



(a *société anonyme* incorporated in France)

**€500,000,000 1.750 per cent. Notes due September 2021**

**Issue Price: 99.570 per cent.**

This prospectus constitutes a prospectus (the **Prospectus**) for the purposes of Article 5.3 of Directive 2003/71/EC, as amended by Directive 2010/73/EC (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 1.750 per cent. Notes due September 2021 (the **Notes**) of Foncière des Régions (the **Issuer** or **Foncière des Régions**) will be issued outside the Republic of France and will mature on 10 September 2021 (the **Maturity Date**).

Interest on the Notes will accrue at the rate of 1.750 per cent. *per annum* from 10 September 2014 (the **Issue Date**) and will be payable in Euro annually in arrear on 10 September in each year, commencing on 10 September 2015. Payments of principal and interest on the Notes will be made without deduction for or on account of taxes of the Republic of France (See "Terms and Conditions of the Notes – Taxation").

Unless previously redeemed, purchased and cancelled in accordance with the terms and conditions of the Notes, the Notes may not be redeemed prior to 10 September 2021. The Notes may, and in certain circumstances shall, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (See "Terms and Conditions of the Notes – Redemption and Purchase").

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

The Issuer may, at its option (i) from and including 10 June 2021 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 "Terms and Conditions of the Notes – Residual Maturity Call option" and (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 "Terms and Conditions of the Notes – Make Whole Redemption by the Issuer".

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

The Notes will, upon issue on 10 September 2014, be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes – Form, Denomination and Title") including Euroclear Bank S.A./N.V. (**Euroclear**) and the depositary bank for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**).

The Notes will be in dematerialised bearer form in the denomination of €100,000. The Notes will at all times be represented in book-entry form (*dématérialisé*) in the books of the Account Holders in compliance with Articles L.211-3 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 are rated BBB- by Standard & Poor's Ratings Services (**S&P**). The long-term debt of the Issuer is rated BBB- by S&P. S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 as amended on credit rating agencies and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority ([www.esma.europa.eu](http://www.esma.europa.eu)). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Copies of this Prospectus and the documents incorporated by reference will be available for inspection free of charge, at the office of the Fiscal Agent and will be available on the websites of the Issuer ([www.foncieredesregions.fr](http://www.foncieredesregions.fr)) and the AMF ([www.amf-france.org](http://www.amf-france.org)).

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

**Joint Lead Managers**

**Barclays  
CM-CIC**

**BofA Merrill Lynch  
Société Générale Corporate & Investment Banking**

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

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

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

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

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

*The Managers have not separately verified the information contained or incorporated by reference in this Prospectus in connection with the Issuer or the Group. None of the Managers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus in connection with the Issuer or the Group. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation and assessment as it deems necessary. Each potential purchaser of Notes should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. None of the Managers undertook or undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Managers.*

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

**IN CONNECTION WITH THE ISSUE OF THE NOTES, BARCLAYS BANK PLC AS STABILISING MANAGER (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A**

**VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF THIRTY (30) DAYS AFTER THE ISSUE DATE OF THE NOTES AND SIXTY (60) DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

*In this Prospectus, unless otherwise specified, references to a “Member State” are references to a Member State of the European Economic Area, references to “EUR” or “euro” or “€” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.*

#### **FORWARD-LOOKING STATEMENTS**

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

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## RISK FACTORS

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

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

### **Risks related to the Issuer and its business**

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

### **Risks relating to the Issuer's Business and Strategy**

#### *Risks linked to the economic environment*

The Issuer's business, financial situation, results, prospects and asset valuation are influenced by domestic and international economic conditions, in particular by the level of economic growth, interest rates, the unemployment rate in France, the method used in calculating rent indexation, and changes in various indices, as well as by available investment alternatives (financial assets, indices, etc.). Changes or a deterioration in economic conditions could have a significant adverse impact on the Issuer's business, financial situation and results, particularly through:

- (i) decline in demand for its corporate real-estate projects;
- (ii) decline in the occupancy rate and in the leasing or re-leasing price of its real-estate assets; and
- (iii) decline in the valuation of its assets.

Foncière des Régions is protected against such risks, largely due to the length of the leases it negotiates and the prudential standards applied when its development projects are launched.

#### *Risks linked to changes in the real-estate market*

The Issuer operates primarily in the office property sector, and its business is subject to the vagaries of this sector of activity, and in particular to its cyclical nature. The value of the Issuer's assets depends on the office property market situation, which is subject to fluctuations, particularly in terms of rental income and property prices, according to the balance between supply and demand and the general economic situation, with its hard-to-predict cycles. The strategy defined and the policies implemented by the Issuer seek to limit the negative effects of these risks. The Issuer may not always be in a position to implement its rental or leasing strategy, its investments and, where applicable, its disposals at a favourable time or under favourable market conditions, or it may be forced to defer such strategy and investments depending on the fluctuations to which the property market may be subjected. In general, an unfavourable change in the property market could have a negative effect both on the Issuer's investment policy and on the appraisal of its portfolio, as well as on its activities, its

financial situation, its results or its outlook. In particular, a declining property market could have a significant negative impact on the Issuer's financing terms. The resilience of the Foncière des Régions' portfolio was evident during the most recent financial crises.

#### *Risks linked to the competition*

The Issuer faces strong competition in conducting its asset and rental business activities. The Issuer competes with a large number of players in its asset and development activity. Some of its competitors may have more financial strength, more assets, or in certain cases, may benefit from better regional or local implementation than the Issuer. Such factors may offer these competitors players a chance to participate in tender offers, particularly those involving development operations, under financial conditions that do not necessarily match the investment criteria the Issuer set for itself. This could lead to uncertainties regarding growth prospects for its activity. The Issuer's rental activity is likewise subject to strong competitive pressure. Competition may come in particular from current or future developments in the same market segment and in the same region, or rental offerings under financial conditions that do not match the Issuer's objectives. In particular, the development by competitors of new offices located near existing Issuer sites, as well as competing office lease renewals or extensions, could have a negative impact on its activity, its financial situation and its results. Foncière des Régions' long-term partnerships policy protects it, in part, from such competition risks.

#### *Risks linked to lease renewals and rental of property assets*

On expiration of existing leases, the Issuer may be unable to renew them or rent the assets involved within lead times and under conditions as favourable as those of current leases, particularly due to macroeconomic and property market conditions. In particular, the Issuer may not be in a position to draw enough attractive tenants or companies to its offices, and may not succeed at maintaining a satisfactory occupancy rate or rental income, which could have a negative impact on its activity, its financial situation and its results. The fact that Foncière des Régions' leases generally still have a long time to run and the fact that their expiry dates are staggered, as well as ongoing discussions with current tenants, help to limit such risks.

#### *Risks linked to tenant insolvency*

The Issuer's ability to collect rent depends on its tenants' solvency. Tenant insolvency risks and their impact on the Issuer's results are greater in office real estate given the relative size of each tenant. Significant payment delays or defaults likely to affect the Issuer's results cannot be ruled out, even though Foncière des Régions has a diversified client portfolio, the tenants' credit rating is taken into consideration prior to leases being signed and it has significant long-term partnerships with major tenants.

