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Information Memorandum dated 27 September 2019



## **Action Logement Services**

**(A French simplified joint stock company)**

# **Sustainable Euro Medium Term Note Programme**

## **of €6,200,000,000**

Under the Sustainable Euro Medium Term Note Programme (the "**Programme**") of €6,200,000,000 described in this information memorandum (the "**Information Memorandum**"), and in compliance with the applicable laws, regulations, and directives, Action Logement Services SAS (the "**Issuer**" or "**Action Logement Services SAS**") may at any time issue securities (the "**Notes**"). The aggregate nominal amount of the Notes outstanding at their issue date will not at any time exceed €6,200,000,000 (or its equivalent in other currencies).

Application has been made to the Luxembourg Stock Exchange, in its capacity as operator of the Euro MTF market (the "**Euro MTF market**") for the Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market. Application has also been made to Euronext Paris in its capacity as operator of the Euronext Growth market in Paris (the "**Euronext Growth market**") for the Notes to be admitted for trading on the Euronext Growth market. The Euro MTF market and the Euronext Growth market are not regulated markets within the meaning of Directive 2014/65/EU as amended.

This Information Memorandum constitutes a base prospectus for the purpose of the Luxembourg act dated 16 July 2019 on prospectuses for securities (Part IV).

The Notes will be issued in dematerialised bearer form. This shall be more fully described hereinafter. The Notes will be in bearer form, registered from their date of issuance in the books of Euroclear France acting as central depository. Euroclear France will credit the holders' accounts as defined in the "*Terms and Conditions of the Notes - Form, denomination, title, and redenomination*", including Euroclear Bank SA/NV ("**Euroclear**") and the depository bank for Clearstream Banking, S.A. ("**Clearstream**").

The Issuer's long-term debt is currently rated Aa2, positive outlook, and AA, stable outlook, by Moody's Public Sector Europe ("**Moody's**") and Fitch France S.A.S. ("**Fitch**") respectively. As of the date of this Information Memorandum, the Programme is rated Aa2, positive outlook, and AA, stable outlook, by, respectively, Moody's and Fitch. The Notes issued under the Programme may or may not be the subject of one or several ratings. The rating(s) of the Notes shall, as the case may be, be specified in the relevant Final Terms. The rating(s) of the Notes will not necessarily be identical to the Issuer's rating. A rating is not a recommendation to buy, sell, or hold the Notes. It may, at any time, be suspended, modified, or withdrawn by the rating agency concerned.

As of the date of this Information Memorandum, each of Moody's and Fitch is established in the European Union. They are registered in accordance with Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 as amended (the "**CRA Regulation**"). They are included in the list of registered rating agencies as published on the website of the European Securities and Markets Authority (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.

### **DISCLAIMER**

This Information Memorandum does not constitute a prospectus or a base prospectus within the meaning of Regulation (EU) 2017/1129 of 14 June 2017 (the "**Prospectus Regulation**").

The listing of the Notes on the Euro MTF market and/or the Euronext Growth market does not give rise to a prospectus submitted for approval to the *Commission de Surveillance du Secteur Financier* in Luxembourg (the "**CSSF**") or the French *Autorité des Marchés Financiers* (the "**AMF**"). Consequently, neither the CSSF nor the AMF assume any consequences

relating to the issuance of the Notes listed on the Euro MTF and/or Euronext Growth markets.

The Euronext Growth market is operated by Euronext. Companies listed on the Euronext Growth market are not subject to the same rules as companies on the regulated market. Instead, they are subject to a set of rules that are less extensive. As a result, the risk of investing on the Euronext Growth market may be higher than investing in a company listed on a regulated market.

As the Notes have a denomination of €100,000 each, they are only offered to qualified investors within the meaning of Article 2(e) of the Prospectus Regulation in France and the United Kingdom and in accordance with Articles L.411-1 and L.411-2 of the French Monetary and Financial Code and Section 19 of the UK Financial Services and Markets Act 2000.

**Before making an investment decision concerning the Notes issued under this Programme, potential investors are invited to consider the risks described in the section "*Risk Factors*".**

#### **ARRANGERS AND DEALERS**

**J.P. MORGAN**

**NATIXIS**

**This Information Memorandum must be read in conjunction with any document and/or information that is or may be incorporated by reference.**

**The Issuer declares that, to the best of its knowledge, the information provided in this Information Memorandum is accurate and that there are no omissions liable to alter its scope.**

**In connection with the issuance or sale of the Notes, no one is, or has been, authorised to give any information or to make any statements other than those contained in this Information Memorandum. Accordingly, if given or made, such information or statements cannot be considered as having been authorised by the Issuer, by any of the Arrangers, or by any of the Dealers as defined in the section "General Description of the Programme". Neither the delivery of this Information Memorandum nor any sale made in connection herewith shall, under any circumstances, imply that there that there has been no change in the affairs of the Issuer and its consolidated subsidiaries since the date of this Information Memorandum or since the date of the most recent amendment or supplement to this document. . It does not imply that there has not been changes in the financial position of the Issuer or of the Issuer and its consolidated subsidiaries since the date of this document or since the date of the most recent addendum or supplement to this document. It does not imply that any other information provided under this Programme is accurate as of any date after the date on which it is provided or on the date indicated on the document in which it is contained, if that date is different.**

**The distribution of this Information Memorandum and the offer or sale of the Notes may be subject to legal restrictions in certain countries. In particular, neither the Issuer, the Arrangers nor the Dealers have taken any action to allow an offering of the Notes other than to qualified investors as defined by Article 2(e) of the Prospectus Regulation, nor to allow the distribution of this Information Memorandum in any jurisdiction that requires action to that effect. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Information Memorandum nor any other offering document may be distributed or published in a jurisdiction unless it complies with all applicable laws and regulations. Any person in possession of this Information Memorandum or the Notes must inquire about and comply with such restrictions.**

**The Notes have not been, nor will be, registered under the United States Securities Act of 1933, as amended ("US Securities Act of 1933"). They will not be registered with any of the security regulatory authorities of any State or other US jurisdictions. Subject to certain exceptions, the Notes may not be offered or sold, directly or indirectly, in the United States. The Notes will be offered and sold outside the United States as part of offshore transactions in accordance with Regulation S under the U.S. Securities Act ("Regulation S").**

**For a description of certain restrictions applicable to the offer, sale, and transfer of the Notes, and the distribution of this Information Memorandum, please refer to the section on "*Subscription and Sale*". In particular, there are restrictions on the distribution of this Information Memorandum and the offer and sale of the Notes in the United States and in the European Economic Area.**

**Neither the Issuer, the Arrangers, or the Dealers makes any statement to any potential investor in the Notes as to the legality of the investment under applicable laws. All potential investors should be able to bear the economic risk of investing in the Notes for an indefinite period of time.**

