

SOCIETE FONCIERE LYONNAISE



€500,000,000 1.500 per cent. Notes due 29 May 2025

Issue Price: 99.199 per cent.

This document constitutes a prospectus (the **Prospectus**) for the purposes of Article 5.3 of Directive 2003/71/EC of the European Parliament and the Council dated 4 November 2003, as amended (the **Prospectus Directive**). Application has been made to the *Autorité des marchés financiers* (**AMF**) for approval of this Prospectus in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive.

The € 500,000,000 1.500 per cent. notes of Société Foncière Lyonnaise (the **Issuer**) maturing 29 May 2025 (the **Notes**) will be issued on 29 May 2018.

Interest on the Notes will accrue from, and including, 29 May 2018 at the rate of 1.500 per cent. *per annum*, payable annually in arrear on 29 May in each year, and for the first time on 29 May 2019 for the period from, and including, 29 May 2018 to, but excluding, 29 May 2019.

Unless previously redeemed or purchased and cancelled, in accordance with the terms and conditions of the Notes, the Notes will be redeemed at par on 29 May 2025 (the **Maturity Date**). The Issuer may, at its option (i) from and including 29 February 2025 to but excluding the Maturity Date, redeem the Notes outstanding, in whole or in part, at par plus accrued interest, in accordance with the provisions set out in Condition 6(d) of the Terms and Conditions of the Notes "Residual Maturity Call Option by the Issuer"; (ii) redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date, in accordance with the provisions set out in Condition 6(c) of the Terms and Conditions of the Notes "Make Whole Redemption by the Issuer" and (iii) redeem the Notes, in whole but not in part, at any time prior to their Maturity Date, if 80 per cent. of the Notes have been redeemed or purchased and cancelled, in accordance with the provisions set out in Condition 6(e) of the Terms and Conditions of the Notes "Clean-Up Call Option".

The Notes may also, and in certain circumstances shall, be redeemed before the Maturity Date, in whole only but not in part, at par, together with, if applicable, accrued interest, notably in the event of any change in taxation as described under Condition 8 of the Terms and Conditions of the Notes "Taxation" or if any event occurs as described under Condition 10 of the Terms and Conditions of the Notes "Events of default". In addition, in the event of the occurrence of a Restructuring Event, Noteholders will be entitled to request the Issuer to redeem their Notes at their principal amount together with, as the case may be, any accrual interest, all as defined and in accordance with Condition 6(f) of the Terms and Conditions of the Notes "Redemption at the option of the Noteholders".

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

The Notes will, upon issue, be inscribed on 29 May 2018 in the books of Euroclear France which shall credit the accounts of the Account Holders. **Account Holders** shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, Clearstream Banking S.A. and Euroclear Bank S.A./N.V.

Application will be made for the Notes to be admitted to trading on the regulated market (within the meaning of directive 2014/65/EU as amended) of Euronext Paris S.A (**Euronext Paris**).

The Notes have been rated BBB+ by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.

At the date of this Prospectus, the long-term corporate rating of the Issuer assigned by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. is BBB+ with a stable outlook. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. At the date of this Prospectus, Standard & Poor's Rating Services is established in the European Union, registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council dated 16 September 2009, as amended (the **CRA Regulation**) and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with CRA Regulation.

See the "Risk Factors" section for a description of certain factors which should be considered by potential investors in connection with any investment in the Notes.

This Prospectus is available free of charge on the websites of the Issuer (www.fonciere-lyonnaise.com) and of the AMF (www.amf-france.org).

	Joint Bookrunners	
BNP Paribas		Crédit Agricole CIB
HSBC	Natixis	Société Générale Corporate & Investment Banking

*The Issuer, having made all reasonable enquiries, confirms that, to the best of its knowledge, this Prospectus contains or otherwise incorporates by reference all information with respect to the Issuer, the Issuer and its consolidated subsidiaries taken as a whole (the **Group**) as well as the Notes which is relevant in the context of the issue and offering of the Notes, that such information is in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility accordingly.*

*None of BNP Paribas, Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, Natixis and Société Générale (together, the **Joint Bookrunners** or the **Managers**) have separately verified the information contained or incorporated by reference in this Prospectus. The Managers do not make any representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes.*

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer of, or an invitation by (or on behalf of), any of the Issuer or the Managers to subscribe or purchase any of the Notes.

No person is authorised to give any information or to make any representation related to the issue or to the sale of the Notes not contained in this Prospectus. Any information or representation not so contained herein must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. The delivery of this Prospectus or any sale of Notes at any time does not imply (i) that there has been no change with respect to the Issuer or the Group since the date hereof and (ii) that the information contained or incorporated by reference in it is correct as at any time subsequent to its date.

The Prospectus and any other information relating to the Issuer or the Notes are not intended to constitute any credit or other evaluation of the financial position of the Issuer or of the Notes and should not be considered as a recommendation by any of the Issuer or the Managers to purchase the Notes. Each prospective investor of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Managers undertakes to review the financial or general condition of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or prospective investor in the Notes of any information coming to its attention. Investors should review, inter alia, the documents incorporated by reference into this Prospectus when deciding whether or not to subscribe for or to purchase the Notes. Investors should in particular conduct their own analysis and evaluation of risks relating to the Issuer, its business, its financial condition and the issued Notes and consult their own financial or legal advisers about risks associated with investing in the Notes and the suitability of investing in the Notes in light of their particular circumstances.

Potential investors should read carefully the section entitled "Risk Factors" set out in this Prospectus before making a decision to invest in the Notes.

The distribution of this Prospectus and the offering or the sale of the Notes in certain jurisdictions may be restricted by law or regulation. The Issuer and the Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or any of the Managers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Note may be offered or sold, directly or indirectly, and neither this Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of Notes and distribution of this Prospectus and of any other offering material relating to the Notes, see section "Subscription and Sale" below.

*The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the **Securities Act**). In accordance with U.S. laws, and subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons, both as defined in Regulation S under the Securities Act (the **Regulation S**).*

This Prospectus is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order

2005 (as amended, the **Financial Promotion Order**), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) 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 any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as **relevant persons**). This Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with 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 ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines on MiFID II product governance requirements published by ESMA dated 5 February 2018, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **Distributor**) should take into consideration the manufacturers' target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

In this Prospectus, references to **€**, **EURO**, **EUR** or to **euro** are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997).

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RISK FACTORS

The following are certain risk factors relating to the offering of the Notes of which prospective investors should be aware. Prior to making an investment decision, prospective investors should consider carefully all the information set out in this Prospectus, including in particular the risk factors detailed below, and consult with their own financial and legal advisors as to the risks entailed by an investment in the Notes. The following statements are not exhaustive. In addition, investors should be aware that the risks described may be combined and thus interrelated with one another. Prospective investors should make their own independent evaluations of all investment considerations and should also read the detailed information set out elsewhere in this Prospectus. Terms defined in the section "Terms and Conditions of the Notes" of this Prospectus shall have the same meaning where used below.

