

Prospectus dated 27 June 2018



Altareit

(société en commandite par actions)

**Prospectus for the admission to trading on the Euronext Paris regulated market
of Notes in an amount of € 350,000,000 bearing interest at a rate of 2.875% per annum
due 2 July 2025**

This document is a prospectus (the "**Prospectus**") within the meaning of article 5.3 of directive 2003/71/EC of the European Parliament and Council dated 4 November 2003, as amended.

The notes to be issued hereunder by Altareit (the "**Issuer**") on 2 July 2018 (the "**Issue Date**") in an aggregate nominal amount of € 350,000,000 bearing interest at a rate of 2.875% per annum maturing on 2 July 2025 (the "**Notes**").

Interest on the Notes will accrue at a rate equal to 2.875 per cent. per annum from and including 2 July 2018, and will be payable in arrear on 2 July in each year, commencing on 2 July 2019 up to and excluding 2 July 2025.

Unless previously redeemed or repurchased and cancelled in accordance with the terms and conditions of the Notes, the Notes shall be redeemed at their nominal value on 2 July 2025 (the "**Maturity Date**"). The Notes may, and in certain cases shall, be redeemed before the Maturity Date, in whole or in part, at their nominal value, plus interest, if any, accrued up to the date of redemption (excluded), as provided in Conditions 4, 6, 8 and 9 of the terms and conditions of the Notes.

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

The Issuer may, at its option (i) redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date, in accordance with the provisions set out in "Terms and Conditions of the Notes – Redemption and Purchase – Make-whole Redemption by the Issuer", (ii) redeem all but not some only of the outstanding Notes in the event that eighty (80) per cent. or more of the initial aggregate principal amount of the Notes has been redeemed or purchased, in accordance with the provisions set out in "Terms and Conditions of the Notes – Redemption and Purchase – Clean-Up Call", and (iii) from and including 3 months before to but excluding the Maturity Date, redeem all, but not some only of the outstanding Notes, at par plus accrued interest, in accordance with the provisions set out in "Terms and Conditions of the Notes – Redemption and Purchase - Residual Maturity Call Option by the Issuer".

The Notes are issued in dematerialised bearer form with a nominal value of €100,000 each. Title to the Notes shall be evidenced by book entry, in accordance with articles L.211-3 *et seq.* of the French *Code monétaire et financier*. No physical document of title to the Notes (including certificates of title (*certificats représentatifs*) as provided in article R.211-7 of the French *Code monétaire et financier*) shall be delivered in respect of the Notes.

Upon issue, the Notes shall be entered in an account in the books of Euroclear France which shall credit the relevant accounts of the Account Holders. "**Account Holder**" means any intermediary authorised to hold securities accounts, directly or indirectly, on behalf of its clients with Euroclear France, Clearstream Banking, S.A. and Euroclear Bank S.A./N.V.

A request has been made for the Notes to be admitted to trading on the Euronext Paris regulated market as from the Issue Date. Euronext Paris is a regulated market within the meaning of directive 2014/65/EU of the Council and European Parliament dated 15 May 2014, as amended.

S&P Global Ratings ("**S&P**") assigned a BBB long-term issuer credit rating to the Issuer (stable outlook) and the Notes have been assigned a rating of BBB by S&P.

The credit rating included or referred to in this Prospectus have been issued by S&P, which is established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit ratings agencies (the "CRA Regulation"), as amended, 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 (www.esma.europa.eu/supervision/credit-rating-agencies/risk) as of the date of this Prospectus. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Copies of this Prospectus, of the 2016 Registration Document and 2017 Registration Document (as defined in the section "*Documents incorporated by reference*" below) are available for inspection and may be obtained, without charge, (i) at the registered office of the Issuer (8, avenue Delcassé – 75008 Paris – France) and at the specified office of the Fiscal Agent (CACEIS Corporate Trust – 1-3, place Valhubert – 75013 Paris – France) during normal office opening hours and (ii) on the websites of the Issuer (www.altareit.com) and the *Autorité des marchés financiers* (www.amf-france.org).

An investment in the Notes involves certain risks. Refer to the "Risk Factors" section for a description of various factors to be taken into consideration by prospective investors prior to investing in the Notes.



Pursuant to articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and its general regulations, in particular articles 211-1 to 216-1, the *Autorité des marchés financiers* (the "**AMF**") has granted to this Prospectus the visa number n° 18-270 on 27 June 2018. This Prospectus was prepared by the Issuer and its signatories assume responsibility for its contents.

The visa, in accordance with the provisions of article L.621-8-1-I of the French *Code monétaire et financier*, has been granted after verification by the AMF that the document is complete and comprehensible and that the information contained therein is coherent. It neither implies approval of the appropriateness of the transaction nor validation by the AMF of any of the accounting and financial information presented therein.

Joint Lead Managers
BNP PARIBAS
CREDIT AGRICOLE CIB
MORGAN STANLEY
NATIXIS
SOCIETE GENERALE CORPORATE & INVESTMENT BANKING

BNP Paribas, Crédit Agricole Corporate and Investment Bank, Morgan Stanley & Co. International plc, Natixis and Société Générale (the "Joint Lead Managers") have not verified the information contained, or incorporated by reference, in this Prospectus. The Joint Lead Managers give no express or implied representation and accepts no liability concerning the accuracy or completeness of any information contained, or incorporated by reference, in this Prospectus.

This Prospectus and any other information provided in connection with the issue of the Notes shall not constitute an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to subscribe for or purchase any of the Notes.

No person is, or has been, authorised by the Issuer or the Joint Lead Managers to provide information or make representations concerning the sale or issue of the Notes other than those contained, or incorporated by reference, in this Prospectus and if any such information or representations have been provided or made, they shall not be considered as having been authorised by the Issuer or the Joint Lead Managers. Under no circumstances shall delivery of this Prospectus or any sale of the Notes imply (i) that there has not been any change in the situation of the Issuer or the group formed by the Issuer and its consolidated subsidiaries (together, the "Group") since the date of this Prospectus or (ii) that the representations and information that it contains or incorporates by reference are true and accurate on any date subsequent to the date on which they were made or provided.

Each prospective investor shall make its own judgement as to the relevance of the information contained, or incorporated by reference, in this Prospectus and shall base its decision to subscribe for or purchase the Notes on such enquiries as it deems necessary. Any websites referred to in the Prospectus are for information purposes only and do not form part of the Prospectus. The Joint Lead Managers give no undertaking to monitor the financial position or general situation of the Issuer and/or the Group whilst the Notes remain in issue, or to provide any investor or prospective investor with any information that may come into their possession in connection therewith. Investors must in particular perform their own analysis and make their own assessment of all factors relevant to an investment in the Notes and the risks relating to the Issuer, its business, its financial position, the Group and the Notes and must consult their own legal and financial advisers on the risks involved in an investment in the Notes and the suitability of such an investment having regard to their individual situation. Prospective investors are invited to carefully read the section entitled "Risk factors" of this Prospectus before making any decision to invest in the Notes.

In certain countries, the distribution of this Prospectus and any offer or sale of the Notes may be subject to legal or regulatory restrictions. Neither the Issuer nor the Joint Lead Managers give any warranty that this Prospectus shall be distributed in accordance with the law or that the Notes shall be offered in accordance with the law, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any applicable exemption, and they shall not be liable for having facilitated any such distribution or offer. In particular, neither the Issuer nor the Joint Lead Managers have taken any action with a view to offering the Notes to the public or distributing this Prospectus in any jurisdiction where any such action is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offer document may be distributed or published in any jurisdiction except in compliance with all applicable laws and regulations. Persons into whose possession this Prospectus may fall are invited to familiarise themselves and comply with such restrictions. A description of various restrictions on the offer and sale of Notes and distribution of this Prospectus and any other marketing document relating to the Notes is set forth in the "Subscription and Sale" section of this Prospectus.

The Notes have not been and will not be registered pursuant to the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any State or other jurisdiction of the United States. The Notes may not be offered or sold, directly or indirectly, within the United States of America.

This Prospectus is intended solely for persons (1) with professional investment experience satisfying the requirements of article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion Order 2005, as amended (the "Financial Promotion Order")), (2) which are persons satisfying the provisions of article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (3) which are not present in

the United Kingdom or (4) which are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of securities may lawfully be communicated or have the effect of being communicated (all such persons being referred to together as "**relevant persons**"). This Prospectus is intended solely for relevant persons and may not be utilised or relied on by non-relevant persons. Any investment or any investment activity relating to this Prospectus is reserved for authorised persons and may not be carried out other than by relevant persons.

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

In this Prospectus, any reference to "**€**", "**EURO**", "**EUR**" or "**euro**" means the currency that is legal tender in the member States of the European Union that have adopted the single currency introduced pursuant to the Treaty establishing the European Economic Community, as amended.

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RISK FACTORS

The Issuer considers that the risk factors described below are important in taking any investment decision concerning the Notes and/or may affect its ability to fulfil its obligations to the investors under the Notes. The likelihood of such risks arising is difficult to predict and the Issuer is not in a position to make any statement as to whether such risks may or may not arise.