**This Information Memorandum does not constitute an invitation or offer by or on behalf of the Issuer, the Dealers, or the Arrangers to subscribe for or purchase any Notes.**

**Neither the Arrangers nor the Dealers have verified the information or statements contained or incorporated by reference in this Information Memorandum. Neither the Arrangers nor the Dealers make any express or implied representation or accept liability for the fairness, accuracy, or**

completeness of any information or statement contained or incorporated by reference in this Information Memorandum. The Information Memorandum and any other information provided under the Programme are not intended to be the basis for any financial estimates or valuations and should not be considered as a recommendation to purchase Notes from the Issuer, the Arrangers, or the Dealers directed at the recipients of this Information Memorandum or any other financial statements. Each potential investor of Notes must judge for itself the relevance of the information contained in this Information Memorandum and base its decision to purchase the Notes on the research as it deems necessary. Neither the Arrangers nor the Dealers have reviewed, nor undertake to review, the financial or general condition of the Issuer during the period of validity of this Information Memorandum. They do not commit to disclosing to any investor or potential investor any information that they may become aware of.

**MiFID II PRODUCT GOVERNANCE / TARGET MARKET** - The Final Terms in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes, taking into account the five (5) categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority ("ESMA") on 5 February 2018 and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "MiFID II") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID II Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules.

**IMPORTANT - EEA RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

## GENERAL OBERVATIONS

This Information Memorandum contains a glossary of defined terms and acronyms on page 111.

In this Information Memorandum:

- the term "**Action Logement Group**" or "**ALG**" refers to the Action Logement association which is the leading holding company of the group Action Logement. It includes a service division, run by the Issuer, and a social and intermediate real estate division, mainly managed by another subsidiary called Action Logement Immobilier ("**ALI**").
- the term "**group Action Logement**" refers to the group comprising the Action Logement Group and its consolidated subsidiaries, including the Issuer and ALI.

The Information Memorandum contains information on the objectives, prospects, and areas of development of the Issuer and its consolidated subsidiaries, as well as forward-looking statements. Such forward looking statements are identified by the use of the future or conditional tenses or by forward-looking terminology, such as "consider", "envisage", "think", "have the objective of", "in expectation of", "understand", "should", "aim", "estimate", "believe", "hope", "may", or the negative form of these terms, or other variations or similar expressions. Such information is not historical data and should not be interpreted as a guarantee that the facts or data will occur. Such information is based on data, assumptions, and estimates considered reasonable by the Issuer. It is liable to change or to be altered due to uncertainties surrounding the economic, financial, competitive, and regulatory environment. Unless otherwise required by law or the regulations, the Issuer does not commit to publish any updates to the forward-looking information contained in the Information Memorandum to reflect any change affecting its objectives or events, conditions, or circumstances on which the forward-looking information contained in the Information Memorandum is based.

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## RISK FACTORS

*The Issuer considers that the following risk factors are important for making investment decisions in the Notes and/or may impair its ability to fulfil its obligations under the Notes to investors. These risks are unpredictable and the Issuer is unable to comment on the possible occurrence of these risks.*

*The Issuer considers that the factors described below represent the main risks specific to the Issuer and the main risks inherent in the Notes issued under the Programme, although they are not exhaustive. The risks described below are not the only risks to which an investor in the Notes is exposed. Other risks and uncertainties not known to the Issuer to date or which it considers as non-determinant as of the date of this Information Memorandum, may have a material impact on an investment in the Notes. Prospective investors should also read the detailed information contained elsewhere in this Information Memorandum. They must establish their own opinion before making any investment decision. In particular, investors must make their own risk assessment of the Notes before investing. They should consult their own financial or legal advisors as to the risks associated with investing in a particular Series of Notes and the suitability of such an investment in light of their own circumstances.*

*Any reference below to a Condition refers to the corresponding numbered section in the chapter Terms and Conditions of the Notes."*

*Capitalised terms not defined in this section shall have the meanings given to them in the section Terms and Conditions of the Notes"or Description of the Issuer."*

### 1 RISKS RELATING TO THE ISSUER

#### 1.1 Limited financial history

The Issuer is a finance company whose purpose is to provide financing in the housing sector. In particular, it finances the housing of employees, in order to promote employment and contribute to economic dynamics throughout France. As such, it ensures the collection of employers' participation in the construction effort (the "PEEC" for *participation des employeurs à l'effort de construction*). It provides loans, financial support, and services to employees and businesses, as well as to social and intermediate lessors.

Created by law in 1953, the PEEC is a mandatory annual payment by companies (Article L.313-1 of the French Construction and Housing Code). It generalises a voluntary approach of certain employers, initiated since 1943, in favour of the housing of their employees. The collection of the PEEC was reorganised recently under Decree no. 2016-1408 of 20 October 2016 (the "**Decree**"). This reorganisation led to the creation of the group Action Logement in 2016, led by Social Partners. The group Action Logement is composed of an umbrella structure. Action Logement Group assumes an exclusively political role based on (i) a "services" division managed by the Issuer in charge of the single collection of PEEC funds and the promotion of financial support and services of Action Logement, and (ii) a "real estate" division, mainly Action Logement Immobilier, whose main duties involve the construction and management of social and intermediate rental housing.

The Issuer was created in 2016 and is the result of the merger of the 20 existing institutions called Inter-professional Housing Committees ("**CIL**" for *Comités Interprofessionnels du Logement*) which locally managed the collection of PEEC and its distribution, into a single collector, the Issuer. As a result, the Issuer only has two years of financial statements prepared in accordance with French accounting standards. These include audited company accounts for the financial years ended 31 December 2017 and 31 December 2018, and audited consolidated financial statements for the year ended 31 December 2018.

Thus, the Issuer has a limited financial history which does not allow a complete comparison of its results against previous years. These factors could make it more difficult for investors to assess the business operations of the Issuer and its consolidated subsidiaries.

## **1.2 Organisational Complexity of the group Action Logement**

The PEEC resources received by the Issuer and their rules of use (the "**Uses**") are determined by an agreement between the State and ALG for a period of five years. The last five-year agreement was signed on 16 January 2018, for the period 2018-2022 (the "**Five-Year Agreement**").

The Decree that created the group Action Logement entrusted Action Logement Group, the Issuer's sole shareholder, with the role of determining its strategy and concluding with the State the Five-Year Agreement. The implementation of the Issuer's product strategy, decided at the level of the Action Logement Group, could, in certain cases, put a strain on the Issuer's operational capacities.

In addition, a number of the Issuer's decisions and actions require the prior authorisation of the Action Logement Group and its committees, in addition to the specific committees and governance bodies of the Issuer.

This organisational complexity could sometimes lead to long and contradictory decision-making circuits.