1. Risks relating to the Issuer

Risks factors linked to Société Foncière Lyonnaise as Issuer, include:

- liquidity risk,
- counterparty risk,
- currency risk,
- interest rate risk,
- risk relating to changes in the economic environment and the property market,
- asset valuation risks,
- risk associated with a highly competitive property investment market,
- risks associated with tenants,
- risks associated with the availability and cost of financing,
- risk associated with the loss of key personnel,
- risks associated with subcontractors and other service providers,
- risks associated with the regulatory environment,
- risks associated with government-related procedures,
- risks associated with neighbour complaints,
- risks associated with the majority shareholder,
- risks associated with the SIIC tax regime, and
- financial risks linked to the effects of climate change.

Risks factors linked to the Issuer and its activity are described in pages 12 to 17 of the 2017 Reference Document of the Issuer which are incorporated by reference herein.

2. Risks linked to the Notes

(a) Investors

Potential investors should:

- be experienced with respect to transactions on capital markets and notes and should understand the risks of transactions involving the Notes;

- reach an investment decision only after careful consideration of the information set forth in this Prospectus and general information relating to Notes;
- ensure that they have sufficient financial resources to bear the risks of purchase of the Notes;
- have sufficient knowledge of the nature of Notes, the merits and risks of investing in the relevant Notes and verify the suitability of such investment in light of their particular financial situation; and
- make their own assessment of the legal, tax, accounting and regulatory aspects of purchasing the Notes.

Each potential investor should consult its legal advisers on legal, tax and related aspects of investment in the Notes. A prospective investor may not rely on the Issuer or the Managers or any of their respective affiliates in connection with its determination as to the legality and suitability of its acquisition of the Notes or as to the other matters referred to above.

Potential investors should be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect their investment and their ability to bear the applicable risks.

Some potential investors are subject to restricting investment regulations. These potential investors should consult their legal counsel in order to determine whether investment in the Notes is authorised by law, whether such investment is compatible with their other borrowings and whether other selling restrictions are applicable to them.

Legality of Purchase

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

(b) Risks related to the Notes generally

The Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to pay additional amounts in respect of any Notes due to any withholding as provided in Condition 8 of the Terms and Conditions of the Notes "Taxation", the Issuer may and, in certain circumstances shall, redeem all of the Notes then outstanding in accordance with such Condition.

In addition, the Issuer may, at its option (i) from and including 29 February 2025 to but excluding the Maturity Date, redeem the Notes outstanding, in whole or in part, at par plus accrued interest, as provided in Condition 6(d) of the Terms and Conditions of the Notes, (ii) redeem, in whole or in part, the then outstanding Notes at any time prior to the Maturity Date, at the relevant make whole redemption amount, as provided in Condition 6(c) of the Terms and Conditions of the Notes and (iii) redeem the Notes, in whole but not in part, at any time prior to their Maturity Date, if 80 per cent. of the Notes have been redeemed or purchased and cancelled, in accordance with the provisions set out in Condition 6(e) of the Terms and Conditions of the Notes (the **Clean-Up call Option**).

In connection with the Clean-Up Call Option, there is no obligation under the Terms and Conditions of the Notes for the Issuer to inform investors if and when this percentage has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of this option, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

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

Both the Make Whole Redemption by the Issuer and the Residual Maturity Call Option by the Issuer are exercisable in whole or in part and exercise of the Make Whole Redemption by the Issuer and the Residual Maturity Call Option by the Issuer in respect of certain Notes may affect the liquidity of the Notes in respect of which such option is not exercised

Both the Make Whole Redemption by the Issuer provided in Condition 6(c) of the Terms and Conditions of the Notes and the Residual Maturity Call Option by the Issuer provided in Condition 6(d) of the Terms and Conditions of the Notes are exercisable in whole or in part.

If the Issuer decides to redeem the Notes in part, such partial redemption may be effected, at the option of the Issuer, either by (i) reducing the nominal amount of all such Notes in proportion to the aggregate nominal amount redeemed or (ii) redeeming in full only some of the Notes or (iii) any other means permitted by applicable laws.

Depending on the proportion of the principal amount of all of the Notes so reduced or the number of Notes redeemed, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid.

Modification of the Terms and Conditions of the Notes and Waivers

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 consultation in writing (the **Consultation in Writing**). These provisions permit in certain cases defined majorities to bind all Noteholders including Noteholders who did not participate in the relevant General Meeting or Consultation in Writing and Noteholders who voted in a manner contrary to the majority. General Meetings or Consultations in Writing may deliberate on any proposal relating to the modification of the conditions of the Notes subject to the limitation provided by French law.

Purchases by the Issuer in the open market or otherwise (including by tender offer) in respect of certain Notes may affect the liquidity of the Notes which have not been so purchased

Depending on the number of Notes purchased by the Issuer as provided in Condition 6(h) of the Terms and Conditions of the Notes, any trading market in respect of the Notes that have not been so purchased may become illiquid.

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

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

Credit Risk of the Issuer

The value of the Notes will depend on the creditworthiness of the Issuer. If such creditworthiness deteriorates, the value of the Notes may decrease and investors may then lose all or part of their investment.

Change of Control

In the event of the occurrence of a Restructuring Event and pursuant to the occurrence of certain events (as more fully described in Condition 6(f) of the Terms and Conditions of the Notes "Redemption at the option of the Noteholders"), each Noteholder will have the right to request the Issuer to redeem the Notes held by him at their principal amount together with any accrued interest. In such case, any trading market in respect of those Notes in respect of which such redemption right is not exercised may become illiquid. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes.

Change of law

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial or administrative decision or change to the laws of France or

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

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial notes such as the Notes. Potential investors are advised not to rely upon the tax overview contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, disposal and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

The proposed financial transaction tax (the FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). In March 2016, Estonia indicated its withdrawal from the enhanced cooperation.

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

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

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

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

French Insolvency Law

The Issuer is incorporated under the laws of France. Accordingly, any insolvency proceedings with respect to the Issuer or its French subsidiaries would likely be carried out under the laws of France, including Article 1345-3 of the French *Code civil* and laws relating to conciliation procedure (*procédure de conciliation*) and safeguard procedure, accelerated financial safeguard procedure, accelerated safeguard procedure, judicial reorganization or liquidation proceedings (*procédure de sauvegarde, procédure de sauvegarde financière accélérée, procédure de sauvegarde accélérée, redressement or liquidation judiciaire*).

Certain provisions of insolvency laws in France are less favourable to creditors than are the bankruptcy laws of other countries. In general, French reorganization or liquidation legislation favours the continuation of a business and protection of employment over the payment of creditors.

Pursuant to Article 1343-5 of the French *Code civil*, French courts may, in a civil proceeding involving a debtor, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations. In addition, pursuant to Article 1343-5 of the French *Code civil*, French courts may decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate which is lower than the contractual rate (but not lower than the legal rate) or that payments made shall first be allocated to repayment of the principal.

As a general rule, creditors whose debts arose prior to the commencement of bankruptcy proceedings must file a claim with the creditors' representative within certain periods (which may depend on the domicile of the creditor) of the publication of the court order commencing bankruptcy proceedings (safeguard procedure, accelerated financial safeguard procedure, judicial reorganization or liquidation proceeding). Creditors who have not submitted their claims

during this period are barred from receiving distributions made in connection with the bankruptcy proceedings and their unasserted claims will be unenforceable against the debtor both during and following the implementation of the continuation plan, provided the debtor has complied with the plan's terms.