#### *Risks linked to asset valuation*

Foncière des Régions recognises its investment properties at fair value in accordance with the option offered by IAS 40. The fair value of an investment property is the price at which this asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. It reflects the actual state of the market estimated by appraisers depending on their appreciation of the relationship between supply and demand in the real estate markets, interest rates, the economic situation and numerous other factors that can vary significantly according to the impulses of economic scenarios.

In addition to the assets in operation and buildings under construction, the property assets of the Issuer consist of land and sometimes real estate reserves whose valuation depends on the vagaries of potential real estate projects that could be developed and on assumptions and projections by the Issuer.

The net asset value of the Issuer could vary significantly in case of any variation in the values estimated by the appraisers. A summary of methodologies and appraisals is given in paragraphs 1.9.3 and 1.9.4 of the chapter 1 of the 2013 Reference Document (as defined in Section "Documents Incorporated By Reference").

### *Risks linked to geographical and sector-specific concentration*

A significant portion of the Issuer's business is concentrated in the Paris region and in large regional metropolitan areas in France. Consequently, economic conditions and real-estate risks, or risks of any other nature, affecting the Paris region and the large regional metropolitan areas in France could have a significant effect on the Issuer's activity, financial situation or results. As at 31 December 2013, offices in France accounted for 48.5 per cent. of the Issuer's portfolio (as a percentage of rental income, Group share). A deterioration in conditions in the office leasing market in the Paris region and in large regional metropolitan areas in France could have a negative impact on the Issuer's business, financial situation or results. In order to contain this risk, Foncière des Régions is implementing a strategy of diversification of its assets.

### *Risks linked to development of new real estate assets*

Through certain subsidiaries, Foncière des Régions performs development activities for its own account or the account of its subsidiaries.

There are risks attached to this type of activity, primarily higher than estimated construction costs, construction phases exceeding those initially estimated, technical difficulties or delays due to the complexity of certain projects or construction material price increases, failure to obtain administrative approvals, lack of third-party consent, impossibility of securing project financing at competitive terms, etc.

Initial costs (e.g. the cost of studies) cannot generally be deferred or cancelled in the event of delays or failure to carry out a project. Prudential ratios adopted for business development projects enable such risks to be limited.

### *Acquisition risk*

The acquisition of real estate assets or companies that hold them is part of Foncière des Régions' growth strategy. This strategy involves risk, such as in particular underestimating the expected yield of assets and consequently buying them at too high a price given financing in place, or be unable to acquire them at satisfactory conditions, particularly with regard to properties acquired through a bidding procedure or in periods of high economic volatility or uncertainty. The purchased assets could also have latent defects, especially as regards environmental compliance terms, or non-conforming features not covered by the warranties given in the purchase contract. The goal of the comprehensive due diligence performed before each acquisition with the aid of external specialised consultants, coupled with market analyses, is to keep these risks to a minimum.

### *Risks linked to international exposure*

Foncière des Régions has significant equity interests in companies that are active in Italy and Germany, and to a lesser extent, in Luxembourg, Portugal and Belgium. Some of these countries may present higher risk profiles than those found in the principal markets. The economic and political context may become less solid and less stable, and regulatory concerns and entry barriers less favourable. The country risk could have a negative effect on Foncière des Régions' operating income and financial situation.

A breakdown of the group's business, as well as performance monitoring by country are detailed in paragraph 3.1 of chapter 3 of the 2013 Reference Document (as defined in Section "Documents Incorporated By Reference"). The diversification of Foncière des Régions' international exposure helps to control such risks.

## **Financial risks**

### *Liquidity risk*

Foncière des Régions' strategy depends on its ability to raise financial resources, either by borrowing or through equity, in order to finance its investments and acquisitions, and refinance debts on maturity. Under the

SIIC regime, Foncière des Régions is required to distribute a significant part of its profits. Therefore, it relies to a great extent on debt to finance its growth. This type of financing may not be available at advantageous terms.

This situation could in particular arise in case of crises in the capital or equity markets, events affecting the real estate sector, restrictions imposed by credit agreement covenants, decrease in Foncière des Régions' credit rating or any change in Foncière des Régions' business, financial situation or shareholder structure that may have an influence on the perception that investors or lenders have of its credit worthiness or the appeal of investing in the Group. Foncière des Régions' policy of paying down debt, instituted several years ago, has minimised this risk. Monitoring adherence to covenants is also a priority for the Issuer.

Foncière des Régions is also exposed to general risks associated to all debt, particularly the risk of insufficient cash flows to assure debt service. A shortage of cash could result in acceleration or prepayment, and if the debt is collateralised, enforcement of the guarantee and, where applicable, the seizure of assets.

For more information, please see paragraph 3.2.2.2 of Chapter 3 of the 2013 Reference Document.

#### *Risks linked to covenants and other undertakings stipulated in certain credit agreements*

The credit agreements entered into by Foncière des Régions contain, in addition to the usual covenants and undertakings, other covenants requiring compliance with specific financial ratios, such as those set out in paragraph 3.2.4.11.4 of Chapter 3 of the 2013 Reference Document. If Foncière des Régions were to reach one of its financial undertakings and fail to remedy such breach within the contractually stipulated time period, the lenders could demand early repayment of the debt and possibly seize any collateral backing the debt. Certain loan agreements also have cross-default clauses allowing lenders to demand the early repayment of sums due in the event that Foncière des Régions fails to meet the undertakings contained in other credit agreements (and fails to remedy this default within the specified time periods). Consequently, any failure to meet its financial undertakings could have an adverse impact on Foncière des Régions' financial situation, its income figures, and its flexibility in conducting business and pursuing its development. Foncière des Régions has set up a checks and monitoring system on its covenants in order to contain these risks.

#### *Rate Risk and Counterparty Default Risk*

Foncière des Régions' indebtedness exposes it to interest rate fluctuation risk. Financial charges borne by Foncière des Régions on the floating rate part of its debt could increase significantly if the rates increased significantly. A rise in interest rates would have a negative impact on the valuation of Foncière des Régions' assets, as the yield rates applied by real estate appraisers to commercial leases are partly determined depending on the interest rates.

Foncière des Régions uses derivative instruments to hedge against this interest rate risk, primarily Cap and swap contracts. The Group has no market transactions for any purpose other than to hedge against interest rate risk.

The use of interest rate hedging contracts could expose Foncière des Régions to the risk of insolvency by the counterparties to such contracts, which could lead to payment delays or defaults, which could have a negative impact on the results of Foncière des Régions. Counterparty risk involves the risk of having to replace a hedging transaction at current market rate following counterparty default. Outside of the hedging transactions mentioned above, since Foncière des Régions is structurally a borrower, counterparty risk is limited mainly to investments made by the group. IFRS 13 explicitly provides for counterparty risk assessment in fair value measurement of liabilities. This measurement was conducted by a specialist organisation and recognised in Foncière des Régions' financial statements. For more information, please see paragraphs 3.2.2.3 and 3.2.2.4 of Chapter 3 of the 2013 Reference Document.