## **1.3 Risks related to the State**

The governance system of all the group Action Logement entities is joint. This joint system is characterised by equal representation within its management bodies between the representatives of the national inter-professional representative organisations of employers and the representatives of the national inter-professional representative organisations of employees (the "**Social Partners**"). The Issuer is however structurally dependent on the government which is represented by three government commissioners on its Board of Directors, who have a veto right over certain decisions provided for by its Articles of Association. The Five-Year Agreement defines between the State and the Issuer, the general guidelines negotiated with the Social Partners, and the mechanisms financed by the PEEC and implemented by the Issuer.

Negotiations between the Social Partners and the State could, in certain cases, create situations of tension in the management of the group Action Logement. Moreover, the Issuer is not able to anticipate the State's decisions, whose positions may change. The Five-Year Agreement may possibly not be renewed. It could be modified by amendment or renewed on less favourable terms. The State could also force the Issuer and its consolidated subsidiaries to increase public policy subsidies to the detriment of other activities more in line with the objectives of the Social Partners.

Such measures, including resource uptake by the Government, could have a material impact on the financial position, prospects, business, and results of the Issuer and its consolidated subsidiaries.

# **2 RISKS RELATED TO THE ISSUER'S BUSINESS**

## **2.1 Risks related to the PEEC collection activity**

To carry out its activities, the Issuer notably relies on the resources from the annual PEEC collection, the Additional Employers' Participation in the Construction Effort ("**PSEEC**"), and the Agricultural Employers' Participation in the Construction Effort ("**PEAEC**"). It also obtains repayment on loans (the "**Loan Repayments**") that it previously made to individuals or legal entities. The collection of the PEEC alone accounted for 55% of the Issuer's resources in 2018.



By taking legislative or regulatory measures, the State could reduce or even eliminate the PEEC, which is to date the Issuer's main resource. This could have a significant impact on the Issuer's results, strategy, and outlook.

The scope of the PEEC is defined by law. Thus, non-agricultural private sector employers with at least 20 employees are liable for the PEEC, all businesses combined. This threshold was modified by Act no. 2019-486 of 22 May 2019 relating to the growth and transformation of companies (known as the "PACTE Act") and will increase from 20 to 50 employees from 2020. By an amendment to the Five-Year Agreement dated 24 May 2018, the State undertook to compensate the shortfall for the Issuer induced by this change until 2022 (see paragraph 9 of the Description of the Issuer). To date, the Issuer and the State have not reached an agreement on the continuation of this compensation beyond 2022.

The scope of the PEEC or its rate, set at 0.45% of the payroll since 1992, could be subject to further changes, resulting in a modification of the Five-Year Agreement. This could have a significant impact on the results, financial stability, and prospects of the Issuer and its consolidated subsidiaries.

## **2.2 Credit risk related to the Issuer's financing activities**

The Issuer provides financial support, notably in the form of loans, subsidies, or equity allocations to social housing and intermediate housing landlords. The Issuer also assists individuals, mainly employees, with their residential projects. It offers them services and financial aid, especially in the form of loans, grants, and security deposits that facilitate access to housing, and therefore to employment.

The credit risk covers the risk of loss due to the inability of the Issuer's debtors to meet their financial obligations. The Issuer is thus exposed to the credit risk of persons to whom it granted credit or guarantees.

### **(a) Risks related to loan repayments**

Outstanding loans to individuals amounted to €4,057 million net as of 31 December 2018, representing 19.3% of the Issuer's net assets. For fiscal year 2018, losses on loans to individuals represent €80.2 million. The Non-Performing Loan (NPL) rate of the Issuer's portfolio of loans to individuals was 3.2% as of 31 December 2018.

Losses on receivables from legal entities were much lower at €14.1 million for outstanding amounts of €11,947 million. The Non-Performing Loan (NPL) rate of the Issuer's corporate loan portfolio was 1.1% as of 31 December 2018.

### **(b) Risks related to guarantees granted**

In addition to direct financing, the Issuer also provides financial support to individuals in the form of guarantees and deposits. In practice, the guarantees granted to individuals correspond mainly to LOCA-PASS® and VISALE (Visa for Housing and Employment). The overall level of these commitments amounted to €2,846 million at the end of FY 2018.

Following calls on guarantees granted, in the absence of recovery of the resulting receivables, a loss is recognised. Thus, there is a risk of loss on outstanding commitments. This risk is provisioned in the Issuer's consolidated financial statements, the amount of which at the end of FY 2018 was €107.1 million.

In the event that the default rate of persons to whom the Issuer granted a loan or a guarantee increases compared to the current rate, the Issuer may have to record significant charges and provisions for doubtful or non-collectable debts. This would then affect its profitability.

### **2.3 Risks related to the requirements imposed on the Issuer's financing business**

The Issuer's Uses are subject to floor and ceiling levels and ratios set in the Five-Year Agreement. These are audited by the French National Agency for the Control of Social Housing ("ANCOLS" for *Agence Nationale de Contrôle du Logement Social*):

- Loans granted to legal entities are subsidised. They are granted at lower interest rates than a borrower would get for the same social or intermediate housing transaction from a credit institution. The equivalent subsidy (the "EQS") is defined in the Five-Year Agreement as the theoretical amount of subsidy that would be required to offset the interest rate differential between the loan granted by the Issuer and a loan granted at a reference rate, equal to the Livret A savings rate increased by 0.6%. The Five-Year Agreement sets EQS minimums according to the type of Use. Certain changes in the Reference Rate, calculation rules, or EQS minimums could have an adverse effect on the Issuer's operating results and future prospects.
- The limits in terms of carry forwards from one year to the next or from one Use to another in the Five-Year Agreement do not allow the Issuer to redeploy its allocations. In some cases, this may limit the growth of its operating results and future prospects.
- The non-discrimination principle governing the financing of legal entities granted by the Issuer, controlled by ANCOLS, may force the Issuer to direct its financing towards operations or beneficiaries that do not provide the same level of attractiveness or security than the financing granted to ALI's subsidiaries. In some cases, adherence to this principle could have an adverse effect on its operating results and future prospects.

## **3 RISKS RELATED TO THE SECTORS IN WHICH THE ISSUER OPERATES**

### **3.1 Risks related to the development of unfavourable macroeconomic conditions in France**

The development of the Issuer's business and the amount of its resources could be significantly affected by a changing political environment. They may be negatively altered by the unfavourable development of the main macroeconomic factors in France, notably the following:

- Changes in political orientations;
- Various adverse political and geopolitical events such as natural disasters, geopolitical tensions including protectionist measures, terrorist acts, social unrest, cyber-attacks, armed conflicts, threats of conflict, and related risks;
- Demographic changes;
- Employment rate and growth rate of corporations;
- Inflation, purchasing power, and consumer spending;
- The implementation by the State and local authorities of housing policies less favourable to the development of social and intermediate housing;
- Rising interest rates, including the Livret A passbook and access to financing for social and intermediate landlords, and for households seeking access to real estate; and
- Tax rates and tax changes, in particular those applicable to the PEEC.