The following paragraphs set forth the main risk factors relating to the Issuer and the Notes which the Issuer considers, on the date of this Prospectus, as being material to the Notes. These risk factors are however not exhaustive. Other risk factors, unknown to the Issuer or not material on such date, may have a significant impact on an investment in the Notes. Furthermore, several combined or related risk factors as described below may arise concurrently.

Before making any decision to invest in the Notes, prospective investors are invited to carefully consider all of the information contained or incorporated by reference in this Prospectus, and in particular the risk factors set forth below. Specifically, prospective investors, subscribers and Noteholders must perform their own analysis and make their own assessment of all factors relevant to an investment in the Notes and the risks relating to the Issuer, its business, its financial position, the Group and the Notes. They are also invited to consult their own legal and financial advisers on the risks involved in an investment in the Notes and the suitability of such an investment having regard to their individual situation.

The Issuer considers that the Notes should only be acquired by investors that are financial institutions or other professional investors who are in a position to assess the specific risks relating to an investment in the Notes, or who are acting on the advice of a financial institution.

The order in which the following risk factors appear is not an indication of the likelihood of their occurrence.

Terms and expressions defined in the section "Terms and Conditions of the Notes" of this Prospectus shall have the same meanings when used below.

1. RISKS RELATING TO THE ISSUER

The risk factors relating to the Issuer and its business are described in sections 6.6.2. (pages 178 to 182) of the 2017 Registration Document incorporated by reference in this Prospectus, and concern:

1.1 Risks inherent in the operations of the Group

- Risks related to trends in the property market and the business climate
- Risks related to acquisitions
- Property development risks
- Risk of tenant and buyer insolvency

1.2 Risks related to physical security and to the Group's information systems

- Security risks
- Risks related to the information systems
- Risks related to the protection of personal data

1.3 Risks related to the preparation of the accounting and financial information

1.4 Legal, regulatory, tax and insurance risks

- Legal and regulatory risks
- Tax risks
- Risks related to the cost and availability of insurance coverage

1.5 Fraud and corruption risks

1.6 Social and environmental risks

- Social risks
- Environmental risks
- Risks linked to climate change

1.7 Risks related to the Issuer's financing policy and financial capacity

- Liquidity risk – borrowing capacity – compliance with bank covenants
- Interest rate and counterparty risk
- Equity risk
- Currency risk

1.8 Risks of conflict of interest

2. RISKS RELATING TO THE NOTES

2.1 An investment in the Notes may not be suitable for all investors

Each prospective investor must, based on its own analysis and with the assistance of any adviser it deems appropriate in the circumstances, determine the suitability of an investment in the Notes in light of its individual situation. In particular, each prospective investor should:

- (i) have knowledge and experience of transactions on the capital and bonds markets as well as a knowledge of the risks relating to an investment in the Notes ;
- (ii) take its decision after an in-depth study of the information contained or incorporated by reference in the Prospectus and the general information given in relation to the Notes ;
- (iii) have access to, and understand how to operate, appropriate systems for analysing, having regard to his individual situation and appetite for risk, an investment in the Notes and the effect that these may have on his investment portfolio as a whole;
- (iv) have sufficient financial resources and liquidity at its disposal to support the inherent risks of an investment in the Notes; and

- (v) be able to assess (alone or with the help of a financial adviser) potential changes in the economy, interest rates or any other factor that may affect its investment and ability to bear the risks involved.

Furthermore, certain prospective investors are subject to strict regulations with regard to investment. Such prospective investors should consult their legal advisers to determine whether they are permitted by law to invest in the Notes, whether an investment in the Notes is compatible with their other borrowings and whether other restrictions on purchasing the Notes are applicable to them.

2.2 General risks relating to the Notes

The Notes may be repurchased or redeemed early by the Issuer

The Issuer reserves the right to repurchase Notes at any price whatsoever, on the stock exchange or over the counter, in accordance with applicable laws and regulations. Although such operations do not impact on the scheduled timetable for redemption of the Notes remaining outstanding, they do however reduce the return on Notes that may be redeemed early, such return being lower than that of Notes redeemed at maturity.

Furthermore, in the event that the Issuer is obliged to pay additional amounts under the Notes by reason of a deduction or withholding tax, as provided in Condition 6 of the terms and conditions of the Notes, the Issuer may, and in certain circumstances shall, redeem all of the Notes in issue, in accordance with the terms of such Condition.

In addition, the Issuer may, at its option (i) redeem, in whole or in part, the outstanding Notes at any time prior to the Maturity Date, at the relevant make-whole redemption amount, as provided in Condition 4.3, (ii) redeem all, but not some only, of the outstanding Notes in the event that 80 per cent. or more of the initial aggregate principal amount of the Notes has been redeemed or purchased (and subsequently cancelled) by the Issuer, as provided in Condition 4.4 and (iii) from and including three (3) months prior to the Maturity Date to but excluding the Maturity Date, redeem all, but not some only, of the Notes outstanding at par plus accrued interest, as provided in Condition 4.5.

During a period when the Issuer may elect to redeem Notes, such Notes may feature a market value not above the price at which they can be redeemed. If the market interest rates decrease, the risk to Noteholders 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 the purchase price paid for such Notes by the Noteholder where the purchase price was above par. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. However, the redeemed face amount of the Notes 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 Notes.

In particular, with respect to the redemption at the option of the Issuer when 80 per cent. or more of the principal amount of the Notes has been redeemed (as provided in Condition 4.4), there is no obligation on the Issuer to inform investors if and when the 80 per cent. threshold referred to therein has been reached or is about to be reached. The Issuer's right to redeem will exist notwithstanding that immediately prior to the publication of a notice in respect of the redemption at the option of the Issuer of the Notes under Condition 4.4, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

In addition, a partial redemption of the Notes may also adversely affect the liquidity of the remaining outstanding Notes.

The Notes may be redeemed early at the option of the Noteholders

Any Noteholder may, in the circumstances described in Conditions 4.2 and 9 of the terms and conditions of the Notes, at its option, request the early redemption of all or some of the Notes that it holds, at their nominal value plus accrued interest. The market in the Notes in respect of which such right of redemption has not been exercised, may become illiquid. Furthermore, investors requesting redemption of their Notes may be unable to reinvest the funds received upon such early redemption at a level of return similar to that of the redeemed Notes.

Absence of negative pledge provision

The terms and conditions of the Notes do not include negative pledge provision. As a consequence, the Issuer is free to transfer the property of its assets or to grant any security interest on such assets in any circumstances, without the consent of the Noteholders. The Issuer may in particular incur significant additional secured indebtedness, such indebtedness will rank senior to the other indebtedness of the Issuer to the extent of the security interest granted including to the Notes issued pursuant to this Prospectus.

In certain circumstances, the Noteholders may not be protected by the covenant related to the minimum Consolidated ICR ratio

The Terms and Conditions of the Notes contain two financial covenants (as provided in Condition 9) including a financial covenant related to a minimum Consolidated ICR ratio. Investors' attention is drawn to the fact that this covenant is not applicable to the Issuer for a period of maximum one fiscal year if an investment grade rating (BBB-, or its equivalent for the time being, or better) is during such period still assigned to the Issuer by the Rating Agency.

Credit risk

Noteholders are exposed to Issuer credit risk. Credit risk means the risk of the Issuer being unable to fulfil its financial obligations under the Notes, resulting in a partial or total loss for the investor.

Change to the terms and conditions of the Notes

The Terms and Conditions of the Notes contain provisions for collective decisions to consider matters affecting their interests generally to be adopted either through a general meeting (the **General Meeting**) or by consent following a written consultation (the **Written Decision**). These provisions permit in certain cases defined majorities to bind all Noteholders including Noteholders who did not participate in the relevant General Meeting or Written Decision and Noteholders who voted in a manner contrary to the majority. General Meetings or Written Decision may deliberate on any proposal relating to the modification of the conditions of the Notes subject to the limitation provided by French law.

Change of applicable law

The terms and conditions of the Notes are governed by French law in force on the date of this Prospectus. No assurance can be given as to the consequences of any administrative or court decision or any change in French laws or regulations (or the general interpretation thereof) subsequent to the date of this Prospectus.

Taxation

Prospective buyers and sellers of Notes should be aware that they may have to pay taxes or duties and charges in accordance with the law and practices in force in jurisdictions in which the Notes are transferred or in other jurisdictions. In certain jurisdictions, there may be no official position of the tax authorities or any court decisions concerning financial securities such as the Notes. Prospective investors are invited not to rely on the tax information contained in this Prospectus but to seek advice from their own tax adviser in light of their

individual situation concerning the purchase, holding, disposal or redemption of the Notes. Such advisers alone are properly able to assess the individual situation of a prospective investor. These investment considerations must be read in conjunction with the information contained in the "Taxation" section of this Prospectus.