French courts may order that the date on which the company became unable to pay its debts as they came due be deemed to be an earlier date of up to eighteen (18) months prior to the order commencing bankruptcy proceedings (*report de la date de cessation des paiements*). This date marks the beginning of a suspect period (*période suspecte*) during which certain transactions that are entered into may be voided.

In addition, from the date of the court order commencing bankruptcy proceedings, the debtor is prohibited from paying debts outstanding prior to the court order, subject to limited exceptions. Contractual provisions that would accelerate the payment of the debtor's obligations upon the occurrence of certain bankruptcy events, such as those contained in the Terms and Conditions of the Notes, may be subject to an automatic stay of payment under French law applicable to debts outstanding at the time of commencement of bankruptcy proceedings.

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the **Assembly**) in order to defend their common interests if a safeguard procedure (*procédure de sauvegarde*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), an accelerated safeguard procedure (*procédure de sauvegarde accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme and regardless of their governing law.

The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), accelerated financial safeguard plan (*plan de sauvegarde financière accélérée*), accelerated safeguard plan (*plan de sauvegarde accélérée*) or judicial reorganisation plan (*projet de plan de redressement judiciaire*) applicable to the Issuer and may further agree to:

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

Decisions of the Assembly will be taken by a two-third (2/3rd) majority (calculated as a proportion of the debt securities held by the holders casting a vote at the Assembly). No quorum is required to hold the Assembly.

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

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Prospectus will not be applicable to the extent they conflict with compulsory insolvency law provisions that apply in these circumstances.

Credit Rating may not reflect all risks

The Notes are rated BBB+ by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.. The rating 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.

At the date of this Prospectus, the long-term corporate rating of the Issuer assigned by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. is BBB+ with a stable outlook. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. At the date of this Prospectus, Standard & Poor's Rating Services is established in the European Union, registered under Regulation (EU) No. 1060/2009 of the European Parliament and of the Council dated 16 September 2009, as amended (the **CRA Regulation**) and included in the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with CRA Regulation.

(c) *Risks related to the market generally*

Market value of the Notes

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including market interest and yield rates.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchange on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

No active secondary market for the Notes

An investment in the Notes should be considered primarily with a view to holding them until their maturity. Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of Euro or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. As a result, investors may receive less interest or principal than expected.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

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

Potential Conflicts of Interest

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

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with:

- the French language 2017 annual report of the Issuer (the **2017 Annual Report**), including the 2017 reference document of the Issuer (also entitled financial and legal report) dated 29 March 2018 filed with the *Autorité des marchés financiers* (the **AMF**) under number D.18-0229 (the **2017 Reference Document**),
- the French language 2016 annual report of the Issuer (the **2016 Annual Report**), including the 2016 reference document of the Issuer (also entitled financial and legal report) dated 5 April 2017 filed with the *Autorité des marchés financiers* (the **AMF**) under number D.17-0329 (the **2016 Reference Document**), and

which are incorporated by reference in, and shall be deemed to form part of, this Prospectus, except for the third paragraph of the "*attestation du responsable du document de référence*" respectively on pages 192 and 206 of the 2017 Reference Document and 2016 Reference Document.

A free non binding English translation of the 2017 Reference Document and the 2016 Reference Document, for information purposes only, is available on the website of the Issuer (www.fonciere-lyonnaise.com).

Copies of the documents incorporated by reference are available without charge (i) on the Issuer's website (www.fonciere-lyonnaise.com) and (ii) upon request at the principal office of the Issuer or of the Paying Agent during normal business hours so long as any of the Notes is outstanding, as described in "General Information" below. The 2017 Reference Document and the 2016 Reference Document are available without charge on the website of the AMF (www.amf-france.org).

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

Prospectus Regulation – Annex IX	2017 Reference Document	2016 Reference Document
A9.2 STATUTORY AUDITORS		
A9.2.1 Names and addresses of the issuer’s auditors for the period covered by the historical financial information (together with their membership in a professional body).	Page 193	
A9.2.2 If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, details if material.		
A9.3 RISK FACTORS		
A9.3.1 Prominent disclosure of risk factors that may affect the issuer’s ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors".	Pages 12 to 17	
A9.4 INFORMATION ABOUT THE ISSUER		
A9.4.1 <u>History and development of the Issuer:</u>		
A9.4.1.1 the legal and commercial name of the Issuer;	Page 194	
A9.4.1.2 the place of registration of the Issuer and its registration number;	Page 194	
A9.4.1.3 the date of incorporation and the length of life of the Issuer, except where indefinite; and	Page 194	
A9.4.1.4 the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office).	Page 194	
A9.5 BUSINESS OVERVIEW		

Prospectus Regulation – Annex IX	2017 Reference Document	2016 Reference Document
A9.5.1 <u>Principal activities:</u>		
A9.5.1.1 A brief description of the issuer’s principal activities stating the main categories of products sold and/or services performed; and	Page 7	
A9.5.1.2 The basis for any statements in the registration document made by the issuer regarding its competitive position.	Pages 13 - 14	
A9.6 ORGANISATIONAL STRUCTURE		
A9.6.1 If the issuer is part of a group, a brief description of the group and of the issuer's position within it.	Pages 11 and 196	
A9.9 ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES		
A9.9.1 Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.	Pages 85 to 98 N/A	
A9.9.2 <u>Administrative, Management, and Supervisory bodies conflicts of interests</u> Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, make a statement to that effect.	Pages 87, 88 and 100	
A9.10 MAJOR SHAREHOLDERS		
A9.10.1 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.	Pages 15, 25 and 26	
A9.10.2 A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	N/A	
A9.11 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES		
A9.11.1 <u>Historical Financial Information</u> Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year. (a) balance sheet; (b) income statement; (c) cash flow statement; and (d) accounting policies and explanatory notes	Pages 134 to 160 Page 134 Page 135 Page 137 Pages 138 to 160	Pages 152 to 177 Page 152 Page 153 Page 155 Pages 156to 177
A9.11.3 <u>Auditing of historical annual financial information</u>	Pages 182 to 184	Page 198
A9.11.5 <u>Legal and arbitration proceedings</u>	Page 17	

Prospectus Regulation – Annex IX	2017 Reference Document	2016 Reference Document
Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.		
A9.12 MATERIAL CONTRACTS		
A9.12 A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued.	Page 196	

TERMS AND CONDITIONS OF THE NOTES

*The terms and conditions of the Notes (the **Conditions**), subject to completion and amendment, will be as follows:*

The issue of the € 500,000,000 1.500 per cent. Notes maturing on 29 May 2025 (the **Notes**) by Société Foncière Lyonnaise (the **Issuer**) was authorised pursuant to a resolution of the board of directors of the Issuer dated 17 November 2017.

The Notes are issued with the benefit of a fiscal agency agreement dated 25 May 2018 (the **Fiscal Agency Agreement**) between the Issuer and BNP Paribas Securities Services, as fiscal agent (the **Fiscal Agent** which expression shall, where the context so admits, include any successor for the time being as fiscal agent), calculation agent (the **Calculation Agent**) and paying agent (the **Paying Agent** which expression shall, where the context so admits, include any successor for the time being as paying agent).

References below to the **Noteholders** are to the holders of the Notes.

References below to **Conditions** are to the numbered paragraphs below.