These factors could adversely affect the Issuer's business, financial condition, and development prospects.

### **3.2 Developments in the residential real estate market could have a negative impact on the Issuer's business**

Over longer periods, the French real estate market has seen several highs and lows in real estate prices and rents. Although these episodes are recurrent, they are difficult to predict and are not systematically anticipated by operators and analysts.

Social and intermediate housing construction is not fully correlated to the conventional real estate market. However, since changes in the real estate market impact the production and sale of real estate assets, they could have a negative impact on the Issuer and its consolidated subsidiaries.

- A fall in the real estate market could lead to losses for ONV, a subsidiary of the Issuer. ONV aims to boost the sale of social housing. It acquires block housing from social landlords and then resells it primarily to occupying tenants. The occurrence of a decline in the real estate market between the acquisition of blocks and their resale could cause ONV to make losses. This is limited, however, by the discount that ONV applies to its selling prices.
- Conversely, rising property prices and construction costs may have an influence on the production of new housing by social and intermediate landlords and on the purchases of first-time buyers to whom the Issuer grants loans, thus reducing its business and income.

The occurrence of these events could have a material impact on the Issuer's financial position, results, and prospects.

### **3.3 Inadequate services offered by the Issuer in relation to future market developments**

The offer of services proposed by the Issuer is based on the Uses provided for by the Five-Year Agreement as modified by the Voluntary Investment Plan and which could be subject to further modifications (see "*Risks related to the PEEC collection activity*"). The Issuer may encounter difficulties in implementing them. In particular, the Issuer may encounter an excess or, conversely, a lack of applications for some of the Uses no longer relevant to the needs of the market. Moreover, if the proposed measures were ultimately not used or inefficient, the relevance and social utility of certain mechanisms identified in the half-yearly performance reports and the evaluation of the Five-Year Agreement could be called into question.

Thus, the offer of services proposed by the Issuer could no longer be adapted to the changing needs of employee housing or to the assistance that companies require to support employment. This could have a significant negative impact on both the results and the image of the Issuer.

### **3.4 Dissatisfaction of companies subject to the PEEC could result in its being called into question**

The current and future orientations of the Five-Year Agreement negotiated between the Social Partners and the State and its implementation may not be entirely satisfactory to companies and their employees.

In particular, unfavourable changes in the allocation conditions of rental housing to employees could occur in return for its financing of social and intermediate housing. The Issuer benefits from reservation rights enabling it to allocate housing in the social and intermediate pool to employees of companies contributing to the PEEC. This is a key element in the Issuer's relationship with these companies and in the Social Partners' adherence since 1953 to the PEEC principle of supporting employment and housing. The conditions for granting and exercising reservation rights could thus change. This could affect the Issuer's ability to meet the needs of employees and businesses.

Moreover, as a result of the PEEC collection reform, the link between the companies and the group Action Logement has changed, due to the end of competition between CILs. The proximity relationship between the CILs and the companies sometimes becomes distended. On the one hand, this makes communicating about the services rendered more difficult and understanding the evolution of the offer of the Issuer and its consolidated subsidiaries, on the other. The Issuer, however, retains a local organisation throughout the country, relying on 13 regional delegations and more than 160 locations.

These changes in positioning and organisation could be misunderstood by companies which during the transition period, may be led to believe that the quality of services rendered has fallen.

In these circumstances, companies could then seek to use their PEEC directly by putting measures in place themselves for their employees' housing. They could no longer support the tax system of the PEEC as it exists today and act within employer representative interprofessional organisations among the management bodies of the Issuer to request modifications or even the removal, in order to lower their charges. The occurrence of such events could have a material impact on the Issuer's financial position, results, and prospects.

### **3.5 The Issuer's business is sensitive to changes in the competitive environment**

The Issuer operates primarily in a non-competitive environment. Nevertheless, for some of its activities, various players may provide competing offers to those of the Issuer.

As regards the granting of loans to social and intermediate landlords, the Issuer's offer is complementary to that of the CDC and banking institutions. Some landlords may prefer the offers of these institutions. They propose historically low interest rates on long maturities that do not require rental reservation rights in exchange for the loans granted.

As regards the provision of guarantees to individuals, even though the service offered by the Issuer is free of charge, the latter could be competing with certain insurance companies in various customer segments.

All of these factors could diminish the Issuer's social utility. They may have a material adverse effect on the Issuer's business volumes, profitability, development prospects, operating results and, as a result, its financial soundness and future prospects.

## **4 OPERATIONAL RISKS**

### **4.1 The Issuer is subject to the risks of the online platforms used for its business activities**

The Issuer proposes through different online platforms the payment of the PEEC, the VISALE service, as well as the distribution of subsidies for senior housing facilities, for energy renovation, and for geographical mobility. These online platforms may at some point not work properly especially due to software issues that the Issuer is not able to solve on its own.

If these online platforms were to be destroyed or damaged, the Uses but also the resources of the Issuer could be disrupted. This may result in a potential loss of revenue for the Issuer and a negative impact on its business and reputation.

#### **4.2 The Issuer is subject to information system risks**

The Issuer or its subcontractors use a number of information tools as well as communication and information systems that play a vital role to run its business. These include the management of financial support and services to company employees and loans to social and intermediate landlords.

As part of the group Action Logement reform, a "common system" project was initiated to replace the information systems of the 20 merged CILs to meet the Issuer's new needs and obligations. The Issuer may experience significant issues in deploying this information system. It could experience problems controlling the budgets and the human resources, the schedules, and the contents of the information systems, as well as managing the very large number of simultaneous projects.

The Issuer's production data stems from successive mergers. Databases held on clients and services rendered may become incomplete and/or potentially erroneous.

The information systems of the Issuer and its subcontractors may also be subject to cyberattacks resulting in the theft or misappropriation of confidential data, extortion, or temporary interruption of the Issuer's business. The consequences could be financial with the termination of contracts, penalties, etc. They could be reputational with the disclosure of operational data or non-public financial data. They may be legal with liability towards individuals or legal entities for whom the Issuer or its subcontractors hold confidential or sensitive information.

Any failure, disruption, hacking of these information systems, or any loss of data could lead to failures or disruptions in the Issuer's business. These could result in significant costs associated with the retrieval and verification of information, as well as a potential loss of business and reputation.

#### **4.3 The Issuer may not be able to retain members of its management team or attract and hire qualified employees**

The Issuer's business depends on the involvement and expertise of its management. The Issuer is made up of experienced managers and employees. They are chosen for their proven skills and expertise in the Issuer's industry.