### *Risks linked to securities issued by Foncière des Régions*

Stock markets may undergo significant fluctuations that may or may not be linked to the results of companies whose securities are traded on the regulated markets.

Securities prices for Foncière des Régions, both share and ORNANE convertible bonds, may fluctuate and be impacted by events relating to the Group, its competitors or the financial markets in general. For example, prices may be affected both by changes in the market liquidity of Foncière des Régions shares and by fluctuations in Group or competitors' income figures. Furthermore, significant differences between Foncière des Régions published results and the expectations of investors and analysts can affect prices, as can changes in regulations that have an impact on the Issuer's business sector.

### **Legal, fiscal and regulatory risks**

Foncière des Régions must comply with multiple laws and regulations, including urban planning regulations, building permits and operating licences, health and safety regulations, (particularly for assets open to the public), environmental regulations, legislation on leases, labour regulations and tax and corporate law, particularly the provisions governing SIICs.

Changes in the regulatory or legal framework and/or the loss of advantages linked to a statute or authorisation may force Foncière des Régions to adjust its business, assets or strategy, which could have a significant adverse impact on the value of its real estate portfolio and/or on its results.

Foncière des Régions is mindful of legislative and regulatory changes, in particular, those concerning the ALUR law reforming residential lease, co-ownership and property mandate regulations, as well as those relating to a law known as the "Pinel" law, especially insofar as this involves a review of the status of commercial leases.

Due to the inherent complexity and form requirements of the regulations involved in the taxation of the business in which Foncière des Régions operates, the Issuer may be exposed to tax risk if it breaches these regulations. In such cases, Foncière des Régions could be subject to tax adjustments and disputes.

Foncière des Régions and its subsidiaries are also exposed to possible changes in tax rules in the countries in which they operate.

In the normal course of its business, the Group may become involved in legal proceedings relating to, for example contractual liability, its liability as an employer or its criminal liability, and may be subject to tax inspections and administrative procedures. Each of these risks is associated with a risk to reputation and/or image, particularly if actions are perceived as going against business ethics or good business practices. A summary of the main disputes is given in paragraph 3.2.2.9.4 of the Chapter 3 of the 2013 Reference Document.

The Issuer has implemented a system of audits and internal checks to anticipate and counter these risks.

### **Risks related to specific regulations**

#### *Lease regulations*

In France, the law on commercial leases imposes certain restrictions on the lessor. Contractual provisions relating to term, termination, renewal, security deposit, and rent indexation fall within the public realm and may restrict, for example, the flexibility of owners to increase rent in line with market changes and thereby to maximise their rental income.

In addition, tenants have the option of vacating premises at the lease expiry date as well as, in principle, at the end of any three-year period unless explicitly agreed otherwise.

Changing the rules that apply to commercial leases, especially in terms of term, rent indexation and caps, or the calculation of eviction compensation for tenants, could adversely impact the valuation of the Issuer's assets, results, business activity or financial position.

A regulatory watch has been set up to anticipate and analyse such risks.

#### *Risks relating to the SIIC real estate trust status*

Foncière des Régions is subject to the tax regime of “*sociétés d'investissements immobiliers cotées*” set out under Article 208 C of the French *Code général des impôts* (hereinafter **SIIC**) and as such is not subject to corporate tax. Opting for the SIIC tax regime involves the immediate liability for an exit tax at the reduced rate of 19 per cent. on unrealised capital gains relating to properties and securities of entities not subject to corporation tax. Exit tax is payable over four years, in four instalments, starting with the year the option is taken up. In return, the Issuer undertakes to pay out 95 per cent. (85 per cent. for financial years ended before 31 December 2013) of its profits generated by the leasing of its real estate assets, 60 per cent. (50 per cent. for financial years ended before 31 December 2013) of capital gains generated on its disposals and 100 per cent. of dividends received from SIIC-status subsidiaries. These provisions require various conditions to be satisfied, which have been continually modified by successive governments, in particular as part of budget laws, and are also subject to interpretation by the tax authorities.

If Foncière des Régions exits the SIIC tax regime in the ten (10) years following the option it will need to pay additional tax which may adversely impact its results and financial position. Compliance with the SIIC tax regime is analysed on a regular basis to limit the risks listed above.

#### **Environmental risks**

As a property owner and manager, Foncière des Régions is required to comply with all applicable environmental regulations. Non-compliance with such environmental regulations, or the need to comply with new environmental standards that may be enacted, could bring on an increase in costs, with subsequent repercussions on income to Foncière des Régions.

The potential risks in this area are as follows:

- health or pollution risks, (particularly land and subsoil) that could generate significant extra costs and delays linked to the search for and removal of toxic substances or materials when engaging in development or building renovation projects; and
- environmental damages, safety hazards and more generally non compliance with legal and regulatory obligations may result in civil and, if applicable, criminal liability, thus bringing on adverse consequences for the Issuer's image.

For more information, please see paragraph 1.11.5 of Chapter 1 and Chapter 2 of the 2013 Reference Document.

#### **Risks related to the costs and availability of appropriate insurance cover**

The Issuer considers that the nature of the covered risks and the guaranteed amounts are in line with regular practice in its business sector. However, it could face increased costs from its insurance policies or sustain losses that may not be fully covered by the insurance in place. In addition, given the size of the assets to be insured and the level of insurance cover sought, it may not be able to obtain adequate insurance cover at an acceptable cost, or it may even be unable to cover all or part of certain risks. The cost, or in the event of insurance claims, the unavailability of adequate insurance cover, could affect the valuation of the Issuer's assets, its business, its financial situation and its results.

#### **Risks related to the Notes**

*The Notes may not be a suitable investment for all investors*

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

#### *Independent Review and Advice*

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

#### *Legality of Purchase*

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

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

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

### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### ***The secondary market generally***

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes in the secondary market in which case the market or trading price and liquidity may be adversely affected or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

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

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

#### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

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

#### ***Interest rate risks***

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

#### ***Credit risk***

The value of the Notes will also depend on the credit worthiness of the Issuer. If the credit worthiness of the Issuer deteriorates, the value of the Notes may decrease and investors may lose all or part of their investment.

### ***The Notes may be redeemed prior to maturity***

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

In addition, the Issuer may, at its option (i) from and including 10 June 2021 to but excluding the Maturity Date, redeem the Notes outstanding, in whole or in part, at par plus accrued interest, as provided in Condition 5(e) of the Terms and Conditions of the Notes and (ii) redeem, in whole or in part, the then outstanding Notes at any time prior to the Maturity Date, at the relevant make whole redemption amount, as provided in Condition 5(d) of the Terms and Conditions of the Notes.

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 5(d) of the Terms and Conditions of the Notes and the Residual Maturity Call Option by the Issuer provided in Condition 5(e) of the Terms and Conditions of the Notes are exercisable in whole or in part. Depending on the number of Notes in respect of which such option is exercised, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid.