French insolvency law

The Noteholders are automatically grouped together in a *Masse* to defend their common interests. However, in accordance with French law on businesses in financial difficulty, creditor bondholders are automatically grouped in a single bondholder General Meeting to defend their common interests in connection with any safeguard procedure, accelerated safeguard procedure, accelerated financial safeguard procedure or judicial rehabilitation procedure commenced in France concerning the Issuer.

The General Meeting brings together all creditors holding bonds issued by the Issuer (including the Notes) whether or not such bonds were issued under a programme and irrespective of the governing law of the contract of issue.

The General Meeting considers the draft safeguard plan, accelerated safeguard plan, accelerated financial safeguard plan or rehabilitation plan being proposed for the Issuer and may agree to:

- increasing the burden on creditor bondholders (including the Noteholders) by granting of a payment grace period and/or a total or partial waiver of bond debt;
- the establishment of unequal treatment between creditor bondholders (including the Noteholders) as required under the circumstances; and/or
- conversion of the debt (including the Notes) into securities conferring or potentially conferring entitlement to share capital.

Decisions of the General Meeting are taken by two-thirds (2/3) majority vote (calculated proportionately to the amount of bond debt held by the bondholders having voted at such General Meeting). No quorum is required for the General Meeting to be held.

In such circumstances, the provisions relating to Noteholder representation described in the terms and conditions of the Notes of this Prospectus shall not apply to the extent that they conflict with the applicable mandatory provisions of the law on businesses in financial difficulty.

The procedures, as described above or as they will or may be amended, could have an adverse impact on Noteholders seeking repayment in the event that the Issuer were to become insolvent or otherwise subject to any of the foregoing procedures.

For the avoidance of doubt, the provisions relating to the representation of the Noteholders described in the terms and conditions of the Notes set out in this Prospectus will not be applicable with respect to the General Meeting to the extent they conflict with compulsory insolvency law provisions that apply in these circumstances.

Potential Conflicts of Interest

Certain of the Joint Lead Managers (as defined under "Subscription and Sale" below) and their 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, the Group and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or

Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer or other entities of the Group routinely hedge their credit exposure to the Issuer or, as the case may be, such other entities of the Group consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

European financial transaction tax proposal

On 14 February 2013, the European Commission adopted a proposal (the "**Commission's Proposal**") for a Directive for a common financial transactions tax ("**FTT**") to be implemented under the enhanced cooperation procedure in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the "**participating Member States**"). In March 2016, Estonia stated that it will not participate to the enhanced cooperation.

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

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 Notes provided that at least one party is a financial institution and one party to the transaction 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 the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or other participating Member States may decide to withdraw.

Prospective investors should consult their own tax advisers in relation to the consequences of the FTT.

2.3 General market-related risks

Market value of the Notes

The market value of the Notes may be affected by the Issuer's creditworthiness and other additional factors, including prevailing interest rates.

The value of the Notes depends on inter-dependent factors, including economic, financial and political factors, in France or elsewhere, or indeed factors affecting the capital markets in general and the market on which the Notes are admitted to trading. The price at which a Noteholder may sell the Notes may be substantially less than the issue price or the purchase price paid by the Noteholder, as the case may be. If the Issuer's credit quality deteriorates, the value of the Notes may also fall and Noteholders selling their Notes prior to the Maturity Date may lose all or part of their investment.

Risks relating to lack of liquidity for the Notes on the secondary market

Once the Notes have been issued, a secondary market for the Notes may not become established and such a market may indeed never develop. If such a market develops, it may not be liquid. Accordingly, Noteholders may not be able to sell their Notes easily or at a price that would produce a return comparable to similar

investments benefiting from a developed secondary market. Lack of liquidity may have an adverse effect on the market value of the Notes.

Foreign exchange risk

Payments of interest and repayments of principal will be made in Euros which may involve risk if the financial activities of a Noteholder are conducted principally in another currency. There is a risk that exchange rates may fluctuate significantly (in particular in the event of a devaluation of the euro or revaluation of the Noteholder's currency) or that the authorities of the investor's home state may modify their exchange controls. The relevant Noteholder may consequently receive a lesser amount of interest or repayment of principal than he had anticipated. A rise in the value of the Noteholder's currency relative to the Euro may also have the effect of decreasing the equivalent market value of the Notes in the currency of the Noteholder.

Interest rate

As the Notes bear interest at a fixed rate, any investment in the Notes involves a risk that significant future fluctuations in interest rate markets may have adverse consequences on the value of the Notes, in particular in the event of sale prior to maturity.

Market rates fluctuate daily, which would affect the value of the Notes of any Noteholder selling its Notes during a period when market rates are higher than the interest rate on the Notes.

Credit Rating may not reflect all risks

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

S&P assigned a BBB long-term issuer credit rating to the Issuer (stable outlook). The credit ratings of the Issuer are an assessment of its ability to pay its obligations, including those arising from the Notes. Consequently, actual or anticipated declines in the credit ratings of the Issuer may affect the market value of the Notes.

The upcoming exit of the United Kingdom from the European Union could adversely affect the value of the Notes

The United Kingdom held a referendum in 23 June 2016 the outcome of which was a majority of votes in favour of the exit from the European Union ("**Brexit**") and the United Kingdom Government invoked article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. Under article 50, the Treaty on the European Union and the Treaty on the Functioning of the European Union cease to apply in the relevant state from the date of entry into force of a withdrawal agreement, or, failing that, two years after the notification of intention to withdraw, although this period may be extended in certain circumstances. Negotiations will be initiated in order to determine the terms and conditions of the future relationship between the United Kingdom and the European Union, including the terms and conditions of the commercial trade arrangements between the United Kingdom and the European Union. The impact of the Brexit will depend on the agreement reached by the United Kingdom to maintain access to the market of the European Union, either during a transitional period or permanently. Brexit could adversely affect market and economic conditions at the European and the global level and may contribute to the instability of financial markets and international exchange markets, including volatility of the British pound or the Euro. Furthermore, Brexit may lead to legal uncertainty and to laws and regulations which may differ as it will be for the United Kingdom to determine those rules of the European Union which are to be abrogated or replaced. Each of these events as well as others which are not anticipated at this stage may adversely affect the value of the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and interpreted in conjunction with the following documents, which are incorporated by reference into this Prospectus and deemed to form an integral part thereof:

- the sections referred to in the table below included in the 2016 registration document of the Issuer in the French language filed on 14 March 2017 with the *Autorité des marchés financiers* under number D.17-0169 (the "**2016 Registration Document** " or "**RD 2016**"); and
- the sections referred to in the table below included in the 2017 registration document of the Issuer in the French language filed on 15 March 2018 with the *Autorité des marchés financiers* under number D.18-0135 (the "**2017 Registration Document**" or "**RD 2017**")¹.

For as long as any Notes remain outstanding, copies of documents incorporated by reference are available (i) on the websites of the Issuer (www.altareit.com) and the *Autorité des marchés financiers* (www.amf-france.org) and (ii) for inspection and may be obtained, free of charge, at the registered office of the Issuer (8, avenue Delcassé – 75008 Paris – France) or at the specified office of the Fiscal Agent (CACEIS Corporate Trust – 1-3, place Valhubert – 75013 Paris – France) during normal office opening hours, as specified in the "*General Information*" section below.

Information incorporated by reference in this Prospectus should be read in conjunction with the correlation table below. Any information not referred to in such correlation table but included in the documents incorporated by reference in this Prospectus is given for information purposes only but is not incorporated by reference in this Prospectus. Accordingly, the certificates of the person responsible for the registration document set forth in the 2016 Registration Document and the 2017 Registration Document are not incorporated by reference in this Prospectus.

Information incorporated by reference Schedule IX of European regulation 809/2004/EC	Reference
2. Statutory Auditors	RD 2017, p. 210, 8.1.3. Persons responsible for the audit of the financial statements
3. Risk factors	RD 2017, p. 178 to 182, 6.6.2. Risk factors
4. Information relating to the Issuer	
<u>4.1 History and development</u>	
4.1.1 Company name, trading name	RD 2017, p. 169, 6.2.1. Company name
4.1.2 Place and number of registration	RD 2017, p. 169, 6.2.6. Trade and companies registry and other identification elements
4.1.3 Date of incorporation, term	RD 2017, p. 169, 6.2.4. Date of incorporation and term
4.1.4 Registered office, legal form, governing law and country of origin	RD 2017, p. 169, 6.2.2. Legal form-governing law; 6.2.3. Registered office

¹ An English translation of the RD 2017 is available for information on the Issuer's website (www.altareit.com).