1. Form, denomination and title

The Notes will be issued on 29 May 2018 (the **Issue Date**) in dematerialised bearer form in the denomination of € 100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in book entry form in the books of Euroclear France (**Euroclear France**) which shall credit the accounts of the Account Holders. For the purpose of these Conditions, **Account Holders** shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, Clearstream Banking S.A. (**Clearstream**) and Euroclear Bank S.A./N.V. (**Euroclear**).

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

2. Status of the Notes

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

3. Negative Pledge

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

For the purposes of the Conditions:

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

Contributory Revalued Assets Value means the product of the Relevant Revalued Assets Value of the relevant Subsidiary and the rate of direct or indirect detention of the Issuer in the relevant Subsidiary;

outstanding means, in relation to the Notes, all the Notes issued other than: (i) those which have been redeemed in accordance with the Conditions; (ii) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such

redemption and any interest payable under Condition 5 after such date) have been duly paid to the relevant Account Holders on behalf of the relevant Noteholders; (iii) those in respect of which claims have become prescribed under Condition 9; and (iv) those which have been purchased and cancelled as provided in Condition 6(h) and 6(i);

Subsidiary means each subsidiary, as defined in Article L.233-1 of the French *Code de commerce*, of the Issuer or an entity controlled (within the meaning of Article L.233-3 of the French *Code de commerce*) by the Issuer;

Material Subsidiary means, at any given date, a Subsidiary with a Contributory Revalued Assets Value at least equal to five (5) per cent. of the Revalued Assets Value (as defined below); and

Relevant Revalued Assets Value means for any Subsidiary at any time (i) the block value (excluding transfer duties and latent taxes (*hors fiscalité latente et droits de mutation*)) provided by the Property Valuers of the total Real Estate Assets owned or held directly or indirectly by such Subsidiary (including through financial leases and including the Real Estate Assets used as operating properties) as shown in, or derived from, the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer and (ii) the value of the equity-accounted investments (including advances) held directly or indirectly by the Subsidiary in any Person (as defined below) as shown in such financial statements;

4. Restrictions on Secured Borrowings

The Issuer undertakes to the Noteholders that, so long as any of the Notes remains outstanding and except with the prior approval of the General Meeting (as defined under Condition 12 below) of the Noteholders, the Unsecured Revalued Assets Value (as defined below) shall not be less than the Relevant Debt (as defined below) at any time.

For the purposes of the Conditions:

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

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

- (a) any outstanding principal amount (together with any fixed or minimum premium payable on final repayment) of all moneys borrowed (with or without security);
- (b) any amount raised under any acceptance credit opened by a bank or other financial institution;
- (c) any lease, sale-and-lease-back, sale-and-repurchase or hire purchase contracts or arrangements which is, in accordance with the relevant accounting principles at the time such contracts or arrangements were entered into, treated as financial debt (*emprunts et dettes financières*);
- (d) any amount raised pursuant to any issuance of shares (or equivalent) which are mandatorily redeemable (whether at their final maturity or upon the exercise by the holder of such shares (or equivalent) of any option) prior to the Maturity Date;
- (e) any outstanding amount of the deferred purchase price of Real Estate Assets where payment (or, if payable in instalments, the final instalment) is due more than one year after the date of purchase of such Real Estate Asset; or
- (f) any amount raised under any other transaction which is treated in accordance with the relevant accounting principles in the latest non-consolidated or consolidated balance sheet as financial debt (*emprunts et dettes financières*) (or, in the case of such amounts raised after the date hereof, would have been so treated had they been raised on or prior to such date);

provided that:

- (i) for the purposes of computing the outstanding principal amount of any Financial Indebtedness in paragraphs (a) to (f) above, any interest, dividends, commissions, fees or the like shall be excluded save to the extent that they have been capitalised; and
- (ii) no amount shall be included or excluded more than once in calculating the amount of principal outstanding in respect of any Financial Indebtedness;

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

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

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

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

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

Revalued Assets Value means at any time (i) the block value (excluding transfer duties and latent taxes (*hors fiscalité latente et droits de mutation*)) provided by the Property Valuers of the total Real Estate Assets owned or held directly or indirectly by the Issuer (including through financial leases and including the Real Estate Assets used as operating properties) as shown in, or derived from, the latest audited annual or unaudited semi-annual consolidated financial statements of the Issuer and (ii) the value of the equity-accounted investments (including advances) held directly or indirectly by the Issuer in any Person as shown in such financial statements;

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

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

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

5. Interest

The Notes bear interest from, and including, 29 May 2018 to, but excluding, 29 May 2025, at the rate of 1.500 per cent. *per annum*, payable annually in arrear on 29 May in each year (each an **Interest Payment Date**). The first payment of interest will be made on 29 May 2019 for the period from, and including, 29 May 2018 to, but excluding, 29 May 2019. Each Note will cease to bear interest from the due date for redemption unless payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at the rate of 1.500 per cent. *per annum* (both before and after judgment) until the day (included) on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder.

The amount of interest due in respect of each Note will be calculated by reference to the aggregate value of each Noteholder's holding, the amount of such payment being rounded to the nearest cent (half a cent being rounded upwards).

If interest is required to be calculated for a period of less than one year, it will be calculated on an actual/actual (ICMA) basis for each period, that is to say the actual number of days elapsed during the relevant period divided by 365 (or by 366 if a 29 February is included in such period), the result being rounded to the nearest cent (half a cent being rounded upwards).

6. Redemption and purchase

(a) Final redemption

Unless previously purchased and cancelled as provided below, the Notes will be redeemed at their principal amount on 29 May 2025 (the **Maturity Date**).

(b) *Redemption for Taxation Reasons*

The Notes may, and in certain circumstances shall, be redeemed before the date of their final redemption, in the event of any change occurring in taxation pursuant to the conditions provided in Condition 8.

(c) *Make Whole Redemption by the Issuer*

The Issuer will, subject to compliance by the Issuer with all relevant laws, regulations and directives and having given not less than fifteen (15) nor more than thirty (30) calendar days' notice in accordance with Condition 11 to the Noteholders and to the Fiscal Agent (which notice shall be irrevocable and shall specify the date fixed for redemption), have the option to redeem the Notes, in whole or in part, at any time prior to their Maturity Date (the **Optional Make Whole Redemption Date**) at their **Optional Redemption Amount** (as defined below) together with any accrued and unpaid interest up to, but excluding, the Optional Make Whole Redemption Date and any additional amounts as specified in Condition 8.

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

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

Early Redemption Margin means + 0.20 per cent. *per annum*.

Early Redemption Rate means the average of the four quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth (4th) business day in Paris preceding the Optional Make Whole Redemption Date at 11.00 a.m. (Central European time (CET)).

If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent after prior consultation with the Issuer if practicable under the circumstances, at 11.00 a.m. (Central European time (CET)) on the fourth (4th) business day in Paris preceding the Optional Make Whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer.

Principal Amount means €100,000.

Reference Benchmark Security means the Federal Government Bund of Bundesrepublik Deutschland (bearing interest at a rate of 0.5 per cent. *per annum* and maturing on February 2025 with ISIN DE0001102374).

Reference Dealers means each of the four (4) banks (that may include the Managers) selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

Similar Security means a reference bond or reference bonds issued by the German 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.