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

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

#### ***Market value of the Notes***

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

#### ***Credit Rating may not reflect all risks***

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

#### ***Change of law***

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

#### ***Modification and waiver***

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

#### ***French insolvency law***

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

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

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

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

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

### ***Taxation***

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

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

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

### ***EU Savings Directive***

Under Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a directive amending and broadening the scope of the requirements described above (the **Amending Savings Directive**). Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Savings Directive, in particular to include certain additional types of income payable on securities. The Amending Savings Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. On 10 April 2013, the Luxembourg Government announced its intention to abolish

the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Savings Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

### ***Financial Transaction Tax***

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

Pursuant to the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction (acting either for its own account or for the account of another person), or is acting in the name of a party to the transaction. The FTT shall, however, not apply to (*inter alia*) primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1 per cent. of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT shall be payable by each financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, acting in the name of a party to the transaction or where the transaction has been carried out on its account. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

Prospective holders should therefore note, in particular, that any sale, purchase or exchange of the Notes will be subject to the FTT at a minimum rate of 0.1 per cent. provided the abovementioned prerequisites are met. The holder may be liable to itself pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Notes. However, the issuance of Notes should not be subject to the FTT.

The Draft Directive is still subject to negotiation between the Participating Member States and therefore may be changed at any time. Moreover, once the Draft Directive has been adopted (the **Directive**), it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the Directive itself. Prospective holders of the Notes should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the half year financial report of the Issuer including the unaudited consolidated financial statements of the Issuer for the period ended 30 June 2014 (the **2014 Half Year Financial Report**);
- (b) the sections referred to in the table below included in the 2013 reference document of the Issuer in the French language (*document de référence 2013*) which was filed with the AMF on 24 March 2014 under no. D.14-0190 (the **2013 Reference Document**); and
- (c) the sections referred to in the table below included in the 2012 reference document of the Issuer in the French language (*document de référence 2012*) which was filed with the AMF on 18 March 2013 under no. D.13-0168 (the **2012 Reference Document**).

Any document incorporated by reference in this Prospectus may be obtained, without charge and upon request at the principal office of the Issuer or of the Fiscal Agent during normal business hours so long as any of the Notes is outstanding, as described in "General Information" below. Such document will be published on the websites of (a) the AMF ([www.amf-france.org](http://www.amf-france.org)), save for the 2014 Half Year Financial Report, (b) the Issuer ([www.foncieredesregions.fr](http://www.foncieredesregions.fr)) and (c) [www.info-financiere.fr](http://www.info-financiere.fr).

Free English translations of the 2012 Reference Document, the 2013 Reference Document and the 2014 Half Year Financial Report will be available on the website of the Issuer ([www.en.foncieredesregions.fr/Finance/Documentation/Yearly-document](http://www.en.foncieredesregions.fr/Finance/Documentation/Yearly-document)). These documents are available for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions.

The information incorporated by reference in this Prospectus shall be read in connection with the cross-reference list below.

Rule	Prospectus Regulation – Annex IX	2012 Reference Document (page number and section)	2013 Reference Document (page number and section)	2014 Half Year Financial Report (page number)
<b>1.</b>	<b>PERSONS RESPONSIBLE</b>			
1.1.	All persons responsible for the information given in the registration document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer's administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.	Not Applicable	Not Applicable	Not Applicable
1.2.	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the	Not Applicable	Not Applicable	Not Applicable



Rule	Prospectus Regulation – Annex IX	2012 Reference Document (page number and section)	2013 Reference Document (page number and section)	2014 Half Year Financial Report (page number)
	registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.			
<b>2.</b>	<b>STATUTORY AUDITORS</b>			
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).	Not Applicable	Not Applicable	Not Applicable
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.	Not Applicable	Not Applicable	Not Applicable
<b>3.</b>	<b>RISK FACTORS</b>			
	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".	Not Applicable	Not Applicable	Not Applicable
<b>4.</b>	<b>INFORMATION ABOUT THE ISSUER</b>			
4.1.	<u>History and development of the Issuer</u>	Not Applicable	398-400 (Section 5.1.1)	Not Applicable
4.1.1.	the legal and commercial name of the issuer	Not Applicable	402 (Section 5.2.1.1) 402 (Section 5.2.1.4)	Not Applicable
4.1.2.	the place of registration of the issuer and its registration number			
4.1.3.	the date of incorporation and the length of life of the issuer, except where indefinite		403 (Section 5.2.1.6 and 5.2.1.9)	
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		402 (Sections 5.2.1.2	

Rule	Prospectus Regulation – Annex IX	2012 Reference Document (page number and section)	2013 Reference Document (page number and section)	2014 Half Year Financial Report (page number)
	registered office (or principal place of business if different from its registered office)		and 5.2.1.3)	
4.1.5.	any recent events particular to the issuer and which are to a material extent relevant to the evaluation of the issuer's solvency	Not Applicable	Not Applicable	2-4
<b>5.</b>	<b>BUSINESS OVERVIEW</b>			
5.1.	<u>Principal activities</u>	Not Applicable	13 to 48 (Sections 1.5 & 1.6)	5 to 40 (Sections 1.2 & 1.3)
5.1.1.	A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed	Not Applicable	13 to 48 (Sections 1.5 & 1.6)	5 to 40 (Sections 1.2 & 1.3)
5.1.2.	The basis for any statements in the registration document made by the issuer regarding its competitive position.	Not Applicable	Not Applicable	Not Applicable
<b>6.</b>	<b>ORGANISATIONAL STRUCTURE</b>			
6.1.	If the issuer is part of a group, a brief description of the group and of the issuer's position within it	Not Applicable	123 (Section 1.15.1) 401 (Section 5.1.2)	Not Applicable
6.2.	If the Issuer is dependant upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	Not Applicable	Not Applicable	Not Applicable
<b>7.</b>	<b>TREND INFORMATION</b>			
7.1.	Include a statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements.  In the event that the issuer is unable to make such a statement, provide details of this material adverse change.	Not Applicable	Not Applicable	Not Applicable
<b>8.</b>	<b>PROFIT FORECASTS OR ESTIMATES</b>  If an issuer chooses to include a profit forecast or a profit estimate, the registration document must contain the information items 8.1 and 8.2 the following:			