The recurring loss or change of one or more of the Issuer's executives could adversely affect its reputation, and its ability to prepare and implement an effective business plan. It could be detrimental towards developing its strategy and implementing its activities. The Issuer may have difficulty finding satisfactory new employees to replace those who leave the company. The loss of the Issuer's key employees could also result in a loss of technical or specific skills. This could slow down or alter some activities or projects. In the event of loss of these employees, the Issuer would have to recruit new qualified employees to develop its business. It may need to train them to familiarise them with the issues and requirements that are unique to its business.

Furthermore, most of the Issuer's employees come from former CILs. Because of their smaller size, they were not subject to as much regulation. The reform of the group Action Logement obliged the employees to adapt to new roles and responsibilities that can be complex.

Any inability of the Issuer to retain highly qualified personnel, attract new employees, and properly train them could reduce the effectiveness of its organisation and its ability to execute its business plan and strategy.

#### **4.4 The risks related to insurance taken out**

The Issuer has taken out a number of insurance policies to insure its activities. In addition to the fact that they include exclusion clauses and only cover a portion of the operational risks borne by the Issuer, the Issuer is exposed to the occurrence of one of its insurers' default.

## **5 REGULATORY, LEGAL AND TAX RISKS**

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

As a finance company, the Issuer must comply with a number of regulations. Any changes in the rules applied to finance companies and their interpretation and application by the competent authorities could lead to additional costs. These could have a negative impact on its operating results or its prospects for development and growth.

The Issuer's business could be affected by any new legislation that directly influences or has indirect consequences on the Issuer. In particular, it could be prejudiced by the legal or tax regime applicable to social and intermediate housing in terms of renovation and construction. The Issuer benefits from a specific tax regime for its general interest activities, which are considered to be social housing activities. As such, it benefits from a partial exemption of the corporation tax.

Such changes could result in the Issuer losing some or all of its benefits, including equity and loan financing facilities. This could also lead to changes in its strategic orientation and impact its operating results, financial position, and future prospects.

### **5.2 The Issuer is subject to the regulations on the security and use of personal data**

The Issuer collects and uses personal data concerning individuals and legal entities on online platforms and concerning its employees. This data is subject to European and French regulations on personal data, in particular the General Data Protection Regulation (2016/679/EU). The Issuer cannot guarantee that the competent authorities or a person concerned will not seek to dispute the processing conditions of personal data. In addition, the Issuer cannot guarantee that there will never be a failure of its security system. This could lead to the fraudulent use of personal data and confidential information of the persons concerned.

The Issuer cannot guarantee that it will not be held liable for acts committed by subcontractors that handle part of the processing of personal data. It cannot ensure it will not be held liable in connection with the sharing of personal data with its partners. It cannot establish that it will not be held liable for the use of data shared by its partners, in accordance with applicable regulations.

The occurrence of such events could entail the Issuer's liability. This could adversely affect its reputation, business, operating results, or financial situation.

In addition, if the Issuer was no longer able to use the personal data of its customers or prospects for regulatory reasons, such restrictions could slow down and/or limit the development of its digital strategy. This strategy is designed to meet the needs of individuals and is part of its business plan. The occurrence of such an event could have a material adverse effect on the Issuer's business, operating results, financial condition, and future prospects.

### **5.3 The Issuer is subject to risks related to business ethics and corporate social responsibility**

The Issuer's business involves working with various players in the real estate market on the creation of residential buildings. The players in this market, who are numerous and independent of the Issuer, could be involved in corruption or money laundering investigations. If the Issuer were to be involved in these investigations due to the activity of these players, it could result in legal or judicial consequences that could affect its profitability, image, and future prospects.

In addition, if the social utility of certain mechanisms financed by the Issuer were to be challenged or offset by their negative impacts, the Issuer could be exposed to a reputational risk that could adversely affect its business and ability to carry out its activities.

#### **5.4 The Issuer may not be able to protect the intellectual property required to carry out its business**

The Issuer relies on intellectual property rights to protect its products and services, including trade names, trademarks, databases, and copyrights, as well as on laws relating to business secrets and unfair competition. However, trademark applications do not always result in registration. Registered trademarks may be ineffective in the face of competition or may be invalidated in the event of subsequent opposition. In addition, the measures taken by the Issuer to protect its intellectual property rights may prove to be inadequate. This could lead to violations and infringements of these rights with respect to its products and services. The Issuer's business secrets could be disclosed to its competitors. The Issuer may be unable to efficiently protect the rights to its confidential information. In addition, other companies may assert rights to the Issuer's intellectual property or challenge the Issuer's claim to these rights.

#### **5.5 Non-compliance risk**

Non-compliance risk covers the risk of judicial, administrative, disciplinary, significant financial loss, or damage to reputation resulting from not complying with provisions governing banking and financial activities. This is the case whether they are of a legislative, regulatory, national, or European nature, directly applicable, whether professional standards, ethical standards, or instructions issued by the Issuer or its consolidated subsidiaries. In the event the Issuer is unable to comply with these existing or future standards, it cannot be excluded that it could be sanctioned or even its accreditation withdrawn as a finance company, resulting in the impossibility to run its business. The compliance control system that the Issuer has put in place is intended to limit the occurrence of a non-compliance risk. Particular attention is paid to the most important regulations for the Issuer like the French Construction and Housing Code, the French Monetary and Financial Code, and Basel regulations. The control system cannot, however, guarantee that such a risk will not occur. This could result in loss of value for the Issuer or damage to its reputation.

#### **5.6 Litigation risks**

In the normal course of business, the Issuer may be involved in legal proceedings or subject to audits by tax or regulatory authorities. Such events may result in financial risk along with a risk to its reputation and/or image.

### **6 FINANCIAL RISKS**

#### **6.1 Risks related to the Issuer's financial situation and financing policy**

The Issuer aims to increase its level of indebtedness, in particular through bond issuances. This will change its model of sources-uses historically based on a balance minimising its borrowing needs.

The Issuer's indebtedness could have the following consequences:

- Difficulty in meeting its repayment obligations with respect to its debt and other liabilities;
- The allocation of a significant portion of its resources to the repayment of its debt. This would reduce the cash available to provide loans and expand its business;
- Greater vulnerability to a slowdown in its business, in the economy, or in the industry;
- Limited flexibility in planning and adapting to changes in its operations; and

- Limits, among other things, to its ability and that of its subsidiaries to borrow additional funds in the future, along with an increase in the costs related to these additional borrowings.

All of these risks could have a material adverse effect on the Issuer's ability to repay its debts as well as on its business, operating results, and financial position.