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

The Issuer may, at its option, from and including 29 February 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 in accordance with Condition 11 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the outstanding Notes, in whole or in part, at their Principal Amount plus accrued interest up to but excluding the date fixed for redemption.

(e) *Clean-Up Call Option*

In the event that eighty (80) per cent. or more in initial aggregate nominal amount of the Notes (including any further notes to be assimilated with the Notes pursuant to Condition 13) have been redeemed or purchased and cancelled, the Issuer may, at its option, subject to having given not more than sixty (60) nor less than thirty (30) days' prior notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem the outstanding Notes, in whole but not in part, at their principal amount plus accrued interest up to but excluding the date fixed for redemption.

Such Clean-Up Call Option may however not be used if the Issuer has previously redeemed part of the Notes pursuant to Condition 6(c).

(f) *Redemption at the option of the Noteholders*

If at any time while any of the Notes remains outstanding (A) a Restructuring Event occurs and (B) within the Restructuring Period (i) (if at the time of the Restructuring Event the Issuer and/or the Notes outstanding have a rating from a Rating Agency) a Rating Downgrade in respect of that Restructuring Event occurs and such Rating Downgrade has not been cured prior to the expiry of the Restructuring Period or (ii) (if at the time of the Restructuring Event the Issuer and/or the Notes outstanding do not have a rating from a Rating Agency) a Negative Rating Event in respect of that Restructuring Event occurs (such Restructuring Event and Rating Downgrade or Negative Rating Event, as the case may be, occurring within the Restructuring Period and, in the case of a Rating Downgrade, not having been cured prior to the expiry of the Restructuring Period, together called a **Put Event**), each Noteholder will have the option (the **Put Option**) (unless, prior to the giving of the Put Event Notice referred to below, the Issuer has given notice under Condition 8(b) in respect of the Notes) to require the Issuer to redeem or, at the Issuer's option, procure the purchase of that Note on the Optional Redemption Date (as defined below). Each Note shall be redeemed or purchased at its principal amount (the **Optional Redemption Amount**) together with (or where purchased, together with an amount equal to) interest accrued to (but excluding) the Optional Redemption Date.

Promptly upon the Issuer becoming aware that a Restructuring Event has occurred, the Issuer shall give notice (x) in case of Notes held through an Account Holder to the relevant Account Holder (y) in the case of Notes held through Euroclear or Clearstream to Euroclear or Clearstream, as the case may be, and to the Fiscal Agent and, upon receipt of such notice the Fiscal Agent shall give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 11 specifying the nature of the Put Event and the procedure for exercising the Put Option described in this Condition.

To exercise the Put Option, a Noteholder must give notice to the relevant Account Holder, with a copy to the Fiscal Agent in or substantially in the form set out in the Agency Agreement, duly completed and signed on its behalf (the **Put Notice**), on any Business Day falling within the period of forty-five (45) days after a Put Event Notice is given (the **Put Period**). The Put Notice shall include instructions for the transfer of such Noteholders' Notes to the specified account of the Fiscal Agent for the redemption or purchase of such Notes.

The form of the Put Notice shall be available from the Fiscal Agent.

Payment in respect of such Notes will be made on the Optional Redemption Date by transfer to the bank account specified in the Put Notice. A Put Notice once given shall be irrevocable. The Issuer shall redeem or, at its option, procure the purchase of the relevant Notes on the Optional Redemption Date unless previously redeemed or purchased.

For the avoidance of doubt, the Issuer shall have no responsibility for any breakage costs which the Noteholder may incur as a result of or in connection with such Noteholder's exercise or purported exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising there from or otherwise). The Issuer shall be responsible for any administrative costs e.g. notices etc. arising as a result of in connection with any Noteholder's exercise or purported exercise of, or otherwise in connection with, any Put Option.

For the purposes of this Condition:

A **Rating Downgrade** shall be deemed to have occurred in respect of a Restructuring Event if within the Restructuring Period, the rating previously assigned to the Notes or to the Issuer by any Rating Agency solicited by the Issuer is (x) withdrawn or (y) changed from an investment grade rating (BBB-/Baa3 or their respective equivalent for the time being, or better) to a non-investment grade rating (BB+/Ba1 or their respective equivalent for the time being, or worse) or (z) if the rating previously assigned to the Notes or to the Issuer by any Rating Agency solicited by the Issuer was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB, or their respective equivalents), provided that the Rating Agency making the reduction in rating announces or publicly confirms or, having been so requested by the Issuer, informs the Issuer or the Fiscal Agent in writing that the lowering was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Restructuring Event (whether or not the applicable Restructuring Event shall have occurred at the time of the Rating Downgrade). If the Notes or the Issuer are rated by more than one Rating Agency, a Rating

Downgrade shall be deemed not to have occurred in respect of a particular Restructuring Event if only one Rating Agency has withdrawn or lowered its rating.

Rating Agency means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and its successors (**S&P**) or Moody's Investors Service, Inc. and its successors (**Moody's**) or Fitch Ratings Ltd. and its successors (**Fitch**) or any other rating agency of equivalent standing specified by the Issuer in writing to the Fiscal Agent.

A **Restructuring Event** shall be deemed to have occurred at each time (whether or not approved by the Board of Directors of the Issuer) that any Person or Persons acting in concert (within the meaning of Article L.233-10 of the French *Code de commerce*) shall come to acquire, or come into possession, directly or indirectly, beneficially and/or of record, more than fifty (50) per cent. of the shares or voting rights of the Issuer.

Optional Redemption Date means the fifth (5th) Business Day after the expiry of the Restructuring Period.

A **Negative Rating Event** shall be deemed to have occurred if (i) the Issuer does not on or before the forty-fifth (45th) Business Day after the relevant Restructuring Event seek to obtain from a Rating Agency, a rating of the Notes, failing which, a corporate rating or (ii) if it does so seek, it has not at the expiry of the Restructuring Period and as a result of such Restructuring Event obtained such a rating of at least (a) the grade assigned to the Notes at the time of their issuance, failing which, (b) the grade of the corporate rating assigned to the Issuer at the time of the issuance of the Notes, failing which, (c) the grade of the most recent corporate rating assigned to the Issuer, provided that the Rating Agency (A) announces or publicly confirms or, (B) having been so requested by the Issuer, informs the Issuer or the Fiscal Agent in writing that its declining to assign a rating of at least (a) the grade assigned to the relevant Notes at the time of their issuance, (b) the grade of the corporate rating assigned to the Issuer at the time of the issuance of the Notes, or (c) the grade of the most recent corporate rating assigned to the Issuer, respectively, was the result, in whole or in part, of the applicable Restructuring Event (whether or not the Restructuring Event shall have occurred at the time such rating is declined).

Restructuring Period means the period beginning one hundred and twenty (120) calendar days prior to, and ending one hundred and twenty (120) calendar days after, the date of the public announcement of the result (*avis de résultat*) by the AMF of the relevant Restructuring Event.

The Fiscal Agent is under no obligation to ascertain whether a Restructuring Event, a Negative Rating Event, a Rating Downgrade or any event which could lead to the occurrence of or could constitute a Restructuring Event has occurred and until it shall have actual knowledge or express notice to the contrary, the Fiscal Agent may assume that no Restructuring Event, Negative Rating Event, Rating Downgrade or other such event has occurred.