Rule	Prospectus Regulation – Annex IX	2012 Reference Document (page number and section)	2013 Reference Document (page number and section)	2014 Half Year Financial Report (page number)
8.1.	<p>A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate.</p> <p>There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; be readily understandable by investors; be specific and precise; and not relate to the general accuracy of the estimates underlying the forecast.</p>	Not Applicable	Not Applicable	Not Applicable
8.2.	Any profit forecast set out in the registration document must be accompanied by a statement confirming that the said forecast has been properly prepared on the basis stated and that the basis of accounting is consistent with the accounting policies of the issuer.	Not Applicable	Not Applicable	Not Applicable
8.3.	The profit forecast or estimate must be prepared on a basis comparable with the historical financial information.	Not Applicable	Not Applicable	Not Applicable
<b>9.</b>	<b>ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES</b>			
9.1.	<p>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:</p> <p>(a) members of the administrative, management or supervisory bodies;</p> <p>(b) partners with unlimited liability, in the case of a limited partnership with a share capital.</p>	Not Applicable	108 to 122 (Section 1.14.3)	Not Applicable
9.2.	<p><u>Administrative, Management, and Supervisory bodies conflicts of interests</u></p> <p>Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their</p>	Not Applicable	414-415 (Section 5.3.6)	Not Applicable

Rule	Prospectus Regulation – Annex IX	2012 Reference Document (page number and section)	2013 Reference Document (page number and section)	2014 Half Year Financial Report (page number)
	private interests and or other duties must be clearly stated  In the event that there are no such conflicts, a statement to that effect			
<b>10.</b>	<b>MAJOR SHAREHOLDERS</b>			
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	Not Applicable	82-83 (Section 1.12.3)	Not Applicable
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	Not Applicable	Not Applicable	Not Applicable
<b>11.</b>	<b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>			
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  If the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least the following:  (a) the balance sheet (b) the income statement (c) the accounting policies and explanatory notes	215 to 305 (Sections 3.1 to 3.6)	248 to 351 (Sections 3.1 to 3.6)	Not Applicable
11.2	<u>Financial statements</u>  If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial	215 to 305 (Sections 3.1 to 3.6)	248 to 351 (Sections 3.1 to 3.6)	Not Applicable

Rule	Prospectus Regulation – Annex IX	2012 Reference Document (page number and section)	2013 Reference Document (page number and section)	2014 Half Year Financial Report (page number)
	statements in the registration document.			
11.3.	<u>Auditing of historical annual financial information</u>			
11.3.1.	A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers, must be reproduced in full and the reasons given.	273 to 274 (Section 3.3)  304 to 306 (section 3.6)	313 to 314 (Section 3.3)  350 to 352 ( section 3.6)	Not Applicable
11.3.2.	An indication of other information in the registration document which has been audited by the auditors.	Not Applicable	Not Applicable	Not Applicable
11.3.3	Where financial data in the registration document is not extracted from the issuer's audited financial statements, state the source of the data and state that the data is unaudited.	Not Applicable	Not Applicable	Not Applicable
11.4	<u>Age of latest financial information</u>			
11.4.1	The last year of audited financial information may not be older than 18 months from the date of the registration document.	215 to 222 (Section 3.1)	248 to 253 (Section 3.1)	Not Applicable
11.5.	<u>Legal and arbitration proceedings</u>  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	Not Applicable	Not Applicable	Not Applicable
11.6.	<u>Significant change in the issuer's financial or trading position</u>  A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or an appropriate negative	Not Applicable	Not Applicable	Not Applicable

Rule	Prospectus Regulation – Annex IX	2012 Reference Document (page number and section)	2013 Reference Document (page number and section)	2014 Half Year Financial Report (page number)
	statement.			
<b>12.</b>	<b>MATERIAL CONTRACTS</b>			
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	Not Applicable	407 to 409 (Section 5.2.4)	Not Applicable
<b>13.</b>	<b>THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST</b>			
13.1.	Where a statement or report attributed to a person as an expert is included in the registration document, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part of the registration document.	61 to 65 (section 1.9.5 and 1.9.6)	68 to 71 (section 1.9.5 and 1.9.6)	Not Applicable
13.2.	<u>Third party information</u>  Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading; in addition, identify the source(s) of the information.	Not Applicable	Not Applicable	Not Applicable
<b>14.</b>	<b>DOCUMENTS ON DISPLAY</b>			
	A statement that for the life of the registration document the following documents (or copies thereof), where applicable, may be inspected:  (a) the memorandum and articles of association of the issuer;	Not Applicable	Not Applicable	Not Applicable

Rule	Prospectus Regulation – Annex IX	2012 Reference Document (page number and section)	2013 Reference Document (page number and section)	2014 Half Year Financial Report (page number)
	<p>(b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;</p> <p>(c) the historical financial information of the issuer or, in the case of a group, the historical financial information of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.</p> <p>An indication of where the documents on display may be inspected, by physical or electronic means.</p>			

## TERMS AND CONDITIONS OF THE NOTES

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

The issue outside the Republic of France of €500,000,000 1.750 per cent. Notes due September 2021 (the **Notes**) of Foncière des Régions (the **Issuer**) has been authorised by a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 23 July 2014 and a decision of Christophe Kullmann, Chief Executive Officer (*Directeur Général*), of the Issuer dated 4 September 2014. The Issuer has entered into a fiscal agency agreement (the **Fiscal Agency Agreement**) dated 8 September 2014 with CACEIS Corporate Trust as fiscal agent, calculation agent and principal paying agent. The fiscal agent, calculation agent and principal paying agent and paying agents for the time being are referred to in these Conditions as the **Fiscal Agent**, the **Calculation Agent**, the **Principal Paying Agent** and the **Paying Agents** (which expression shall include the Principal Paying Agent), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Fiscal Agency Agreement, and are collectively referred to as the **Agents**. References to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

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

### 1 Form, Denomination and Title

The Notes are issued on 10 September 2014 (the **Issue Date**) in dematerialised bearer form in the denomination of €100,000. Title to the Notes will be evidenced in accordance with Articles L.211-3 and R. 211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

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

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

### 2 Status and Negative Pledge

#### (a) Status of the Notes

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

#### (b) Negative Pledge

The Issuer agrees that so long as any of the Notes remains outstanding, it will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest which would constitute a *sûreté réelle* or its equivalent under any applicable legislation upon all or part of its business (*fonds de commerce*), assets or revenues, present or future, to secure (i) any



Bond Indebtedness (as defined below) other than Securitised Bond Indebtedness (as defined below) or (ii) any guarantee of or indemnity in respect of any Bond Indebtedness (other than Securitised Bond Indebtedness) (whether any such mortgage, charge, pledge, lien or other form of encumbrance or security interest existed before or after the issuance of the Notes) unless the obligations of the Issuer under the Notes are equally and rateably secured therewith so as to rank *pari passu* with such Bond Indebtedness or the guarantee or indemnity thereof.

This undertaking relates exclusively to the issuance of Bond Indebtedness and in no way affects the Issuer's ability to dispose of its assets or to otherwise grant any security interest over or in respect of such assets in any other circumstances, without prejudice to Condition (3).

For this purpose of the Condition:

- (i) **outstanding** means, in relation to the Notes, all the Notes issued other than: (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 4 after such date) have been duly paid to the Fiscal Agent, (c) those which have been purchased and cancelled as provided in Condition 5 and (d) those in respect of which claims have become prescribed under Condition 11.
- (ii) **Bond Indebtedness** means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*) or other securities (including *titres de créances négociables*) which are, or are capable of being, quoted, admitted to trading or ordinarily dealt in any stock exchange, over-the counter or other securities market.
- (iii) **Securitised Bond Indebtedness** means any Bond Indebtedness of the Issuer incurred in respect of or in connection with any securitisation or similar financing arrangement relating to assets owned by the Issuer and where the recourse of the holders of such Bond Indebtedness against the Issuer is limited solely to such assets or any income generated therefrom.