Information incorporated by reference Schedule IX of European regulation 809/2004/EC	Reference
4.1.5 Recent events	RD 2017, p.79, note 11 Post-closing events
5. Business overview <u>5.1 Principal activities</u> 5.1.1 Principal activities 5.1.2 Competitive environment	RD 2017, p. 22 to 28, 2.2. Activity RD 2017, p. 191, 6.8.4.1. Competitive environment
6. Structure chart	
6.1 Description of the group	RD 2017, p. 175, 6.5.1 The issuer and its group
6.2 Dependency upon other entities within the group	RD 2017, p. 175, 6.5.1 The issuer and its group RD 2017, p. 75, 9 Related Party Transactions
7. Information on trends	RD 2017, p.79, note 11 Post-closing events RD 2017, p. 191, 6.8.4.3. Information that could affect Altareit's business or profitability
8. Profit forecasts or estimates	N/A
9. Management, administration and supervisory bodies <u>9.1 Information concerning administrative and management bodies</u> <u>9.2 Conflicts of interest</u>	RD 2017, p. 194 to 202, 7.2. Composition and practices of the administrative, management and supervisory bodies RD 2017, p. 201, 7.2.5.1. Absence of conflicts of interest
10. Main shareholders <u>10.1 Share ownership and control</u> <u>10.2 Agreements whose implementation may bring about a change of control</u>	RD 2017, p. 172, 6.3.3. Capital allocation Not applicable
11. Financial information relating to the assets, financial position and results of the Issuer <u>Verified consolidated financial information for the financial year ending on 31 December 2016</u>	

Information incorporated by reference Schedule IX of European regulation 809/2004/EC	Reference
<ul style="list-style-type: none"> • Balance sheet • Income statement • Notes • Statutory auditor's report <p><u>Verified consolidated financial information for the financial year ending on 31 December 2017</u></p> <ul style="list-style-type: none"> • Balance sheet • Income statement • Notes • Statutory auditor's report 	<p>RD 2016, p. 38</p> <p>RD 2016, p. 39 to 40</p> <p>RD 2016, p. 44 to 78, 3.6. Notes to the consolidated financial statements</p> <p>RD 2016, p. 80 and 81, 3.8. Statutory auditor's report on the consolidated financial statements</p> <p>RD 2017, p. 38</p> <p>RD 2017, p. 36 and 37</p> <p>RD 2017, p. 42 to 79, 3.6. Notes to the consolidated financial statements</p> <p>RD 2017, p. 80 to 84, 3.7. Statutory auditor's report on the consolidated financial statements</p>
<p>12. Material contracts</p>	<p>RD 2017, p. 75, 9 Related Party Transactions</p> <p>RD 2017, p. 77, 10 Group Commitments and Contingent Liabilities</p>
<p>13. Information from third parties, experts' statements and disclosures of interest</p>	<p>Not applicable</p>
<p>14. Legal and arbitration proceedings</p>	<p>RD 2017, p.78, 10.2. Contingent liabilities and p. 191, 6.8.3. Legal and arbitration proceedings</p>

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes (the "**Conditions**") are as follows:

The Notes are issued on 2 July 2018 (the "**Issue Date**") in an aggregate nominal amount of € 350,000,000 bearing interest at a rate of 2.875% per annum and maturing on 2 July 2025 (the "**Notes**") by Altareit (the "**Issuer**") pursuant to a decision of Altafi 2, co-manager of the Issuer, dated 25 June 2018. A fiscal agency agreement in respect of the Notes (the "**Fiscal Agency Agreement**") will be entered into on 27 June 2018 between the Issuer and CACEIS Corporate Trust, acting as fiscal agent, paying agent, early redemption agent and calculation agent (the "**Fiscal Agent**", "**Paying Agent**", "**Early Redemption Agent**" and "**Calculation Agent**", such expressions including, where the context so permits, any other fiscal agent, paying agent, early redemption agent or calculation agent as may subsequently be appointed).

Any reference in these Conditions to "**Noteholders**" is a reference to the holders of the Notes.

Any reference in these Conditions to a "**Condition**" is a reference to the Conditions as numbered below.

1. FORM, NOMINAL VALUE AND TITLE

The Notes are issued in dematerialised bearer form with a nominal value of €100,000 each. Title to the Notes shall be evidenced by book entry, in accordance with articles L.211-3 *et seq.* of the French *Code monétaire et financier*. No physical document of title to the Notes (including certificates of title (*certificats représentatifs*) as provided in article R.211-7 of the French *Code monétaire et financier*) shall be delivered in respect of the Notes.

Upon issue, the Notes shall be inscribed in book entry form in the books of Euroclear France ("**Euroclear France**") which shall credit the relevant accounts of the Account Holders. For the purposes hereof, "Account Holder" means any intermediary authorised to hold securities accounts, directly or indirectly, on behalf of its clients with Euroclear France, Clearstream Banking, S.A. ("**Clearstream**") and Euroclear Bank S.A./N.V. ("**Euroclear**").

Title to the Notes shall be evidenced by entry in an account in the books of the Account Holders and transfers of Notes may only be made by book entry.

2. STATUS OF THE NOTES

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, ranking equally and rateably among themselves and (subject to mandatory provisions of French law) equally and rateably with all other unsubordinated and unsecured (*chirographaires*) obligations, present or future, of the Issuer.

3. INTEREST

The Notes shall bear interest from 2 July 2018 (inclusive) (the "**Interest Commencement Date**") to 2 July 2025 (exclusive) (the "**Maturity Date**") at a rate of 2.875% *per annum*, payable annually in arrear on 2 July of each year (each an "**Interest Payment Date**"), commencing on 2 July 2019.

Each Note shall cease to bear interest as from the date of its redemption, unless payment of the principal is unduly refused or withheld, in which case the relevant Note shall continue to bear interest at a rate of 2.875% *per annum* (both before and after judgment) until the date (exclusive) on which all amounts due in respect of the relevant Note have been received by or on behalf of the relevant Noteholder.

The amount of interest due on each Note shall be calculated by reference to the aggregate nominal value of Notes held by each Noteholder, the amount of such payment being rounded up or down to the second (2nd) nearest decimal place (halves being rounded to the nearest higher decimal place).

Interest shall, where the relevant calculation relates to a period of less than one year, be calculated on an actual/actual basis for each period, namely based on the actual number of days falling in the relevant interest period divided by 365 (or 366 in the case of a leap year), the result being rounded up or down to the second (2nd) nearest decimal place (halves being rounded to the nearest higher decimal place).

4. REDEMPTION AND REPURCHASE

The Notes may not be redeemed other than in accordance with the terms of this Condition 4 or Conditions 6, 8 or 9 below.

4.1 Final redemption

Unless previously redeemed in full or repurchased and cancelled in accordance with this Condition 4 or Conditions 6, 8 or 9 below, the Notes shall be redeemed in full at their nominal value on the Maturity Date.

4.2 Early redemption at the option of the Noteholders in the event of a Change of Control Event

If at any time while any Note 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 "**Change of Control Event**"), any Noteholder may, at its option, request the early redemption of all or any of the Notes that it holds, at their nominal value plus, if relevant, interest accrued since the last Interest Payment Date (inclusive) (or, if relevant, since the Issue Date (inclusive)) up to the specified early redemption date (excluded) (the "**Early Redemption Date**").

If a Change of Control Event occurs, the Issuer shall notify the Noteholders accordingly by publishing a notice (the "**Change of Control Notice**") in accordance with Condition 10 below, at the latest within thirty (30) calendar days following the effective date of the Change of Control Event. The Change of Control Notice shall remind the Noteholders of their option to request early redemption of all or any of their Notes and shall specify (i) the Early Redemption Date, which must fall between the twenty fifth (25th) and the thirtieth (30th) Business Day following the date of publication of the Change of Control Notice, (ii) the redemption amount and (iii) the period, being of at least fifteen (15) Business Days as from the date of publication of the Change of Control Notice, during which requests for early redemption of the Notes and the related Notes must reach the Early Redemption Agent.

In order to obtain early redemption of their Notes, Noteholders must apply in writing to the Early Redemption Agent by means of a duly signed early redemption request, the form of which may be obtained from the Early Redemption Agent (an "**Early Redemption Request**"). All Early Redemption Requests shall be irrevocable as from the date of their receipt by the Early Redemption Agent.

Early Redemption Requests must reach the Early Redemption Agent and the related Notes must be transferred to the Early Redemption Agent through the intermediary of its Account Holder by the fifth (5th) Business Day prior to the Early Redemption Date at the latest.

The date of the Early Redemption Request shall be the Business Day upon which the last of the conditions (a) and (b) below is satisfied, by 17.00 (Paris time) at the latest or, if satisfied after 17.00 (Paris time), on the following Business Day:

- (a) the Early Redemption Agent has received the Early Redemption Request transmitted by the financial intermediary in whose books the Notes are credited;

(b) the Notes have been transferred to the Early Redemption Agent by the Account Holder.

For the purposes of this Condition:

"**Altarea SCA**" means the limited liability partnership with shares ("*société en commandite par actions*"), whose registered office is at 8, avenue Delcassé – 75008 Paris – France, registered at the Trade and Companies registry of Paris under number 335 480 877.

"**Change of Control**" shall be deemed to have occurred if the Control of the Issuer ceases to be held by Altarea SCA.