(g) *Partial Redemption*

If the Issuer decides to redeem the Notes in part as set out in Conditions 6(c) and 6(d) above, such partial redemption may be effected, at the option of the Issuer, either, subject to compliance with any applicable laws and regulated market or stock exchange requirements, by (i) reducing the nominal amount of all such Notes in proportion to the aggregate nominal amount redeemed or (ii) redeeming in full only some of the Notes and, in such latter case, the choice between those Notes that will be fully redeemed and those Notes that will not be redeemed shall be made in accordance with Article R.213-16 of the French *Code monétaire et financier* or (iii) any other means permitted by applicable laws.

(h) *Purchases*

The Issuer may at any time purchase Notes in the open market or otherwise at any price in accordance with applicable laws. Notes so purchased by the Issuer may be held and resold in accordance with applicable laws.

(i) *Cancellation*

All Notes which are redeemed or purchased by, or for the account of, the Issuer may, at its sole option, be held or cancelled in accordance with applicable laws and regulations.

7. **Payments**

(a) *Method of payment*

Payment of principal, interest and other assimilated revenues in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account, in accordance with tax provisions or with any other applicable laws or regulations, and subject to the provisions of Condition 8.

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

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(b) Payments on Business Days

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

In this Condition **Business Day** means a day (except for Saturdays and Sundays) on which the Trans-European Automated Real Time Gross Settlement Express Transfer System (TARGET 2) is operating.

(c) Fiscal Agent, Calculation Agent and Paying Agent

The initial Fiscal Agent, Calculation Agent and Paying Agent and its specified office are as follows:

BNP Paribas Securities Services
(Euroclear France Affiliate number 29106)
3,5,7 rue du Général Compans
93500 Pantin
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Calculation Agent or Paying Agents and/or appoint another Fiscal Agent, Calculation Agent and additional or other Paying Agents, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders, in accordance with Condition 11, and as long as there will at all times be (i) a Fiscal Agent and a Calculation Agent having a specified office in a European city and (ii) so long as the Notes are admitted to trading on Euronext Paris, a Paying Agent having a specified office in a European city and ensuring financial services in France.

Any change of Fiscal Agent will be notified to the Noteholders in accordance with the provisions of Condition 11.

8. Taxation

- (a) All payments of principal, interest and other assimilated revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes or duties of whatever nature imposed, levied or collected by or on behalf of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
- (b) If French law or regulation should require that payments of principal, interest or other assimilated revenues in respect of any Note be subject to withholding or deduction for or on account of any present or future taxes or duties of whatever nature, the Issuer shall, to the extent permitted by law, pay such additional amounts as will result in the receipt by the Noteholders of the amounts which would have been receivable by them in the absence of such withholding or deduction.

However, if the Issuer would, as a result of any change in or in the application or interpretation of French laws or regulations, be required to pay any such additional amounts, and this obligation cannot be avoided by reasonable measures of the Issuer, then the Issuer may at any time redeem all of the outstanding Notes at their principal amount together with interest accrued until the date fixed for redemption provided that the date fixed for redemption for which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payments of principal, interest and other assimilated revenues without withholding or deduction for French taxes or duties.

Provisions mentioned in the first paragraph of (b) above shall not apply in respect of any Note to, or to a third party on behalf of, a Noteholder who is liable to such taxes or duties by reason of his having some connection with France other than the mere holding of such Notes.

- (c) If the Issuer is obliged to make such additional payments as defined in sub-paragraph (b) above and if such payments are or would become prohibited by French law and if the obligation to make such additional payments cannot be avoided by reasonable measures of the Issuer, the Issuer shall redeem all of the outstanding Notes at their principal amount together with accrued interest on the latest practicable date on which the Issuer could make payments of principal, interest and other assimilated revenues without withholding or deduction for French taxes or duties.
- (d) In the event of repayment in accordance with sub-paragraph (b) above, the Issuer will publish, or cause to be published, a redemption notice, as described under Condition 11, at the earliest sixty (60) days and at the latest thirty (30) days prior to the date fixed for repayment. In the event of repayment in accordance with sub-paragraph (c) above, the Issuer will publish, or cause to be published, a redemption notice, in the same conditions at the earliest sixty (60) days and at the latest seven (7) days prior to the date fixed for such repayment.

9. Prescription

All claims against the Issuer for the payment of principal or interest in respect of the Notes shall lapse after ten (10) years (in the case of principal) and five (5) years (in the case of interest) from due date for payment thereof.

10. Events of default

Any Noteholder, may, upon written notice given by registered letter with acknowledgment of receipt to the Issuer (copy to the Fiscal Agent) before all defaults shall have been cured, cause all, but not some only, of the Notes held by such Noteholder to become immediately due and payable, at their principal amount together with any accrued interest thereon and any additional amounts as specified in Condition 8 until their actual redemption date:

- (a) if the Issuer defaults in any payment of principal or interest on any Note on the due date thereof and such default continues for a period of more than ten (10) calendar days from such due date;
- (b) if there is a default by the Issuer in the due performance of any other provision of the Conditions, and such default shall not have been cured within thirty (30) calendar days after receipt by the Issuer of written notice of such default from the Representative;
- (c) if the Issuer or any of its Material Subsidiaries (as defined in Condition 3) makes any proposal for a general moratorium in relation to its debts, enters into an amicable arrangement with its creditors or is subject to a safeguard proceeding (*procédure de sauvegarde*), an accelerated financial safeguard proceeding (*procédure de sauvegarde financière accélérée*), an accelerated safeguard proceeding (*procédure de sauvegarde accélérée*) or a judgment is rendered for the judicial reorganisation (*redressement judiciaire*), for the judicial liquidation (*liquidation judiciaire*) or for a judicial transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any of its Material Subsidiaries or, to the extent permitted by applicable law, if the Issuer or any of its Material Subsidiaries is subject to any other similar insolvency or bankruptcy proceedings, or grants any assignment for the benefit of its creditors;
- (d) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries, for borrowed money in excess of, whether individually or collectively, Euro 20,000,000 (or its equivalent in any other currency), whether individually or collectively, shall become due and payable prior to its stated maturity as a result of a default thereunder of the Issuer or any of its Material Subsidiaries, or any such indebtedness shall not be paid when due or, as the case may be, within any applicable grace period therefore, or any guarantee or indemnity given by the Issuer or any of its Material Subsidiaries for, or in respect of, any such indebtedness shall not be paid when due and called upon (subject to any originally applicable grace periods) unless the Issuer or such Material Subsidiary, as the case may be, has disputed in good faith that such borrowed money is due or such guarantee or indemnity is callable, and such dispute has been submitted to a competent court in which case such event shall not constitute, an event of default hereunder so long as the dispute has not been finally adjudicated;
- (e) if the Issuer ceases to carry on all or a material part of its business or other operations, except for the purposes of and followed by a merger or reorganisation (*cession, scission* or *apport partiel d'actifs*) or any procedure

analogous thereto under the law applicable to the Issuer, provided that such merger, reorganisation or analogous procedure takes place on terms approved by the *Masse* where such approval is required by law.