### 3 Restriction on Secured Borrowings

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

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

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

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

- (i) any outstanding principal amount (together with any fixed or minimum premium payable on final repayment) of all moneys borrowed (with or without security);
- (ii) any amounts raised by acceptance or under any acceptance credit opened by a bank or other financial institution;

- (iii) 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*);
- (iv) any amount raised pursuant to any issuance of shares or equivalent which are mandatorily redeemable (whether at final maturity or upon the exercise by the holder of such shares or equivalent of any option) prior to the Maturity Date;
- (v) any outstanding amount of the deferred purchase price of Real Estate Assets (as defined below) where payment (or, if payable in instalments, the final instalment) is due more than one (1) year after the date of purchase of such Real Estate Asset; or
- (vi) 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 of this Prospectus, would have been so treated had they been raised on or prior to such date);

provided that:

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

**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 per cent. (50%) 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, with respect to the Issuer, (i) the Appraisal Value excluding transfer rights (*droits de transferts*) on the relevant Real Estate Assets and, if any, relevant latent taxes (*fiscalité latente*) and (ii) the value of the equity-accounted investments (including advances) held directly or indirectly by the Issuer in any Person as shown in such financial statements;

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

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

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

#### 4 Interest

The Notes bear interest at the rate of 1.750 per cent. *per annum*, from and including 10 September 2014 (the **Interest Commencement Date**) payable annually in arrear on 10 September in each year (each an **Interest Payment Date**) and for the first time on 10 September 2015.

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

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

Interest will be calculated on an Actual/Actual (ICMA) basis. Where interest is to be calculated in respect of a period of less than one (1) year, it shall be calculated on the basis of the number of days elapsed in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in such period in which the relevant period falls (including the first but excluding the last day of such period).

#### 5 Redemption and Purchase

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

(a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer at their principal amount on 10 September 2021.

(b) *Redemption for Taxation Reasons*

- (i) If, by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 7 below, and provided that such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may on any Interest Payment Date, subject to having given not more than sixty (60) nor less than thirty (30) days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem all, but not some only, of the outstanding Notes at their principal amount plus any interest accrued to the date fixed for redemption provided that the due date for redemption of which notice

hereunder may be given shall be no earlier than the latest practicable Interest Payment Date on which the Issuer could make payment of principal and interest without withholding for French taxes.

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

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

If at any time while any of the Notes remains outstanding (A) a Change of Control occurs and (B) within the Restructuring Period (i) (if at the time of the Change of Control the Issuer and/or the Notes outstanding have a rating from a Rating Agency) a Rating Downgrade in respect of that Change of Control occurs or (ii) (if at the time of the Change of Control the Issuer and/or the Notes outstanding do not have a rating from a Rating Agency) a Negative Rating Event in respect of that Change of Control occurs (such Change of Control and Rating Downgrade or Negative Rating Event, as the case may be, occurring within the 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 of any early redemption 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 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 Put Event has occurred, the Issuer shall give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 10, with a copy to the Fiscal Agent, specifying the nature of the Put Event and the procedure for exercising the Put Option.

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.

**Rating Downgrade** shall be deemed to have occurred in respect of a Change of Control 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- or its equivalent for the time being, or better) to a non-investment grade rating (BB+ or its equivalent for the time being, or worse) or (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 and 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 Change of Control (whether or not the applicable Change of Control 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 to have occurred in respect of a particular Change of Control only if all the Rating Agencies have 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 any other rating agency of equivalent standing notified by the Issuer to the Noteholders in accordance with Condition 10.

**Change of Control** 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 per cent. (50%) of the shares or voting rights of the Issuer.

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

**Negative Rating Event** shall be deemed to have occurred (i) if the Issuer does not on or before the forty-fifth (45th) Business Day after the relevant Change of Control 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 Change of Control 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 such rating was the result, in whole or in part, of the applicable Change of Control (whether or not the Change of Control shall have occurred at the time such rating is declined).

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

(d) *Make Whole Redemption by the Issuer*

The Issuer will, subject to compliance by the Issuer with all relevant laws, regulations and directives and having given not less than thirty (30) nor more than forty-five (45) calendar days' notice in accordance with Condition 10 to the Noteholders and to the Fiscal Agent (which notice

shall be irrevocable and shall specify the date fixed for redemption), have the option to redeem the Notes, in whole or in part, at any time prior to their Maturity Date (the **Optional Make Whole Redemption Date**) at their **Optional 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.

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 German government bond (bearing interest at a rate of 2.25 per cent. *per annum* and maturing on September 2021 with ISIN DE0001135457).

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

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

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

The Issuer may, at its option, from and including 10 June 2021 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 10 (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.

(f) *Purchases*

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

(g) *Cancellation*

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

## 6 Payments

(a) *Method of Payment*

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

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

Payments of principal and interest on the Notes will, in all cases, be subject to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

(b) *Payments on Business Days*

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

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

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

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

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

**CACEIS Corporate Trust**  
14, rue Rouget de Lisle  
92130 Issy-Les-Moulineaux  
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Agents and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Fiscal Agent, a Calculation Agent and a Principal Paying Agent having a specified office in a European city that is not obliged to withhold

or deduct tax pursuant to the Council Directive 2003/48/EC or any other law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any such change or any change of specified office shall promptly be given to the Noteholders in accordance with Condition 10.

## **7 Taxation**

### *(a) Withholding Tax*

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

### *(b) Additional Amounts*

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

- (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with France other than the mere holding of such Note;
- (ii) presented more than thirty (30) days after the Relevant Date (as defined below), except to the extent that the Noteholder thereof would have been entitled to such additional amounts on the last day of such period of thirty (30) days; or
- (iii) where such withholding or deduction is required to be made pursuant to any Council Directive 2003/48/EC or any other Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive.