"**Change of Control Period**" means the period commencing on the date of the first public announcement of the result (*avis de résultat*) by the *Autorité des marchés financiers* ("**AMF**") of the relevant Change of Control (the "**Relevant Announcement Date**") and ending on (i) the date which is 120 calendar days after the date of the first public announcement of the result of the relevant Change of Control, or (ii) such longer period for which the Notes or the senior unsecured long-term debt of the Issuer are under consideration (such consideration having been announced publicly within the period ending 90 calendar days after the occurrence of the relevant Change of Control) for rating review or, as the case may be, rating by, a Rating Agency, such period not to exceed 60 calendar days after the public announcement of such consideration.

"**Control**" (or any term derived from "Control") has the meaning ascribed to it within article L.233-3 of the French *Code de commerce*.

"**Rating Agency**" means S&P Global Ratings or any other rating agency of equivalent international standing requested by the Issuer to grant a corporate credit rating to the Issuer and, in each case, their respective successors or affiliates.

"**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control (a) if within the Change of Control Period, the corporate credit rating previously assigned to the Issuer by any Rating Agency 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 corporate credit rating previously assigned to the Issuer 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) or (b) if, on the Relevant Announcement Date, no corporate credit rating is assigned to the Issuer and, within the Change of Control Period, no Rating Agency assigns an investment grade rating to the Issuer (the "**Non Investment Grade Rating**") or (c) if, on the Relevant Announcement Date, no corporate credit rating is assigned to the Issuer and, within the Change of Control Period, no Rating Agency assigns a rating to the Issuer, provided that, with respect to (a) and (b) above, (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, if the Rating Agency making the change in rating or assigning the Non Investment Grade Rating does not publicly announce or publicly confirm that the Non Investment Grade Rating or the reduction or withdrawal was the result, in whole or in part, of the Change of Control and (ii) any Rating Downgrade must have been confirmed in a letter or other form of written communication, sent to the Issuer and publicly disclosed.

In these Conditions, "**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open in Paris and which is a day on which the TARGET System (as defined below) is operating.

4.3 **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 thirty (30) nor less than fifteen (15) calendar days' notice to the Noteholders and the Fiscal Agent (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with

Condition 10 (*Notices*), redeem, in whole or in part, the Notes at any time prior to their Maturity Date (the "**Make-whole Redemption Date**") at an amount per Note calculated by the Calculation Agent (as defined below) and equal to an amount in Euro rounded to the nearest cent (half a cent being rounded upwards) and being the greater of:

(a) 100 per cent. of the principal amount of the Notes so redeemed; or

(b) the sum of the then current values on the Make-whole Redemption Date of (i) the principal amount of the Notes and (ii) the remaining scheduled payments of interest of the Notes for the remaining term of the Notes (determined on the basis of the interest rate applicable to such Notes from but excluding, the Make-whole Redemption Date), discounted to the Make-whole Redemption Date on an annual basis (based on the actual number of calendar days elapsed divided by 365 or (in the case of a leap year) by 366) at the Reference Rate (as defined below) plus 0.50 per cent. *per annum*,

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

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

Where:

Reference Rate means the average of the four quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth (4th) Business Day (as defined in Condition 5(b)) preceding the Make-whole Redemption Date at 11.00 a.m. (Central European Time ("**CET**")).

If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent after prior consultation with the Issuer, at 11.00 a.m. (CET) on the third (3rd) Business Day (as defined in Condition 5(b)) preceding the Make-whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer.

In the case of a partial redemption of Notes pursuant to this Condition 4(c), the redemption will be effected by reducing the nominal amount of the Notes in proportion to the aggregate nominal amount redeemed subject to compliance with any applicable laws and regulated market or stock exchange requirements.

"Reference Benchmark Security" means the German Federal Government Bond of Bundesrepublik Deutschland bearing interest at a rate of 0.50 per cent. *per annum* due February 2025, with ISIN DE0001102374.

"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 Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

The Issuer will procure that, so long as any Note is outstanding, there shall at all times be a Calculation Agent for the purposes of the Notes. 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 4.3, 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.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4.3 by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and the Noteholders and (in the absence as aforesaid) no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in

connection with the exercise or non-exercise of its powers, duties and discretions. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

4.4 Clean-Up Call

In the event that 80 per cent. or more of the initial aggregate principal amount of the Notes (including any assimilated Notes issued pursuant to Condition 12) has been redeemed or purchased (and subsequently cancelled) by the Issuer, the Issuer may, at its option but subject to having given not more than sixty (60) nor less than thirty (30) calendar days' notice to the Noteholders and the Fiscal Agent (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 10, redeem all, but not some only, of the outstanding Notes at their principal amount together with any interest accrued to, but excluding, the date fixed for redemption.

4.5 Residual Maturity Call Option by the Issuer

The Issuer may, at its option, from and including 2 April 2025 to but excluding the Maturity Date, subject to having given not more than sixty (60) nor less than thirty (30) calendar days' prior notice to the Noteholders and the Fiscal Agent (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 10, redeem all, but not some only, of the outstanding Notes, at their principal amount plus accrued interest up to, but excluding, the date fixed for redemption.

4.6 Repurchase of Notes

The Issuer may at any time purchase Notes, at any price whatsoever, on or off the stock market (including via a public offer), in accordance with applicable laws and regulations.

All Notes purchased by or on behalf of the Issuer may, at the option of the Issuer, be held or cancelled in accordance with applicable laws and regulations.

Notes purchased by the Issuer may be held in accordance with applicable laws and regulations.

4.7 Early redemption for tax reasons

The Notes may and, in certain cases, shall be redeemed prior to the Maturity Date in the event of a change in tax regime, as provided in Condition 6 below.

4.8 Cancellation

Notes redeemed or purchased and cancelled in accordance with Condition 4.6 above shall be cancelled by transfer to an account in accordance with the rules and procedures of Euroclear France. Cancelled Notes may not be re-issued or re-sold and the Issuer shall be released from all of its obligations in respect of such Notes.

5. PAYMENTS

5.1 Payment method

Payment of principal and interest due on the Notes shall be made in Euros by credit or transfer to an account denominated in Euros (or any other account that may be credited or accept transfers in Euros) as specified by the beneficiary in a city where banks have access to the trans-European automated real-time gross settlement express transfer system using a single and shared platform (TARGET2) (the "**TARGET System**") or any other system by which it is replaced.

Such payments shall be made for the benefit of the Noteholders to the Account Holders (including Euroclear France, Euroclear and Clearstream).

Payments shall be made subject to all tax or other applicable laws and regulations, without prejudice to the provisions of Condition 6 below. No fees or expenses shall be borne by the Noteholders in respect of such payments.

5.2 Payments on Business Days

If the date for payment of any amount of principal or interest in respect of a Note is not a Business Day, the Noteholder shall not be entitled to payment of such amount until the first (1st) following Business Day and shall not be entitled to interest or any other additional amount by reason of such delay.

5.3 Fiscal Agent, Paying Agent, Early Redemption Agent and Calculation Agent

The initial Fiscal Agent, Paying Agent, Early Redemption Agent and Calculation Agent and their specified office, are as follows:

CACEIS Corporate Trust

1-3, place Valhubert

75013 Paris

France

The Issuer reserves the right at any time to amend or terminate the mandate of the Fiscal Agent, Paying Agent and/or the Early Redemption Agent and/or the Calculation Agent and/or to appoint any other Fiscal Agent, Paying Agent, Early Redemption Agent or Calculation Agent or additional Paying Agents, subject to giving the Noteholders no more than forty five (45) calendar days and no less than thirty (30) calendar days prior notice, in accordance with Condition 10 below, and provided that there shall at all times be (i) a Fiscal Agent, an Early Redemption Agent and a Calculation Agent with an office in a city in a member State of the European Union and (ii) for so long as the Notes are admitted to trading on the Euronext Paris regulated market, a Paying Agent with an office in a city in a member State of the European Union and providing the fiscal agency service in France.

Notice of any change of Fiscal Agent, Paying Agent, Early Redemption Agent or Calculation Agent shall be given to the Noteholders in accordance with the provisions of Condition 10 below.

6. TAXATION

- (a) All payments of principal and interest in respect of the Notes made by or on behalf of the Issuer shall be made without any withholding or deduction in respect of duties or taxes of whatever nature imposed, levied or collected by or on behalf of any jurisdiction, unless such withholding or deduction is required by law.
- (b) If under French law, payments of principal or interest relating to the Notes are subject to any withholding or deduction in respect of any duties or taxes of whatever nature, present or future, the Issuer undertakes to pay, to the fullest extent permitted by law, such additional amounts as will ensure that the Noteholders receive the full amount due under the Notes in the absence of such withholding or deduction, provided however that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to, or to a third party on behalf of, a Noteholder who is liable to such duties or taxes by reason of his having some connection with France other than the mere holding of the Notes.

It is however specified that if the obligation to make such additional payments is the result of a change in French law, or of a change in the application or interpretation of French law occurring after the Issue Date, and if such obligation cannot be avoided by the Issuer taking reasonable measures, the Issuer may at any time redeem early all of the Notes then outstanding, at their nominal value together with any interest accrued up to the date specified for redemption provided that the date specified for redemption for which notice hereunder may be given shall be no earlier than the latest practicable date

on which the Issuer could make payment of principal and interest without withholding or deduction for French taxes.