11. Notices

Any notice to the Noteholders will be duly given if delivered to Euroclear France, Euroclear and Clearstream for so long as the Notes are cleared through such clearing systems and published on the website of the Issuer (www.fonciere-lyonnaise.com); and so long as the Notes are admitted to trading on Euronext Paris and the rules applicable to such stock exchange so require, on the website of Euronext Paris (www.euronext.com).

For the avoidance of doubt, notices relating to the convocation of the Collective Decisions pursuant to Condition 12 and pursuant to Articles R.228-61, R. 228-79 and R. 236-11 of the French *Code de commerce* shall be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Notes are for the time being cleared and on the website of the Issuer (www.fonciere-lyonnaise.com).

Any notice to the Noteholders shall be deemed to have been given on the date of such publication or if published on different dates, on the date of the first publication.

12. Representation of the Noteholders

The Noteholders will be grouped automatically for the defence of their common interests in a *masse* (hereinafter referred to as the *Masse*).

The *Masse* will be governed by the provisions of the French *Code de commerce*, and with the exception of Articles L.228-48, L.228-65 II. 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, by virtue of Article L.228-46 of the French *Code de commerce*, acting in part through a representative (the **Representative**) and in part through collective decisions of the Noteholders (the **Collective Decision**).

(b) *Representative*

The names and addresses of the initial Representative of the *Masse* is the following:

DIIS GROUP
12 rue Vivienne
75002 Paris
Téléphone : 01.53 29.95.05
Adresse mail : rmo@diisgroup.com

In connection with its functions or duties, the Representative will receive a remuneration of Euro 400 (VAT excluded) per year from the Issuer for its services on the Issue Date and on each anniversary thereafter.

In the event of death, liquidation, retirement or revocation of appointment of the initial Representative, such Representative will be replaced by the alternate Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate Representative will be elected through a Collective Decision.

All interested parties will at all times have the right to obtain the names and addresses of the initial Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agent.

(c) *Powers of the Representative*

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

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative, with the capacity to delegate its powers.

The Representative may not be involved in the management of the affairs of the Issuer.

(d) *Collective Decisions*

Collective Decisions are adopted either (i) in a general meeting (the **General Meeting**), or (ii) by the consent following a consultation in writing (the **Consultation in Writing**).

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 (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 of the meetings must be published in accordance with the provisions set out in Condition 11.

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

(i) *General Meetings*

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the aggregate principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Noteholders may commission one of their members to petition a 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 cast by the Noteholders attending such General Meetings or represented thereat.

Notice of the date, time, place and agenda of any General Meeting will be published in accordance with Condition 11 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, by correspondence or videoconference or any other means of telecommunications allowing the identification of the participating Noteholders as provided *mutatis mutandis* by Article R.225-97 of the French *Code de commerce*.

(ii) *Consultation in Writing*

Pursuant to Article L.228-46-1 of the French *Code de commerce*, the Issuer shall be entitled in lieu of the holding of a General Meeting to seek approval of a resolution from the Noteholders by way of a consultation in writing (a **Consultation in Writing**). Subject to the following sentence, a Consultation in Writing may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders. Pursuant to Articles L.228-46-1 and R.225-97 of the French *Code de commerce*, approval of a Consultation in Writing may also be given by way of electronic communication allowing the identification of Noteholders (**Electronic Consent**).

Notice seeking the approval of a Consultation in Writing (including by way of Electronic Consent) will be published as provided under Condition 11 not less than fifteen (15) days prior to the date fixed for the passing of such Consultation in Writing (the **Consultation Date**) on first notice and five (5) days prior to the Consultation Date on second notice. Notices seeking the approval of a Consultation in Writing 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 Consultation in Writing. Noteholders expressing their approval or rejection before the Consultation in Writing Date will undertake not to dispose of their Notes until after the Consultation Date.

A Consultation in Writing will be deemed to have been approved if, on first notice, (i) Noteholders expressing their approval or rejection of such proposed Consultation in Writing hold at least one fifth of the principal amount of the Notes then outstanding and (ii) Noteholders expressing their approval hold at least 66.6 per cent. of such quorum.

If such quorum is not met, a Consultation in Writing will be deemed to have been approved if, on second notice, Noteholders expressing their approval represent at least 66.6 per cent. of principal amount of the Notes held by Noteholders expressing their approval or rejection of such proposed Consultation in Writing.

(e) *Information to Noteholders:*

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 prepared in connection with such resolutions, 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 or Consultation in Writing, during the fifteen (15) calendar day period preceding the holding of the General Meeting on first convocation and Consultation Date on first notice, or during the five (5) calendar day period preceding the holding of the General Meeting on second convocation and Consultation in Writing on second notice.

(f) *Expenses*

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and seeking of a Consultation in Writing and, more generally, all administrative expenses resolved upon by the General Meeting or in writing by the Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(g) *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 13, shall, for the defence of their respective common interests, be grouped in a single Masse.

(h) *Notice to Noteholders*

Decisions of the meetings shall be published in accordance with the provisions set out in Condition 11.

13. Further issues

The Issuer may from time to time without the consent of the Noteholders issue further notes to be assimilated with the Notes, provided that such further notes and the Notes shall carry identical rights in all respects (or in all respects except for the issue price and the first payment of interest thereon) and that the terms and conditions of such further notes shall provide for such assimilation.

In the case of such an assimilation, the holders of such further notes and the Noteholders will be grouped in a single *masse*. References in these Conditions to the Notes include any other notes issued pursuant to this Condition and assimilated with the Notes.

14. No Hardship (*Imprévision*)

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

15. Governing law, jurisdiction and language

The Notes are governed by French law.

Any dispute arising out of or in connection with the Notes will be submitted to the competent courts within the jurisdiction of the Court of Appeal of Paris.

USE OF PROCEEDS

The net proceeds of the issue of the Notes (i.e. €494,495,000) will be used for general corporate purposes (including, without limitation, the possible refinancing of existing debt).

DESCRIPTION OF THE ISSUER

For a general description of the Issuer, its activities and its financial condition please refer to the sections of the 2017 Reference Document and the 2016 Reference Document identified in the cross-reference table of the “Documents Incorporated by Reference” section of this Prospectus.

RECENT DEVELOPMENTS

Press release 12 April 2018 - SFL – First-Quarter 2018 Financial Information

"Rental income: €48.0 million, up 5.6% on a comparable portfolio basis

Consolidated revenue by business segment (€000's)

	Q1 2018	Q1 2017
Rental income	48,025	48,969
<i>o/w Paris Central Business District</i>	39,835	38,021
<i>Paris Other</i>	7,437	6,963
<i>Western Crescent</i>	753	3,986
Other revenue	0	0
Total consolidated revenue	48,025	48,969

First-quarter consolidated rental income amounted to €48.0 million, down by a modest €0.9 million or 1.9% from the €49.0 million reported for the same period of 2017. Like-for-like growth went a long way towards offsetting the impact of the IN/OUT property disposal:

- On a like-for-like basis (excluding all changes in the portfolio affecting period-on-period comparisons), rental income was €2.4 million higher, a 5.6% increase that was attributable to new leases signed in 2017, mainly on offices in the Washington Plaza, 103 Grenelle and 9 Percier buildings.
- The sale of the IN/OUT building on 29 September 2017 led to a €3.2 million decrease in rental income compared with first-quarter 2017.