The ability of the Issuer to repay its debt will depend on its future profitability. This may be negatively affected by economic conditions as well as financial, commercial, regulatory and other factors. Some of these factors are beyond the Issuer's control. If the Issuer were unable to repay its debt and meet its other obligations and liabilities, it could be forced to refinance its debt in order to obtain the necessary funds. The Issuer cannot guarantee that such refinancing will be completed in a timely manner or under satisfactory conditions. It cannot ensure that it will succeed in achieving such refinancing or that such refinancing will be authorised.

## **6.2 The Issuer is subject to risks linked to any deterioration of its credit ratings**

The Issuer's long-term debt is rated Aa2, positive outlook, by Moody's and AA, stable outlook, by Fitch as of the date of this Information Memorandum. It could in the future be rated by other rating agencies. This rating is based on the Issuer's ability to meet its repayment obligations, its liquidity, certain financial ratios, its operating profile, its financial position, as well as its relationship with the government and other factors considered significant for its sector and, more generally, for its future economic outlook.

Any deterioration of the Issuer's debt rating could increase the cost of refinancing its existing debt. This could have a negative impact on the Issuer's ability to finance or develop future projects on acceptable terms. Any increase in financing costs could have a negative impact on the Issuer's operating results and the return it earns on its business. In the event that financing is no longer available on satisfactory terms, the Issuer's ability to grow its business would be reduced. This could have a material adverse effect on the Issuer, its business, financial condition, results, and future prospects.

## **6.3 The Issuer's ability to raise funds may be limited**

The Issuer is seeking to rely more on debt to finance its development. This method of financing may not be available under satisfactory conditions. In particular, this would be the case in the event of a crisis in capital or debt markets, of rising interest rates, of a deterioration of the Issuer's debt rating, of a change in its activity, financial structure, or ownership structure. Decisions of the French government could also have an effect on the perception of investors or lenders of the Issuer's solvency or the attractiveness of an investment in the Issuer's debt.

Failure to raise the necessary capital could limit the Issuer's Uses. This could have a material adverse effect on its business, financial condition, operating results, and future prospects.

## **6.4 Risk related to respecting prudential ratios**

By virtue of its accreditation as a finance company, the Issuer must comply with certain regulatory requirements and internal limits.

The Issuer's prudential requirements for solvency are implemented at the level of each of the five funds covered by Decree no. 2017-1730 of 21 December 2017 relating to the management of company funds mentioned in Article L.313-19 of the Code. As regards the liquidity requirements, these are assessed globally.



The Issuer therefore implemented a strict system to monitor and anticipate changes in these regulatory ratios in order to ensure the ongoing compliance with internal and regulatory requirements. Failure to comply with regulatory requirements may force the Issuer to implement one or more recovery actions. It may even result in the revocation of the Issuer's accreditation as a finance company, resulting in loss of value for the Issuer. As of 31 December 2018, the Issuer's CET 1 (Core Equity Tier 1) solvency ratio was 83%. The Issuer is currently seeking to increase its level of indebtedness, notably through the issuance of bonds. Its CET 1 ratio could decrease, given its development and refinancing plan. The Issuer plans to maintain this ratio above 30% which is significantly higher than the current regulatory limit of 10.75%.

## **7 MARKET RISKS**

### **7.1 Risks related to the performance of financial markets and the banking system**

To date, the Issuer has no exposure to financial markets.

The interconnection between multiple financial institutions, market firms, and clearing houses increases the risk that the operational failure of one of them may cause an operational failure of the entire sector. Between market participants and financial intermediaries, sectoral concentration is likely to increase this risk as complex and disparate systems need to be coordinated, often in a timely manner. Any such failure, interruption, or operating incident could adversely affect the Issuer's ability to conduct its business, in particular, granting loans and guarantees and managing its risk exposure, or could give rise to financial losses, call its liability into question, as well as cause an interruption of its activities, a regulatory intervention, or an attack on its reputation.

### **7.2 Interest rate and inflation risk**

Interest rate risk is the prospect the Issuer will incur losses caused by an adverse change in interest rates as a result of all of its balance sheet and off-balance sheet transactions. This will be the case particularly in the event of an imbalance between the interest rates generated by its assets and those due for its liabilities. Interest rate risk includes the risk of refinancing at a higher interest rate than the one originally contracted or the risk of replacing an asset at a lower rate than that initially contracted. In both cases, if interest rates change, there may be a negative impact on the net interest margin, thus reducing the amount of the Issuer's income that could lead to an impairment loss.

The collection of the PEEC in the form of loans is however not affected by such developments. These loans are granted by the companies to the Issuer in the form of zero-interest bullet loans for a period of 20 years. However, the Issuer is exposed to the risk of fluctuating interest rates and that of inflation as a result of its borrowings from the CDC. The outstanding principal owed as of 31 December 2018 was €1,262 million. The initial term of these loans with the CDC is 25 years. They have a floating interest rate indexed on the Livret A passbook rate, a popular tax-free savings account that currently earns 0.75%, plus 90 basis points. The Livret A is intended to finance social housing in France and its rate is indexed on the consumer price index in France and on EONIA.

### **7.3 Liquidity risk**

Liquidity risk is the risk that the Issuer and its consolidated subsidiaries cannot meet their commitments within a specified timeframe and at a reasonable cost. This is the risk of not being able to unwind or offset a position due to market conditions or factors specific to them. It reflects the risk of not being able to cover net cash outflows across all short to long-term maturities.

In addition, since 96% of the PEEC is collected in December, the Issuer faces high cash flow seasonality, with a decline in the fourth quarter of each year. This could have an impact on Uses at this time of year or require short-term financing.

## **8 Risks relating to the Notes**

The following paragraphs describe the main risk factors that the Issuer believes are material to the Notes in order to assess the risks associated with these Notes. Prospective investors should consult their own financial and legal advisors on the risks of investing in a particular Series of Notes in light of their own particular circumstances. In certain circumstances, Noteholders may lose all or part of the value of their investment as a result of the application of the terms and conditions of the Notes.

### **8.1 The Notes may not be an appropriate investment for all investors**

On the basis of their own examination and with the intervention of any advisors they may deem pertinent under the circumstances, each potential investor must individually determine the opportunity of investing in the Notes in light of its own personal circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to satisfactorily evaluate the Notes, interest, and risks relating to an investment in the relevant Notes and the information contained in this Information Memorandum, and in any supplement to this Information Memorandum;
- (ii) have access to and be familiar with the appropriate analytical tools to evaluate, in light of their personal situation and risk sensitivity, an investment in the Notes concerned. The potential investor must be able to analyse the effect that the relevant Note could have on its entire investment portfolio;
- (iii) have sufficient financial resources and liquidity to support all the risks of an investment in the Notes, including if the currency for the payment of the principal or interest is different from the currency of the potential investor;
- (iv) understand perfectly the terms of the relevant Notes. Be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (alone or with the help of a financial advisor) the possible scenarios for the economy, interest rates, or any other factor that could affect their investment and their ability to bear the risks incurred.