- (c) If the Issuer is obliged to make additional payments in accordance with the provisions of paragraph (b) above and the payment of such amounts is or becomes prohibited under French law, and if the obligation to make such additional payments cannot be avoided by the Issuer taking reasonable measures, then the Issuer shall redeem all of the Notes then outstanding at their nominal value together with any interest accrued on the latest practicable date on which the Issuer could make payment of principal and interest without withholding or deduction for French taxes.
- (d) If the Notes are to be redeemed in accordance with the provisions of paragraph (b) above, the Issuer shall publish or cause to be published a notice of redemption, in accordance with the provisions of Condition 10 below, no earlier than sixty (60) calendar days and no later than thirty (30) calendar days prior to the date specified for redemption. If the Notes are to be redeemed in accordance with the provisions of paragraph (c) above, the Issuer shall publish or cause to be published a notice of redemption, in the same manner, no earlier than sixty (60) calendar days and no later than seven (7) calendar days prior to the date specified for redemption.

7. PRESCRIPTION OF CLAIMS

All claims against the Issuer concerning the payment of principal or interest due under the Notes shall be prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) after their respective due dates.

8. EVENTS OF DEFAULT

Any Noteholder may, upon written notice addressed to the Issuer (with a copy to the Fiscal Agent) before the relevant breach has been remedied, declare immediately due and payable all, but not some only, of the Notes held by such Noteholder at their nominal value together with, if applicable, interest accrued since the last Interest Payment Date (inclusive) (or, as the case may be, since 2 July 2018 (inclusive)) until the actual date of redemption (exclusive):

- (a) in the event of a failure to pay any amount, whether of principal or interest, payable by the Issuer under any Note within fifteen (15) Business Days of the due date for such payment; or
- (b) in the event of a breach by the Issuer of any other obligation under the Conditions (other than the financial covenants referred to in (i) and (ii) of Condition 9 below), unless such breach is remedied within a period of thirty (30) Business Days of receipt by the Issuer of written notice of such breach; or
- (c) in the event of a winding up, liquidation, merger, spin-off or absorption of the Issuer before the Notes are redeemed in full, except in the case of a merger where the Issuer is the surviving entity or in the case of a winding up, liquidation, merger, spin-off or absorption following which all of the obligations of the Issuer under the Notes are transferred to its successor legal entity; or
- (d) a judgment is entered ordering the judicial rehabilitation (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) or total disposal (*cession totale*) of the business of the Issuer or any of its Principal Subsidiaries or in the event that, to the extent permitted by law, any similar proceedings are commenced with respect to the Issuer or any of its Principal Subsidiaries; or
- (e) (i) in the event that any indebtedness for borrowed money, existing or future, of the Issuer or any of its Principal Subsidiaries in an amount exceeding ten million euros (€10,000,000) (or its equivalent in any other currency), whether individually or in aggregate, is declared due and payable early by reason of a default by the Issuer or any of its Principal Subsidiaries under the terms of such borrowing, or (ii)

in the event that any such borrowing is not paid on its due date or, if relevant, on expiry of any applicable grace period, unless in each case the Issuer contests such payment (or the due date or early maturity thereof) in good faith and by appropriate proceedings.

For the purposes of this Condition, the term "**Principal Subsidiaries**" means any subsidiary of the Issuer within the meaning of article L.233-1 of the French *Code du commerce* or any entity controlled, directly or indirectly, by the Issuer within the meaning of article L.233-3 of the French *Code du commerce* the value of whose assets (on a consolidated or non-consolidated basis) represents at least five per cent (5%) of the Current Asset Value.

For the purposes of these Conditions:

"**Current Asset Value**" means the sum (i) for completed real estate assets held with full legal title, of the market value of such real estate assets as determined, in the latest appraisal reports dated no more than six (6) months, by independent experts (market value being determined inclusive of duties and exclusive of all other transaction expenses), (ii) for real estate assets in the process of development and/or completion, held with full legal title, of the book value of such real estate assets entered on the balance sheet of the owner entity, as appearing in the latest available half-yearly or annual accounts, and (iii) for non-real estate assets of which the relevant entity is the owner, of the market value of such assets, as determined by any external expert authorised to issue fairness opinions under the *Autorité des Marchés Financiers*' regulations (such value to fall within the valuation range determined by such expert).

9. FINANCIAL COVENANTS

If the Issuer fails to comply with any of the financial covenants referred to in (i) and (ii) below, any Noteholder may, at its option, request the early redemption of all or any of the Notes that it holds, at their nominal value together with interest accrued since the last Interest Payment Date (inclusive) (or, as the case may be, since 2 July 2018 (inclusive)) up to the date of early redemption (exclusive).

The Issuer undertakes, until all of the Notes have been redeemed in full, to comply with the following financial covenants on a half-yearly basis and to deliver a certificate ("**Certificate of Compliance**") to the Early Redemption Agent (with a copy to the Fiscal Agent and the Representative), duly signed by a legal representative of the Issuer, within one hundred and fifty (150) calendar days at the latest of the end of the relevant financial year or within ninety (90) calendar days at the latest of the end of the relevant half-year, as the case may be, certifying compliance with such financial covenants:

- (i) maintain a Consolidated ICR (as defined below) ratio of greater than or equal to two (2), unless the Consolidated ICR ratio is lower than two (2) for a period of maximum one fiscal year and if an investment grade rating (BBB-, or its equivalent for the time being, or better) is still assigned to the Issuer by the Rating Agency; and
- (ii) the Gearing (as defined below) ratio as at each Testing Date for the Relevant Period will be lower than or equal to $3,25 \times^2$.

Until all of the Notes have been redeemed in full, if (x) for any reason whatsoever, the Early Redemption Agent has not received the Certificate of Compliance from the Issuer or (y) if such Certificate of Compliance shows that at least one of the above-mentioned financial covenants has not been complied with by the Issuer based on the Issuer's latest consolidated annual or consolidated half-yearly accounts, as the case may be, then the Early Redemption Agent shall send a notice to such effect as soon as possible to the Noteholders in accordance with Condition 10.

² As at 31 December 2017, the Gearing of the Issuer is equal to 1.34.

In order to obtain early redemption of their Notes, the Noteholders shall apply in writing to the Early Redemption Agent by means of a duly signed early redemption request, the form of which may be obtained from the Early Redemption Agent. Any such request shall be irrevocable as from the date of its receipt by the Early Redemption Agent.

The relevant Notes must be transferred to the Early Redemption Agent through its Account Holder by the fifth (5th) Business Day at the latest after the date of such early redemption request. Early redemption of the relevant Noteholder's Notes shall take place by the tenth (10th) Business Day at the latest after the date of receipt by the Early Redemption Agent of such early redemption request.

For the purposes of these Conditions:

"Consolidated ICR" means, on any date, the ratio between (a) Consolidated EBITDA and (b) Net Finance Costs.

"Consolidated EBITDA" means, for a given period, the amount specified under the heading "*Operating results*" ("*Résultat opérationnel*") (in the column "*FFO*") appearing in the Group's annual or half-yearly consolidated accounts; and

"Financial Year" means the annual accounting period of the Group ending on or about 31 December in each year.

"Gearing" means, at a given date, the ratio of the Total Net Debt to Shareholders' Equity.

"Group" means the Issuer and its consolidated subsidiaries.

"Net Finance Costs" means, for a given period, the amount specified under the heading "Net cost of debt" ("*Coût de l'endettement net*") (in the column "*FFO*") appearing in the Group's annual or half-yearly consolidated accounts.

"Relevant Period" means each period of (12) months ending on or about the Testing Date.

"Shareholders' Equity" means, at a given date, the Issuer's shareholder equity, as set out in the liability of the consolidated balance sheet of the Issuer, including Subordinated Loans outstanding.

"Subordinated Loans" means all loans or current account advances from partners or intra-group companies which have been or may be granted to the Issuer, provided that the creditor of such loans will refrain from pursuing the recovery thereof on any grounds whatsoever, of any of the principal, interest or default interest, fees and commissions, as long as any amount due to any agent, lenders or secured creditors of such loans remains unpaid or as long as an event of default or a potential default, in relation to such loans, is separately subsisting, any of these loans or advances in the current account of partners or intra-group.

"Testing Date" means 31 December in each year.

"Total Gross Debt" means, on any date, the sum of the amounts specified under the headings "Bond issuances" ("*Emprunts Obligataires*") and "Borrowings and financial debt with credit institutions" ("*Emprunts et dettes financières auprès d'établissements de crédit*") under the heading "Non-current borrowings and financial liabilities" ("*Emprunts et dettes financières à plus d'un an*") and the amount specified under the headings "Bond issuances" ("*Emprunts Obligataires*"), "Borrowings and financial debt with credit institutions (excluding overdrafts)" ("*Emprunt et dettes financières auprès des établissements de crédit (hors trésorerie passive)*") and "Bank facilities (overdrafts)" ("*Concours bancaires (trésorerie passive)*") under the heading "Non-current borrowings and financial debt (less than one year)" ("*Emprunts et dettes financières à moins d'un an*") in the Group's annual or half-yearly consolidated accounts.