During first-quarter 2018, leases were signed on over 5,000 sq.m., including three office leases on over 1,000 sq.m. in the Cézanne Saint-Honoré, Washington Plaza and Louvre Saint-Honoré buildings. The average nominal rent for these new office leases is €724 per sq.m. and the effective rent is €623 per sq.m.

The physical occupancy rate for revenue-generating buildings remained high, at 96.6% as of 31 March 2018 versus 96.4% as of 31 December 2017, while the EPRA vacancy rate stood at 2.8%.

There were no property sales or acquisitions during the first quarter of 2018.

SFL's consolidated net debt declined slightly to €1,605 million at 31 March 2018 from €1,631 million at 31 December 2017¹. This represented a loan-to-value ratio of 24.2% based on the portfolio's appraisal value at 31 December 2017.

At 31 March 2018, SFL had €780 million in confirmed undrawn lines of credit."

¹ Net debt is calculated by the Issuer as long-term and short-term borrowings and other interest-bearing debt, less (i) current account advances (liabilities), (ii) accrued interest, deferred recognition of debt arranging fees, MTM Derivatives and (iii) cash and cash equivalents

TAXATION

The following is an overview limited to certain tax considerations in France relating to the holding of the Notes. It specifically contains information on taxes on the income from the Notes withheld at source. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes.

This overview is based on the laws in force in France as of the date of this Prospectus, as applied and construed by the relevant tax authorities, all of which are subject to any changes in law and/or in interpretation (potentially with a retroactive effect).

This overview is included herein solely for information purposes. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.

Withholding taxes on payments made outside France

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

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

Furthermore, in application of Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes are not deductible (where otherwise deductible) from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to an account held with a financial institution established in such a Non-Cooperative State (the **Deductibility Exclusion**). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts*, at a rate of (i) 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).

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A III of the French *Code général des impôts* nor the Deductibility Exclusion nor the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* that may be levied as a result of such Deductibility Exclusion will apply in respect of the Notes if the Issuer can prove that the main purpose and effect of the issue of the Notes was not that of allowing the payments of interest and other revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211 (no. 550 and no. 990), BOI-RPPM-RCM-30-10-20-40-20140211 (no. 70 and no. 80) and BOI-IR-DOMIC-10-20-20-60-20150320 (no.10), the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes if the Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State (as defined above). For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the operations of a central 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 depositaries or operators provided that such depositary or operator is not located in a Non-Cooperative State.

The Notes being *inter alia* admitted to the operations of Euroclear France as from their Issue Date, payments of interest and other revenues made by, or for the account of, the Issuer under the Notes are not subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* and the Deductibility Exclusion does not apply to such payments.

Withholding taxes on payments made to individuals fiscally domiciled in France

Pursuant to Article 125 A I of the French *Code général des impôts* (i.e. where the paying agent (*établissement payeur*) is established in France), subject to certain exceptions, interest and similar revenues received by individuals who are fiscally domiciled (*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 the payment 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 similar revenues received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the **Subscription Agreement**) dated 25 May 2018, BNP Paribas, Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, Natixis and Société Générale (together, the **Joint Bookrunners** or the **Managers**) have agreed with the Issuer, subject to the satisfaction of certain conditions, to procure the subscription and the payment for the Notes at an issue price equal to 99.199 per cent. of the aggregate principal amount of the Notes. The Subscription Agreement entitles, in certain circumstances, the Managers to terminate the Subscription Agreement.

General restrictions

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

Prohibition of Sales to EEA Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any 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 both) of the following:

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

France

Each 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 the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors acting on their own account (*investisseurs qualifiés agissant pour compte propre*), 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*.

United States of America

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the **Securities Act**) or the securities law of any U.S. state. The Notes may not be offered, sold or delivered, directly or indirectly, within the United States or to or for the account or benefit of U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Notes are being offered and sold only outside of the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (the **Regulation S**).

Terms used in this paragraph have the meanings given to them in 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 by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each 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 activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA 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 182553891. The International Securities Identification Number (ISIN) for the Notes is FR0013335767.
2. The issue of the Notes has been authorised pursuant to a resolution of the board of Directors of the Issuer dated 17 November 2017.
3. For the sole purposes of the admission to trading of the Notes 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 AMF and received visa no. 18-200 dated 25 May 2018.
4. PricewaterhouseCoopers Audit (63, rue de Villiers, 92200 Neuilly-sur-Seine) et Deloitte & Associés (185, avenue Charles de Gaulle, 92200 Neuilly-sur-Seine) have audited the consolidated and non-consolidated financial statements of the Issuer for the financial years ended 31 December 2016 and 31 December 2017. PricewaterhouseCoopers Audit and Deloitte & Associés are members of the *Compagnie Régionale des Commissaires aux Comptes* of Versailles.
5. The total expenses related to the admission to trading of the Notes are estimated at about EUR 12,800 (including the AMF fees).
6. The yield of the Notes is 1.622 per cent. *per annum*, as calculated at the Issue Date on the basis of the issue price of the Notes. It is not an indication of future yield.
7. Save for any fees payable to the Managers, as far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue.
8. Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2017.
9. Save as disclosed in this Prospectus, there has been no material adverse change in the prospects of the Issuer since the publication of the audited consolidated accounts of the Issuer on 31 December 2017.
10. During a period covering at least the previous 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 Issuer's or the Group's financial position or profitability.
11. As of the date hereof, to the Issuer's knowledge, there are no potential conflicts of interest between the private interests and/or other duties of members of the board of directors of the Issuer and the duties they owe to the Issuer.
12. So long as any of the Notes remain outstanding, copies of this Prospectus, the documents incorporated by reference in this Prospectus, the Fiscal Agency Agreement and the *statuts* (by-laws) of the Issuer will be available for inspection and copies of the most recent annual financial statements and semi-annual financial report of the Issuer will be available, free of charge, at the specified offices for the time being of the Paying Agents during normal business hours. This Prospectus and all the documents incorporated by reference in this Prospectus are also available free of charge on the website of the Issuer (www.fonciere-lyonnaise.com). This Prospectus as well as the 2017 and 2016 Reference Documents of the Issuer are available on the website of the AMF (www.amf-france.org).
13. This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's and the Group's business strategies, expansion and growth of operations, trends in the business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof.

14. The Legal Entity Identifier (LEI) of the Issuer is 969500B0S40FTUVKD182.

**PERSON RESPONSIBLE
FOR THE INFORMATION CONTAINED
IN THE PROSPECTUS**

Person assuming responsibility for this Prospectus:

Nicolas Reynaud, Chief Executive Officer of Société Foncière Lyonnaise.

Declaration by person responsible for this Prospectus:

After having taken all reasonable measures in this regard, I hereby certify that the information contained or incorporated by reference in this Prospectus is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility accordingly.

Nicolas Reynaud,
Chief Executive Officer of Société Foncière Lyonnaise.

Paris, 25 May 2018

SOCIETE FONCIERE LYONNAISE

42, rue Washington
75008 Paris
France

duly represented by
Nicolas Reynaud, Chief Executive Officer



Autorité des marchés financiers

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (AMF), in particular Articles 211-1 to 216-1, the AMF has granted to this Prospectus the visa no. 18-200 on 25 May 2018. This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

ISSUER

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