Certain Notes may be acquired for the purpose of reducing risk or improving performance with additional risk known, assessed, and appropriate for the overall investment portfolio. Potential investors should not invest in the Notes unless their expertise, alone or with the assistance of their financial advisor, allows them to assess how the Notes will evolve under changing conditions. They must be able to evaluate the effects on the value of the Notes and the impact of this investment on their overall portfolio.

### **8.2 Risks relating to the structure of a particular issuance of Notes**

Different types of Notes may be issued under this Programme. A number of these Notes may have features that contain particular risks to potential investors. The most common features of these Notes are set out below:

*Any early redemption option in favour of the Issuer, provided for by the Final Terms of a particular issue of Notes, may result for the Noteholders in a performance being significantly lower than their expectations.*

The Final Terms of a particular issue of Notes may provide for an Issuer's early redemption option. As a result, the return at the time of redemption may be lower than expected. The value of the repaid amount of the Notes may be less than the purchase price paid by the Noteholder on the market. As a result, a portion of the capital invested by the Noteholders may be lost, such that they would not receive the full amount of capital invested. In addition, in the event of an early redemption, investors who choose to reinvest their funds may only be able to reinvest in financial securities with a lower yield than the redeemed Notes.

*Notes subject to an optional redemption by the Issuer*

In the event of a redemption of the principal or an interest payment, if the Issuer were forced to make additional payments in accordance with Condition 8 (b) of the Terms and Conditions of the Notes, it may then repay in full the Early Redemption Amount plus any accrued interest up to the scheduled redemption date. Similarly, if it becomes unlawful for the Issuer to pay an amount owed to the Noteholders, despite the commitment to pay any additional amount provided for in Condition 8 (b) of the Terms and Conditions of the Notes, the Issuer shall repay in full the Early Redemption Amount plus any accrued interest up to the scheduled redemption date.

If the relevant Final Terms provide for it, the Issuer may also redeem the Notes under a Residual Maturity Call Option (as provided in Condition 6(b)(i)), under a Clean-up Call Option (as provided in Condition 6(b)(ii)) or under a Make-Whole Redemption Option (as provided in Condition 6(b)(iii)). In particular, in the context of the Clean-up Call Option provided for in Condition 6(b)(ii), the Issuer is not required to inform the Noteholders of a particular Series if the Notes representing a nominal amount equal to or greater than 75% of the aggregate nominal amount of the relevant Series initially issued have been redeemed or repurchased and then cancelled.

The existence of a redemption option tends to limit the Notes' market value. During each period in which the Issuer may decide to redeem the Notes, their market value generally does not exceed that at which such Notes may be redeemed. This situation may also occur before each redemption period.

It is generally expected for the Issuer to redeem the Notes if the cost of its indebtedness is lower than the interest rate of the Notes. In these cases, investors are generally not able to reinvest the amounts received in financial securities having a yield as high as the redeemed securities. They can only reinvest the repaid funds in financial securities with significantly lower yield. Potential investors should consider the reinvestment risk in light of other possible investments.

*Fixed rate Notes*

An investment in fixed rate Notes involves the risk that inflation or a subsequent change in interest rates on the market will have a material adverse effect on the value of the relevant tranche of Notes.

Holders of fixed rate Notes should be aware that substantial changes in market rates could adversely affect the value of the Notes if they sell their Notes at a time when interest rates on the market exceed the fixed rate of the Notes. In addition, the yield of the fixed rate Notes, specified in the relevant Final Terms, is calculated on the Issue Date of such Notes on the basis of their issue price. This is not an indication of the future performance of the Notes.

#### *Notes issued below par or including an issue premium*

The market value of securities issued below par or with an issue premium tends to be more sensitive to interest rate fluctuations than conventional interest-bearing securities. Generally, the longer the maturity date, the greater the volatility of the price of such Notes compared to conventional interest-bearing securities with a similar maturity.

#### *Risks relating to sustainable securities*

The net proceeds from each issue of Notes will be allocated by the Issuer to the financing and/or refinancing, in whole or in part, of a portfolio of social and/or environmental projects, as presented in the Issuer's "Sustainable Bonds" framework document (the "**Sustainable Bonds Framework Document**"). This document may be subject to change and is published on the Issuer's website. The environmental and social objectives of qualified projects are also described in the Sustainable Bonds Framework Document. More details, notably on the allocation of the net proceeds of the issue, will be provided in the relevant Final Terms.

Prospective investors should take into account the information contained in the relevant Final Terms with respect to the allocation of the proceeds of each issuance of Notes. They should determine, on their own, the relevance of the information to invest in the Notes and the need to conduct any further analysis they deem necessary. The Issuer or the Dealers do not guarantee that the use of the proceeds to fund one or more eligible projects will meet, in whole or in part, the current or future expectations or requirements of the investors resulting from the investment criteria or guidelines to which such investors are required to comply, whether under any applicable law or current or future regulation, any other applicable rule, or any portfolio management mandate. Neither the Issuer nor the Dealers guarantee that the projects in question will have a direct or indirect environmental or social impact. In addition, it should be pointed out that there is currently no legal, regulatory or other definition or market consensus as to what constitutes an "environmental" or "social" project or any other project having an equivalent label. Finally, the requirements that justify such a label may change over time and therefore, there can be no assurance that a project, and the use, or the various uses that will be made of it or related to it, will meet investor expectations regarding these "environmental", "social", or any other objective bearing an equivalent label.

No commitment or affirmation, for any purpose whatsoever, is given as to the relevance or reliability of either an expert opinion, a certificate of second party opinion, or an extra-financial rating of the Notes, solicited or not by the Issuer that could be delivered in connection with an issuance of Notes to meet environmental, social, sustainable, or other criteria. To date, the authors of these opinions, certificates, and ratings are not subject to any regulatory regime, other type of plan, or any particular supervision. Such opinions, certificates, or ratings do not constitute and should not be considered as a recommendation of the Issuer or any other person to buy, sell, or hold the Notes.

Although the Issuer intends to allocate the proceeds from each issuance of Notes to one or more specified projects in the manner described in the relevant Final Terms, there can be no assurance that the project in question, the uses to be made thereof, or relating thereto, may actually be carried out in this manner and/or according to a fixed timetable and, as a result, that these proceeds will be totally or partially disbursed for this project. There can also be no assurance that this project will be completed or achieved within a given time frame. There can be no guarantee that it will be realised in accordance with the expected or originally anticipated results by the Issuer. Such an event or breach on the part of the Issuer will not constitute an Event of Default.

