1%	12.3%	12.3%	15.0%	11.3%	10.7%	12.4%

2017	Mar 31, 2017	Jun 30, 2017	Sep 30, 2017	Dec 31, 2017	Q1	Q2	Q3	Q4
Invoiced rents	45,689	92,098	136,407		45,689	46,409	44,309	
Lease rights	511	1,020	1,426		511	509	406	
Rental revenues	**46,200**	**93,118**	**137,833**		**46,200**	**46,918**	**44,715**	
Change in invoiced rents	1.6%	0.2%	-0.7%		1.6%	-1.0%	-2.6%	
Change in rental revenues	1.4%	0.1%	-0.8%		1.4%	-1.2%	-2.7%	

The Issuer published the following press release on 25 October 2017:

Mercialys has issued Euro 150 million of bonds today as part of a private placement. This operation is for general corporate purposes, including the partial refinancing of the Euro 479.7 million bond issue maturing in March 2019.

Building on its outstanding operational performances and capitalizing on the opportunity offered by a still extremely buoyant credit market, Mercialys is announcing that it has today carried out a new bond issue, through a private placement, for a nominal total of Euro 150 million, maturing in 2027, with a yield of 10-year mid-swap + 110 basis points.

This operation is in line with the refinancing strategy rolled out by the Company, whose FR0011223692 issue with an outstanding nominal of Euro 479.7 million and 4.125% coupon is due to mature on March 26, 2019.

This new 10-year bond financing line, raised under very favorable conditions, helps extend the average maturity of Mercialys' debt, while keeping the Company's financing costs at extremely competitive levels. In addition, it offers a significant spread compared with the average capitalization rate for the Company's real estate assets (5.14% at end-June 2017) and the pipeline's target net yield on cost (6.6% for a total investment of Euro 586 million).

Deutsche Bank acted as bookrunner.

The operation does not have any impact on Mercialys' 2017 objectives.

* * *

About Mercialys
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TAXATION

The statements herein regarding taxation are based on the laws in force in the European Union and the Republic of France as of the date of this Prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of, the Bonds. Each prospective holder or beneficial owner of Bonds should consult its tax advisor as to the tax consequences of any investment in, or ownership and disposition of, the Bonds.

French Taxation

The following is an overview addressing certain withholding tax considerations in France relating to the holding of the Bonds. This summary is based on the tax laws and regulations of France, as currently in force and applied by the French tax authorities, all of which are subject to change or to different interpretation, potentially with a retroactive effect. In particular, the description below may be affected by the Finance Acts for 2018 which are to be voted (in particular the introduction of a flat tax on savings income and the increase of the French social contributions (CSG)). This summary is for general information and does not purport to address all French tax considerations that may be relevant to specific Bondholders in light of their particular situation. Persons considering the purchase of Bonds should consult their own tax advisers as to French tax considerations relating to the purchase, ownership and disposition of Bonds in light of their particular situation.

Withholding Tax

The following may be relevant to holders of Bonds who do not concurrently hold shares of the Issuer.

Payments of interest and other assimilated revenues made by the Issuer with respect to the Bonds 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 Bonds are made in a Non-Cooperative State, a 75 % withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any 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 assimilated revenues on such Bonds are not deductible from the Issuer's taxable income, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid on a bank account opened in a financial institution located in such a Non-Cooperative State (the "*Deductibility Exclusion*"). Under certain conditions, any such non-deductible interest and other assimilated 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 30 % or 75 %, subject to the more favourable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the 75 % withholding tax nor, to the extent the relevant interest or other assimilated revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion will apply in respect of a particular issue of the Bonds if the Issuer can prove that the principal purpose and effect of such issue of Bonds were not that of allowing the payments of interest or other assimilated revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the French tax administrative guidelines, the *Bulletin Officiel des Finances*

Publiques-Impôts BOI-INT-DG-20-50-20140211 n°550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211 n°70 and BOI-IR-DOMIC-10-20-20-60-20150320 n°10, an issue of Bonds will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of the Bonds if such Bonds are:

(i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) 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

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

Since the Bonds will be admitted, at the time of their issue, to the operations of Euroclear France, the Bonds 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 non-deductibility set out under Article 238 A of the French *Code général des impôts* nor to the withholding tax set out under Article 119 *bis* 2 of the same *Code* solely on account of their being paid to a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

All prospective Bondholders should seek independent advice as to their tax positions.

SUBSCRIPTION AND SALE

Subscription Agreement

Deutsche Bank AG, London Branch (the "**Sole Bookrunner**") has, pursuant to a Subscription Agreement dated 31 October 2017 (the "**Subscription Agreement**"), agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Bonds at an issue price equal to 99.713 per cent. of the principal amount of the Bonds, less any applicable commission. In addition, the Issuer will pay certain costs incurred by it and the Sole Bookrunner in connection with the issue of the Bonds.