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

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

## **8 Events of Default**

Any Noteholder may, upon written notice to the Issuer, with a copy to the Fiscal Agent, cause all the Notes (but not some only) held by such Noteholder to become immediately due and payable at their principal amount, together with interest accrued since the last Interest Payment Date (or, if applicable,



since the Issue Date) preceding the early redemption date and until the date of effective redemption, if any of the following events occurs :

- (a) if any amount of principal or interest on any Note shall not be paid by the Issuer on the due date thereof and such default shall not be remedied by the Issuer within a period of fifteen (15) days from such due date; or
- (b) if the Issuer defaults in the due performance of any other obligation in respect of the Notes and such default continues for a period of thirty (30) days (unless such default is not curable in which case such period shall not apply) following receipt by the Issuer of a written notice of such default; or
- (c) if (i) any other present or future Financial Indebtedness (as defined in Condition 3) of the Issuer or any of its Material Subsidiaries (as defined below) becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of such Financial Indebtedness and including, where applicable, after the delivery of any notice and/or the expiration of any applicable grace period required in order for such Financial Indebtedness to become so due and payable, or (ii) any such present or future Financial Indebtedness is not paid by the Issuer or any of its Material Subsidiaries when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due or, as the case may be, within any applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any present or future Financial Indebtedness; where the aggregate amount of the relevant Financial Indebtedness and/or guarantees or indemnities, individually or in the aggregate, is equal to or in excess of €20 million (or its equivalent in any other currency); or
- (d) if the Issuer is wound up or dissolved or ceases to carry on all or substantially all of its business except (i) in connection with a merger or spin-off (including *fusion-scission*), consolidation, amalgamation or other form of reorganisation (including a management buy-out or leveraged buy-out) pursuant to which the surviving entity shall be the transferee of or successor to all or substantially all of the business of the Issuer and assumes all of the obligations of the Issuer with respect to the Notes or (ii) on such other terms approved by a resolution of the general meeting of Noteholders; or
- (e) if the Issuer or any of its Material Subsidiaries makes any proposal for a general moratorium in relation to its debts or any judgment is issued for its judicial liquidation (*liquidation judiciaire*) or the transfer of the whole of its business (*cession totale de l'entreprise*) in the context of a procedure of judicial liquidation (*liquidation judiciaire*) or of a judicial rehabilitation (*redressement judiciaire*) or it is subject to any similar proceedings whatsoever.

**Contributory Revalued Net Assets** means the product of the Revalued Net Assets of the relevant subsidiary and the rate of direct or indirect detention of the Issuer in the relevant subsidiary.

**Material Subsidiary** means any consolidated subsidiary (controlled exclusively by the Issuer in the meaning of article L.233-16 II of the French *Code de commerce* (*contrôle exclusif*)) which Contributory Revalued Net Assets (as defined above) represent more than five per cent. (5%) of the Revalued Net Assets of the Issuer, as calculated by reference to the Issuer's most recent consolidated audited or (if the Issuer prepares semi-annual financial statements including revaluation of its Real Estate Assets (as defined in Condition 3)) unaudited consolidated financial statements and the most recent annual or, as the case may be, semi-annual accounts of such subsidiary.

**Revalued Net Assets** means, with respect to any relevant person, the amount of its revalued net assets (being an amount corresponding to such person's shareholders' equity adjusted to take account latent capital gains relating to such person's Real Estate Assets (as defined in Condition 3), calculated on the

basis of the Appraisal Value, excluding transfer rights (*droits de transferts*) on the relevant Real Estate Assets (as defined in Condition 3), relevant latent taxes (*fiscalité latente*) if any, and fair value adjustment of debt); provided that the revalued net assets shall be calculated in accordance with the accounting principles and methods of consolidation adopted by the Issuer in its latest published annual or semi-annual financial statements.

## 9 Representation of the Noteholders

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

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

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

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

- (i) the Issuer, the members of its Board of Directors (*conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or
- (ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*Conseil d'administration*), Management Board (*Directoire*) or Supervisory Board (*Conseil de surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouses; or
- (iii) companies holding ten per cent. (10%) or more of the share capital of the Issuer or companies having ten per cent. (10%) or more of their share capital held by the Issuer; or
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The following person is designated as Representative of the Masse:

CACEIS CORPORATE TRUST (439 430 976 RCS PARIS)

14, rue Rouget de Lisle  
92130 Issy les Moulineaux

Represented by M. Jean-Michel DESMAREST  
*Directeur Général de CACEIS Corporate Trust*

The Issuer shall pay to the Representative of the Masse an amount equal to EUR 600 *per annum*, payable annually on 10 September in each year, commencing on 10 September 2015, up to and including 10 September 2021.

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

- (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.

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

- (d) **General Meeting:** A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting, together with the proposed agenda for such General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

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

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

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

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

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

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder on the third (3rd) business day in Paris preceding the date set for the meeting of the relevant General Meeting at 0:00, Paris time.

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

- (f) **Information to Noteholders:** Each Noteholder or Representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at

the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

- (g) **Expenses:** The Issuer will pay all reasonable expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.
- (h) **Notice of Decisions:** Decisions of the meetings shall be published in accordance with the provisions set out in Condition 10 not more than ninety (90) days from the date thereof.

## **10 Notices**

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

## **11 Prescription**

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

## **12 Further Issues**

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

## **13 Governing Law and Jurisdiction**

The Notes are governed by the laws of France.

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

## **USE OF PROCEEDS**

The net proceeds from the issue of the Notes will be used by the Issuer for refinancing existing debts and for general corporate purposes.

## **DESCRIPTION OF THE ISSUER**

The description of the Issuer is contained in the 2013 Reference Document and the 2014 Half Year Financial Report which are incorporated by reference in the Prospectus and available on the website of the Issuer and (save for the 2014 Half Year Financial Report) on the website of the AMF (see section "Documents Incorporated by Reference").

## RECENT DEVELOPMENTS

The following is a press release published by Beni Stabili on 31 July 2014.

**Beni Stabili S.p.A. Siiq: the Extraordinary Shareholder Meeting approved the mandate to the Board of Directors for €150m share capital increase aimed at enhancing the financial structure of the Company as announced on 26 June 2014.**

Overall €500m new bank loans already executed

- The extraordinary shareholder meeting approved the mandate to the Board of Directors for the increase of the share capital up to €150m for the enhancement of the financial structure of the Company
- In the same context, new bank loans have been already executed for an overall amount of €500m

31 July 2014 – Beni Stabili S.p.A. Siiq (the **Company**) hereby announces that today the Extraordinary Shareholder Meeting resolved, among other things, to grant the Company's Board of Directors, pursuant to Article 2443 of the Italian Civil Code, the right to increase the share capital by cash, divisible in one or more instalments, within 24 months from the date of registration of this resolution in the companies' register, up to a maximum of €150m (including any premium), by issuing new ordinary shares of €0.10 par value to be offered on a pre-emptive basis to the Company's existing shareholders and to the holders of the convertible bonds issued by the Company, pursuant to Article 2441, paragraph 1 of the Italian Civil Code (the **Share Capital Increase** and the **Offer**, respectively).

The final terms and conditions of the Share Capital Increase, such as the overall amount, the new share issue price and the pre-emptive ratio, will be established by the Company's Board of Directors, after exercising the right granted by the extraordinary shareholder meeting to increase the Company's share capital, before the Offer starts. It is expected that the Offer will take place, to the extent permitted by the market conditions and subject to the release of the required authorisations, during the second half of this financial year.