"Total Net Debt" means, at a given date, Total Gross Debt, less:

- (a) the amount specified under the heading "*Cash and cash equivalent*" ("*Trésorerie et équivalents de trésorerie*") appearing in the Group's annual or half-yearly consolidated accounts of the Issuer; and
- (b) the sum of the amount of the first demand guarantees exclusively issued by a credit institution or an insurance company for the benefit of any member of the Group, within the framework of real estate assets development programmes (for sales before completion) or block sales (for residential or office projects).

10. NOTICES

All notices or opinions intended for the Issuer shall be delivered for the attention of Mr Eric Dumas, Chief Financial Officer of the Issuer, at the following address: 8, avenue Delcassé – 75008 Paris – France.

All notices to the Noteholders shall be valid if delivered to Euroclear France and published on the Issuer's website (www.altareit.com).

All notices to Noteholders shall be deemed to have been given on the date of delivery to Euroclear France or, if earlier, the date of publication on the Issuer's website.

11. REPRESENTATION OF NOTEHOLDERS

Noteholders will be grouped automatically for the defence of their common interests in a masse (the "**Masse**"). The Masse will be governed by the provisions of the French *Code de commerce*, and with the exception of Articles L.228-71 and R.228-69 of the French *Code de commerce* 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 collective decisions of the Noteholders (the **Collective Decisions**). Representative of the Masse

The following person is designated as Representative of the Masse is:

MASSQUOTE S.A.S.U.
Represented by its Chairman
33, rue Anna Jacquin
92100 Boulogne Billancourt
France

The following person is designated as alternate Representative of the Masse (the "**Alternate Representative**") is:

Gilbert Labachotte
8 Boulevard Jourdan
75014 Paris
France

In the event of liquidation, dissolution, death, retirement or revocation of appointment of the Representative, such Representative will be replaced by the alternate Representative. In the event of liquidation, dissolution, death, retirement or revocation of appointment of the alternate Representative, another Representative will be elected by a decision of the General Meeting. The Representative shall be paid, in relation to the Notes, a fee of five hundred euros (500 €) (excluding taxes) *per annum*, payable on each Interest Payment Date up to 2 July 2024 (inclusive) and for the first time on 2 July 2018.

(b) Power of the Representative

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

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

(c) Collective Decisions

Collective Decisions are adopted either (i) in a general meeting (the **General Meeting**), or (ii) by the consent of one or more Noteholders holding together at least two-third of the principal amount of the Notes outstanding, following a written consultation (the **Written Decision**).

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

Collective Decisions must be published in accordance with Condition 11(g).

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

1. General Meetings

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

General Meetings may deliberate validly on first convocation only if the Noteholders present or represented hold at least one-fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a two-third (2/3) majority of votes held by the Noteholders attending such General Meeting or represented thereat, except when the General Meeting deliberates on any proposal for a merger or demerger of the Issuer in the circumstances provided for under Articles L.236-13 and L.236-18 of the French *Code de commerce*, in which case the decision will be taken by a simple majority of votes held by the Noteholders attending such General Meeting or represented thereat.

Notice of the date, time, place and agenda of any General Meeting will be published in accordance with Condition 11(g) not less than fifteen (15) calendar days prior to the date of the General Meeting on first convocation and not less than five (5) calendar days prior to the date of the General Meeting on second convocation.

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

Each Noteholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer and at any other place specified in the notice of the General Meeting, during the fifteen (15) calendar day period preceding the holding of the General

Meeting on first convocation, or during the five (5) calendar day period preceding the holding of the General Meeting on second convocation.

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

2. Written Decision

Notices seeking the approval of a Written Decision will be published as provided under Condition 11(g) no less than 15 calendar days prior to the date fixed for the passing of such Written Decision (the Written Decision Date). Notices seeking the approval of a Written Decision will contain the conditions of form and time limits to be complied with by the Noteholders who wish to express their approval or rejection of such proposed Written Decision. Noteholders expressing their approval or rejection before the Written Decision Date will undertake not to dispose of their Notes until after the Written Decision Date.

Written Majority Decisions shall be signed by one or more Noteholders holding together at least two-third of the principal amount of the Notes outstanding. Approval of a Written Decision may also be given by way of electronic communication allowing the identification of the Noteholders in accordance with the Article L.228-46-1 of the French *Code de commerce* (**Electronic Consent**). Any Written Decision shall, for all purposes, have the same effect as a resolution passed at a General Meeting of the Noteholders. Such Written Decisions may be contained in one document, or in several documents in like form each signed by or on one behalf of one or more of the Noteholders, and shall be published in accordance with Condition 11(g).

3. Exclusion of certain provisions of the French *Code de commerce*

The provisions of Article L.228-65 I. 1°, 3° and 4° of the French *Code de commerce* and the related provisions of the French *Code de commerce* shall not apply to the Notes.

(d) Expenses

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

(e) Single Masse

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

(f) Sole Noteholder

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

(g) Notices to Noteholders

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

12. FUNGIBLE ISSUES

The Issuer may, without the consent of the Noteholders, issue other notes that are fungible with the Notes, provided that such notes confer rights that are identical in all respects to those of the Notes (or in all respects other than the issue price and the first interest payment) and that the conditions of such notes permit their fungibility with the Notes.

In such case, the holders of the fungible notes and the Noteholders shall be grouped together in a single *masse*. In these Conditions, references to the Notes shall include any other notes issued pursuant to this Condition and that are fungible with the Notes.

13. GOVERNING LAW, JURISDICTION AND HARDSHIP

The Notes are governed by French law.

The Article 1195 of the French *Code civil* shall not be applicable to these Conditions.

Any dispute relating, directly or indirectly, to the Notes shall be submitted to the competent courts within the jurisdiction of the Paris Court of Appeal.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used by the Issuer for general corporate purposes of the Issuer and mainly to refinance existing credit facilities.

RECENT DEVELOPMENTS

At 31 March 2018, total net debt stood at €767 million, an increase of €93 million compared to 31 December 2017, to accompany the pipeline of projects under development.

TAXATION

The following is a general overview limited to certain taxes on income from the Notes withheld at source in France. This overview is based on the laws in force in France on the date of this Prospectus and is subject to any changes in laws and/or interpretation hereof (with a potential retroactive effect). It is included for information purposes only and does not purport to provide an exhaustive description of all tax considerations to be taken into consideration in deciding to purchase, hold or dispose of the Notes. Investors should consult with their own tax advisers on their specific situation.

Withholding taxes on payments made outside France

The following may be relevant to Noteholders who do not hold shares in the Issuer.

Payments of interest and other assimilated revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non-Cooperative State**"). Pursuant to Article 125 A III of the French *Code général des impôts*, if such payments under the Notes are made outside France in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty). A draft law published by the French government on 28 March 2018 would, if adopted in its current form, (i) expand the list of Non-Cooperative States as defined under Article 238-0 A of the French *Code général des impôts* to include the jurisdictions on the list set out in Annex I to the conclusions adopted by the Council of the European Union on 5 December 2017, as updated, (the **EU List**) and, as a consequence, (ii) expand this withholding tax regime to certain jurisdictions included in the EU List.

Notwithstanding the foregoing, the 75% withholding tax set out under Article 125 A III of the French *Code général des impôts* will not apply in respect of the Notes if the Issuer can prove that the main purpose and effect of the issue of the Notes was not to allow the payment of interest and other assimilated revenues to be made in a Non-Cooperative State (the "**Exception**").

Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211, BOI-RPPM-RCM-30-10-20-40-20140211 and BOI-IR-DOMIC-10-20-20-60-20150320, the Exception will apply without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes if the Notes are:

- (i) offered by means of a public offer of financial securities 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 French or foreign regulated market or 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 depository or of a securities delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Since the Notes are admitted, at the time of their issue, to the operations of Euroclear France, payments of interest and other assimilated revenues made by, or on behalf of, the Issuer under the Notes are not subject to the withholding tax of 75% set out under Article 125 A III of the French *Code général des impôts*.

Furthermore, in accordance with Article 238 A of the French *Code général des impôts*, interest and other assimilated revenues paid under the Notes are not deductible from the Issuer's taxable income if they are paid or owed to persons domiciled or established in a Non-Cooperative State or paid to an account held with a financial institution established in a Non-Cooperative State (the "**Non-Deductibility**"). The draft law published by the French government on 28 March 2018 abovementioned would, if adopted in its current form, expand this regime to the jurisdictions included in the EU List. In certain cases, pursuant to Articles 109 *et seq.* of the French *Code général des impôts*, such non-deductible interest and other assimilated revenues may be recharacterised for tax purposes as "distributed income", in which case such non-deductible interest and other assimilated revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* at a rate of (i) 12.8% for payments benefiting individuals who are not French tax residents, (ii) 30% (to be aligned on the standard corporate income tax rate set forth in Article 219-I of the French *Code général des impôts* for fiscal years beginning as from 1 January 2020) for payments benefiting legal persons who are not French tax residents or (iii) 75% for payments made outside France in a Non-Cooperative State (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty).