The Sole Bookrunner is entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Bonds. The Issuer has agreed to indemnify the Sole Bookrunner against certain liabilities in connection with the offer and sale of the Bonds.

General Selling Restrictions

The Sole Bookrunner has agreed to observe all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Bonds or have in its possession or distribute this Prospectus or any other offering material relating to the Bonds. No action has been, or will be, taken in any country or jurisdiction that would, to the best of the Sole Bookrunner's knowledge, permit a public offering of the Bonds, or the possession or distribution of this Prospectus or any other offering material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds 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 Bonds 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 Bonds by it will be made on the same terms.

France

The Sole Bookrunner has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Bonds 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 Bonds 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, and/or (b) qualified investors (*investisseurs qualifiés*) 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

The Sole Bookrunner 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, as amended (the "**FSMA**")) received by it in connection with the issue or sale of the Bonds 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 Bonds in, from or otherwise involving the United Kingdom.

United States

The Bonds 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 Bonds are being offered and sold only outside of the United States to non-U.S. persons in reliance on Regulation S.

The Sole Bookrunner has represented and agreed that it has not offered or sold, and will not offer or sell, the Bonds (a) as part of their distribution at any time or (b) otherwise until 40 calendar days after the later of the commencement of the offering and the issue date of the Bonds, within the United States or to, or for the account or benefit of, U.S. persons and, it will have sent to each distributor or dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

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

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

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

To the best knowledge and belief 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. The Issuer accepts responsibility accordingly.

Mercialys
148, rue de l'Université
75007 Paris
France
Tel: +33 (0)1 53 70 23 20

Duly represented by:
Elizabeth Blaise
Chief Financial Officer
pursuant to a decision dated 25 October 2017 in Paris
on 31 October 2017

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 Regulation (*Règlement 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. 17-572 on 31 October 2017. 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 in it is coherent". It does not imply an approval by the AMF of the opportunity of the transaction contemplated hereby or that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Bonds.

GENERAL INFORMATION

1. The Bonds have been accepted for clearance through Euroclear France, Clearstream and Euroclear. The International Securities Identification Number (ISIN) for the Bonds is FR0013293362. The Common Code number for the Bonds is 171053765.

2. 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 is 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

3. Application has been made to Euronext Paris for the Bonds to be admitted to trading on Euronext Paris on the Issue Date.

4. The issue of the Bonds was authorised by resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 1 September 2017 and a decision of Eric Le Gentil, *Président-Directeur Général* of the Issuer dated 25 October 2017.

5. Copies of:

   (i) the *statuts* of the Issuer;

   (ii) the 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 and public holidays) at the registered office of the Issuer.

   This Prospectus and all the documents incorporated by reference in this Prospectus have been published on the website of the AMF (www.amf-france.org) (including the 2015 Registration Document and the 2016 Registration Document but except for the 2017 Interim Financial Report which shall be available only on the website of the Issuer (www.mercialys.fr)). This Prospectus and all the documents incorporated by reference in this Prospectus will be published on the Issuer's website (www.mercialys.fr).

6. Except as disclosed in this Prospectus on pages 28 to 33, there has been no significant change in the financial or trading position of the Issuer or of the Group since 30 June 2017. There has been no material adverse change in the prospects of the Issuer since 31 December 2016.

7. Except as disclosed in the items 3.1 and 11.3 of the cross-reference table on pages 9 and 11 of 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 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer or the Group's financial position or profitability.

8. Ernst & Young et Autres and KPMG S.A. are the statutory auditors of the Issuer. Ernst & Young et Autres and KPMG S.A. have audited, and rendered unqualified reports on, the consolidated financial statements of the Issuer as at, and for the two years ended, 31 December 2015 and 31 December 2016. Ernst & Young et Autres and KPMG S.A. 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. The estimated costs for the admission to trading are €12,225 (including AMF fees).

10. The yield to maturity in respect of the Bonds is 2.032 per cent. *per annum* and is calculated on the basis of the issue price of the Bonds. It is not an indication of future yield.

11. As far as the Issuer is aware, no person involved in the issue of the Bonds has an interest material to the issue.

12. As far as the Issuer is aware, there are no conflicts of interest material to the issue or offer of the Bonds between the duties of the members of the Board of Directors (*Conseil d'administration*) and their private interests and/or their other duties.

13. In connection with the issue of the Bonds, Deutsche Bank AG, London Branch (the "**Stabilising Manager**") (or any person acting on behalf of the Stabilising Manager) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds 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 Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 calendar days after the Issue Date and 60 calendar days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or any person acting on behalf of the Stabilising Manager) to the extent and in accordance with all applicable laws and regulations.

14. 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.

15. 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.

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