Moreover, in the context of the project to enhance the Company's financial structure, the Company has already executed a €300m mortgage loan with a six-year maturity with BNP Paribas Corporate & Investment Banking, Crédit Agricole Corporate and Investment Bank – Milan Branch, DekaBank Deutsche Girozentrale, Intesa Sanpaolo S.p.A., Mediobanca – Banca di Credito Finanziario S.p.A., Société Générale – Milan Branch and UniCredit S.p.A., and a €200m corporate loan with a two-year maturity with BNP Paribas Corporate & Investment Banking, Intesa San Paolo S.p.A. and Mediobanca – Banca di Credito Finanziario S.p.A.. The execution of these new loans and their terms and conditions are totally consistent with the objectives declared in the press release published on 26 June 2014, when the project to enhance the financial structure of the Company was announced.

Please note that, as announced in the press release published on 26 June 2014, Banca IMI S.p.A., BNP Paribas Corporate & Investment Banking, Mediobanca – Banca Di Credito Finanziario S.p.A. and UniCredit Corporate & Investment Banking entered into a pre-underwriting agreement with the Company whereby these banks undertook, at customary terms and conditions for this type of transaction, to guarantee the subscription of any share unsubscribed at the end of the Offer for an overall nominal amount of the Share Capital Increase net of the major shareholder Foncière des Régions S.A. portion.

The Company was assisted by Studio Legale Bonelli Erede Pappalardo; the banks were assisted by Legance - Avvocati Associati on the new financings and by Linklaters on the capital increase.

## TAXATION

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

### EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a directive amending and broadening the scope of the requirements described above (the **Amending Savings Directive**). Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Savings Directive, in particular to include certain additional types of income payable on securities. The Amending Savings Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. On 10 April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Savings Directive.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the **OECD Model Agreement**) with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments and (ii) the date on which the Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

### France

#### **Withholding Tax**



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

Following the introduction of the French *loi de finances rectificative pour 2009* n°3 (n°2009-1674 dated 30 December 2009) (the **Law**), payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a **Non-Cooperative State**). If such payments under the Notes are made in a Non-Cooperative State, a 75 per cent. withholding tax will be applicable by virtue of Article 125 A III of the French *Code général des impôts* (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty).

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

Notwithstanding the foregoing, the Law provides that neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor the Deductibility Exclusion will apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of the issue of the Notes was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the **Exception**). Pursuant to *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211 (n°550 and 990), BOI-RPPM-RCM-30-10-20-40-20140211 (n°70 and 80), BOI-IR-DOMIC-10-20-20-60-20140211 (n°10) and BOI-ANX-000364-20120912, the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes, if the Notes are *inter alia*:

- (i) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (ii) admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

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

Pursuant to Article 125 A of the French *Code général des impôts*, subject to certain limited exceptions, interest received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France is subject to a 24 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related

contributions) are also levied by way of withholding tax at an aggregate rate of 15.5 per cent. on interest paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

### ***EU Savings Directive***

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

## SUBSCRIPTION AND SALE

### Subscription Agreement

Barclays Bank PLC, CM-CIC Securities, Merrill Lynch International and Société Générale (the **Managers** or the **Joint Lead Managers**) have, pursuant to a subscription agreement dated 8 September 2014 (the **Subscription Agreement**), jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at an issue price equal to 99.570 per cent. of the principal amount of the Notes, less any applicable commission. In addition, the Issuer will pay certain costs incurred by it and the Managers in connection with the issue of the Notes.

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

### General Selling Restrictions

Each Manager has agreed 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.

### France

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

### United Kingdom

Each Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## United States

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

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

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

## Italy

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

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

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

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

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (the **Banking Act**) (in each case as amended from time to time);
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

## GENERAL INFORMATION

### 1. Clearing of the Notes

The Notes have been accepted for clearance through Euroclear France, Clearstream, Luxembourg and Euroclear. The International Securities Identification Number (ISIN) for the Notes is FR0012146744. The Common Code number for the Notes is 110764421.

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

### 2. Admission to trading

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

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

### 3. Corporate authorisations

The issue of the Notes was authorised by a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 23 July 2014 and a decision of Christophe Kullmann, Chief Executive Officer (*Directeur Général*) of the Issuer dated 4 September 2014.

### 4. Documents available

Copies of:

- (i) the *statuts* of the Issuer;
- (ii) the Fiscal Agency Agreement;
- (iii) this Prospectus; and
- (iv) the documents incorporated by reference in this Prospectus,

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

This Prospectus and the documents incorporated by reference in this Prospectus will be published on the websites of (a) the Issuer ([www.foncieredesregions.fr](http://www.foncieredesregions.fr)) and (b) the AMF ([www.amf-france.org](http://www.amf-france.org)), save for the 2014 Half Year Financial Report.

### 5. No material change

There has been no significant change in the financial or trading position of the Issuer and/or the Issuer and its subsidiaries, taken as a whole, since 30 June 2014 and no material adverse change in the prospects of the Issuer since 31 December 2013.

### 6. Litigation

Except as disclosed in the Prospectus, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the twelve (12) months preceding the date of this Prospectus which

may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the Issuer and its subsidiaries, taken as a whole.

**7. Auditors**

Mazars and Ernst & Young et Autres are the statutory auditors of the Issuer and have audited, and rendered unqualified report on the financial statements of the Issuer as at, and for the year ended, 31 December 2013 and have rendered a limited review report on the unaudited consolidated financial statements of the Issuer for the period ended 30 June 2014.

Mazars and Conseil Audit & Synthèse have audited, and rendered unqualified report on the financial statements of the Issuer as at, and for the year ended, 31 December 2012.

Mazars, Ernst & Young et Autres and Conseil Audit & Synthèse are registered as *Commissaires aux Comptes* (members of the *Compagnie Nationale des Commissaires aux Comptes* and the *Compagnie Régionale de Versailles*) and are regulated by the *Haut Conseil du Commissariat aux Comptes*.

**8. Listing fees**

The estimated costs for the admission to trading are € 6,500.

**9. Yield**

The yield in respect of the Notes is 1.816 per cent. *per annum* and is calculated on the basis of the issue price of the Notes. It is not an indication of future yield.

**10. Interest material to the issue**

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

**11. No-conflicts**

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

## PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

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

The statutory auditor's report on the consolidated financial statements for the year ended 31 December 2013 included on pages 350 and 351 of the 2013 Reference Document (as defined in Section "Documents Incorporated By Reference") includes the following emphasis paragraph :

*Without qualifying our opinion, we draw your attention to the Notes 3.5.1.6.3 " Investments properties (IAS40)" and 3.2.4.1.2 " Investment properties" of the consolidated financial statements which present information on the fair value measurement of the property portfolio after the first application of IFRS13.*

### **Foncière des Régions**

18, avenue François Mitterrand  
57000 Metz  
France

Duly represented by:

Christophe Kullmann, Chief Executive Officer (*Directeur Général*)  
Dated 8 September 2014



### ***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. 14-487 on 8 September 2014. This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

## **REGISTERED OFFICE OF THE ISSUER**

### **Foncière des Régions**

18, avenue François Mitterrand  
57000 Metz  
France

Tel: +33 (0)3 87 39 55 00

## **JOINT LEAD MANAGERS**

### **Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
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