However, neither the Non-Deductibility nor the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* which may be levied as a result of such Non-Deductibility will apply in respect of the Notes if the Issuer can prove firstly that the interest and other assimilated revenues relate to genuine transactions and are not abnormal or excessive and secondly that the transaction falls within the scope of the Exception.

Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211, BOI-RPPM-RCM-30-10-20-40-20140211 and BOI-IR-DOMIC-10-20-20-60-20150320, the Exception applies without the Issuer having to provide proof as to the purpose and effect of the issue of the Notes if such Notes belong to one of the three categories of securities referred to above.

Withholding taxes on payments made to individuals fiscally domiciled in France

Pursuant to Article 125 A I of the French *Code général des impôts* and subject to certain exceptions, interest and other assimilated revenues received by individuals domiciled for tax purposes (*domiciliés fiscalement*) in France are subject to a 12.8% withholding tax, which is deductible from their personal income tax liability in respect of the year in which such withholding has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at an aggregate rate of 17.2% on such interest and other assimilated revenues received by individuals domiciled for tax purposes (*domiciliés fiscalement*) in France.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated 27 June 2018, entered into between the Issuer, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Morgan Stanley & Co. International plc, Natixis and Société Générale (the "**Joint Lead Managers**"), the Joint Lead Managers agreed with the Issuer, subject to the satisfaction of certain conditions, to procure subscription and payment, failing which to subscribe and pay themselves, for the Notes at an issue price equal to 99.265 per cent. of the aggregate nominal amount of the Notes less any applicable commission. The Subscription Agreement entitles the Joint Lead Managers, in certain circumstances, to terminate the Subscription Agreement.

1. GENERAL RESTRICTIONS

No action has been or will be taken by the Issuer or Joint Lead Managers in any country or jurisdiction that would permit a public offering of the Notes, or the possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any document, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

2. PROHIBITION OF SALES TO EEA RETAIL INVESTORS

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

3. FRANCE

Each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France this Prospectus or any other offering material relating to the Notes and that such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties and/or (ii) qualified investors, all 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*.

4. UNITED STATES OF AMERICA

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States. The Notes may not be offered or sold, directly or indirectly, within the United States of America.

The Notes are only being offered and sold outside of the United States of America in the context of offshore transactions in accordance with Regulation S under the Securities Act ("**Regulation S**"). Terms used in this paragraph have the meanings given to them by Regulation S.

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

5. UNITED KINGDOM

Each Joint Lead Manager has represented and agreed that:

- (a) 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 activities (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving, the United Kingdom.

GENERAL INFORMATION

1. The Notes have been accepted for clearance through Clearstream (42 avenue JF Kennedy, 1855 Luxembourg, Luxembourg), Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgium) and Euroclear France (66, rue de la Victoire, 75009 Paris, France) with the common code 184951274. The ISIN code for the Notes is FR0013346814.
2. The issue by the Issuer of the Notes was decided by Altafi 2, co-manager of the Issuer, on 25 June 2018.

The Issuer has obtained all necessary consents, approvals and authorisations in France in connection with the issue and performance of the Notes.
3. The yield on the Notes is 2.993% *per annum*, as calculated on the Issue Date based on the issue price of the Notes. This is not an indication of future yields.
4. For the purposes of the admission of the Notes to trading on Euronext Paris, and pursuant to Articles L.412-1 and L.621-8 of the French *Code monétaire et financier*, this Prospectus has been submitted to the *Autorité des marchés financiers* and received visa n°18-270 dated 27 June 2018.
5. Application has been made to have the Notes admitted to trading on Euronext Paris on the Issue Date. The total expenses related to the admission to trading of the Notes are estimated at €6,900.
6. The Issuer's statutory auditors are Ernst & Young Audit (Tour First - 1, place des saisons – 92400 Courbevoie – Paris La Défense 1), member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* and A.A.C.E. – Ile-de-France (29, rue du Pont – 92200 Neuilly-sur-Seine), member of the *Compagnie Régionale des Commissaires aux Comptes de Paris*. They have audited the annual and consolidated financial statements of the Issuer and issued an audit report for the Issuer's financial year ending on 31 December 2016. Since 31 July 2017, Grant Thornton (29, rue du Pont – 92200 Neuilly-sur-Seine), member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* has been substituted to A.A.C.E. – Ile-de-France and Ernst & Young and Others have audited the 2017 annual and consolidated financial statements and issued an audit report for the Issuer's financial year ending on 31 December 2017.
7. As far as the Issuer is aware, no person involved in the issue of the Notes has a material interest therein.
8. There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2017.
9. There has been no material adverse change to the prospects of the Issuer or the Group since 31 December 2017.
10. S&P assigned a BBB long-term issuer credit rating to the Issuer (stable outlook) and the Notes have been assigned a rating of BBB by S&P. The credit rating included or referred to in this Prospectus have been issued by S&P, which is established in the European Union and registered under the CRA Regulation, as amended, 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 (www.esma.europa.eu/supervision/credit-rating-agencies/risk) as of the date of this Prospectus. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.
11. Subject to the information disclosed in the documents incorporated by reference (see RD 2017, p.78, 10.2. Contingent liabilities and p. 191, 6.8.3. Legal and arbitration proceedings), during the last twelve (12) months, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Group.

12. Subject to the information disclosed in the documents incorporated by reference (see RD 2017, pages 75 and 77), the Issuer has not entered into any material contracts other than contracts entered into in the normal course of business, which contain provisions that would place on the Issuer any significant obligation or undertaking having regard to the Issuer's ability to perform its obligations to the Noteholders under the Notes.
13. So long as any of the Notes remain outstanding, copies of this Prospectus, the 2016 Registration Document, the 2017 Registration Document and the articles of association (*statuts*) of the Issuer shall be available for inspection and may be obtained, free of charge, at the registered office of the Issuer (8, avenue Delcassé – 75008 Paris – France) and at the specified office of the Fiscal Agent during normal office opening hours. This Prospectus and all documents incorporated by reference in this Prospectus are available on the websites of the Issuer (www.altareit.com) and the *Autorité des marchés financiers* (www.amf-france.org).
14. In connection with the issue of the Notes, Morgan Stanley & Co. International plc (the **Stabilising Manager**) (or any person acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of thirty (30) calendar days after the Issue Date of the Notes and sixty (60) calendar days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.
15. This Prospectus contains or incorporates by reference statements on the Issuer's future prospects and areas of development. Such statements are sometimes characterised by the use of the future or conditional tense or forward-looking expressions such as "considers", "expects", "understands", "ought", "believes", "hopes", "may", or, as applicable, the negative form of such expressions, or any variation or similar form of such terms. Such information does not constitute historical data and should not be construed as a warranty that the stated facts and data will become reality. Such information is based on data, assumptions and estimates that the Issuer considers reasonable. It is subject to change or modification due to the uncertainties surrounding in particular the economic, financial, competitive and regulatory environment. Such information appears in various sections of this Prospectus and contains data relating to the Issuer's intentions, estimates and objectives concerning, notably, the market in which it is operating, its strategy, growth, results, financial situation, cash flow and forecasts. The forward-looking statements referred to, or incorporated by reference, in the Prospectus are provided on the date of this Prospectus only. The Issuer operates in a competitive and constantly changing environment. It is therefore not in a position to anticipate all risks, uncertainties or other factors that may affect its business, or their potential impact on its business or the extent to which the materialisation of such a risk or combination of risks may produce results that are significantly different than those referred to in any forward-looking statement, and none of such forward-looking statements constitutes a warranty as to the actual results.
16. The Legal Entity Identifier (**LEI**) of the Issuer is 9695004OAPTHOKN99645.
17. At the date of the Prospectus, the Issuer being a holding company, it is dependent upon its two subsidiaries (Alta-Faubourg SAS and Cogedim) which develop the operational activity.

PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE PROSPECTUS

Person responsible for the information contained in the Prospectus

Altareit

Duly represented by:

Altafi 2 (registered office: 8 avenue Delcasse 75008 Paris – France), co-manager of the Issuer, itself duly represented by its President Mr. Alain TARAVELLA

Declaration by the person responsible for the information contained in the Prospectus

I hereby certify, having taking all reasonable care to ensure that such is the case, that the information contained or incorporated by reference in this Prospectus is, as far as I am aware, in accordance with the facts and does not omit anything likely to affect the import of such information.

Paris, 27 June 2018

Altareit

Duly represented by:

Altafi 2 (registered office: 8 avenue Delcasse 75008 Paris – France), co-manager of the Issuer, itself duly represented by its President Mr. Alain TARAVELLA

Issuer

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Crédit Agricole Corporate and Investment Bank

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Morgan Stanley & Co. International plc

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Legal adviser to the Issuer

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Statutory auditors to the Issuer (2016)

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