Such an event or the failure to allocate the proceeds from an issuance of Notes to a project referred to above, the withdrawal of an opinion, a certificate, or a rating, or the issuance of any opinion or

certificate by which it is found that the Issuer did not comply with the purpose of this opinion or certificate could have a material adverse effect on the value and marketability of the Notes or may have negative consequences for certain portfolio managers who were instructed to invest in securities with a specific purpose. To avoid any doubt, however, it is specified that the payment of principal and interest on the Notes may not depend on the performance of the project concerned.

No Dealer guarantees the Notes suitability towards environmental, social, or sustainable criteria required by potential investors or as provided by the principles applicable to green bonds, social bonds, or the guidelines applied to sustainable bonds published by the International Capital Markets Association ("**ICMA**"). The Dealers are not responsible for assessing the eligibility criteria, verifying the compliance of the Notes with the said eligibility criteria or with the said ICMA principles or guidelines, or monitoring the use that is made of the issuance proceeds. As such, investors are invited to consult the Issuer's website and refer to their own advisors.

### **8.3 Risks relating to the Notes in general**

Certain risks relating to the Notes in general are briefly outlined below:

#### *Modifications of the Terms and Conditions*

For all Tranches in a Series, the Noteholders will be grouped automatically for the defence of their common interests within a Masse, as defined in Condition 11 of the Terms and Conditions of the Notes "**Representation of Noteholders**". This Masse will act in part through a representative (the "**Representative**") and in part through collective decisions of Noteholders (the "**Collective Decisions**"). Noteholders may be asked to decide on proposals relating to the modifications of the Terms and Conditions of the Notes by way of Collective Decisions and subject to the limits provided by French law. The Terms and Conditions of the Notes permit in certain cases to bind all Noteholders including those who did not participate (or were not represented) or those who did not vote at the General Meeting, those who voted against the majority and those who did not participate in, or who rejected a Written Resolution.

#### *Amendment of the laws in force*

The Terms and Conditions of the Notes are based on French law in effect as of the date of this Information Memorandum. There is no guarantee that a court decision or an amendment of the laws, or a change in the administrative practice in force after the date of this Information Memorandum would not have an impact on the Notes.

#### *Taxation*

Prospective purchasers and sellers of the Notes must take into account whether they may have to pay taxes, duties, or other levies in accordance with applicable law or practices in jurisdictions where the Notes are transferred or in other jurisdictions. In some jurisdictions, no official position of the tax administration or court decisions is available in respect of financial securities such as the Notes. Prospective investors are advised not to rely on the tax information contained in this Information Memorandum. They must seek advice from their own tax advisors as to their personal situation regarding the acquisition, holding, transfer, and redemption of the Notes. Only such advice is able to properly take into consideration the specific situation of each potential investor.

#### *European Financial Transaction Tax (FTT)*

On 14 February 2013, the European Commission adopted a draft directive on the FTT (the "**Commission Proposal**"). This directive is to be implemented in accordance with the enhanced

cooperation procedure by eleven Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia, and Spain) (the "**Participating Member States**").

In March 2016, Estonia officially confirmed its intention to no longer be part of the Participating Member States.

The Commission Proposal has a very wide scope. It could, if adopted, be applied to certain transactions of the Notes, including secondary market transactions, in certain circumstances.

Under the terms of the Commission Proposal, the FTT could apply in some cases to persons who are located within or outside the Participating Member States. In principle, it should apply to certain transactions involving the Notes if at least one of the parties is a financial institution and one party is established in a Participating Member State. A financial institution may be, or may be deemed to be, "established" in a Participating Member State in a large number of circumstances, namely: (a) by transacting with a person established in a Participating Member State, or (b) if the financial instrument that is the subject of the transaction was issued in a Participating Member State.

However, the Commission Proposal remains subject to negotiations between Participating Member States. It may be modified before its implementation, the timing of which is uncertain. Other European Union Member States may decide to participate and/or Participating Member States may decide to withdraw.

At the meeting of the Economic and Financial Affairs Council of 14 June 2019, on the basis of a note from Germany, the Council received updated information on the status of work on the FTT. Participating Member States, excluding Estonia, indicated to the Council that they are considering an FTT option, based on the French model, which should in principle only concern the shares of listed companies having their principal place of business within a European Union Member State.

Anyone planning to invest in the Notes is invited to consult their own tax advisor regarding the FTT.

#### *French insolvency law*

Noteholders will automatically be brought together for the defence of their common interests in a Masse, as defined in Condition 11 of the Terms and Conditions of the Notes "Representation of Noteholders". However, under French insolvency law, holders of debt securities are automatically grouped into a single assembly of creditors (the "**Assembly**") in order to defend their common interests if any safeguard procedure, accelerated safeguard procedure, accelerated financial safeguard procedure, or judicial reorganisation procedure is opened in France with respect to the Issuer.

The Assembly brings together holders of all debt securities issued by the Issuer (including the Notes) whether or not such debt securities were issued under a programme and regardless of their governing law.

The Assembly deliberates on the proposed safeguard plan, the proposed accelerated safeguard plan, the proposed accelerated financial safeguard plan, or the proposed judicial reorganisation applicable to the Issuer and may further accept:

- an increase of the liabilities of holders of debt securities (including the Noteholders) by the agreement of payment extensions and/or a total or partial write off of debt securities;
- the establishment of unequal treatment between holders of debt securities (including Noteholders) as required by the circumstances; and/or

- the conversion of debt securities (including the Noteholders) into securities giving or that could provide access to share capital.

The decisions of the Assembly will be taken by a two-thirds majority (2/3) (calculated in proportion to the debt securities) held by the holders of Notes who casted a vote at this Assembly. No quorum is required for the Assembly to be held.

Under such circumstances, the provisions on the Representation of Noteholders described in the Terms and Conditions of the Notes set out in this Information Memorandum will not be applicable to the extent that they conflict with compulsory insolvency law provisions.

#### **8.4 Risks related to the market**

The main market risks are presented below. They include liquidity risk, exchange rate risk, interest rate risk, and credit risk.

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

The market value of the Notes may be affected by the credit quality of the Issuer and other additional factors, including market interest and yield rates or the remaining term to maturity.

The market value of the Notes relies on interdependent factors, including economic, financial and political factors in France or elsewhere, including factors affecting the capital markets in general and the stock exchanges on which the Notes are traded. The price at which a Noteholder may sell its Notes prior to the maturity date may be substantially less than the issue price or the purchase price paid by such Noteholder.

##### *Secondary market*

The Notes may not have an established trading market upon their issuance and it is possible that a secondary market for these Notes may never develop. Even if a secondary market does develop, it might not be liquid. Although certain Series of Notes are intended to be admitted to trading on the Euro MTF market and/or on the Euronext Growth market, it is not certain whether a particular Tranche of Notes will be admitted to trading or whether an active trading market develops. As a result, investors may not be able to sell their Notes easily or to sell them at a price offering a yield comparable to similar products for which an active secondary market has developed. Lack of liquidity can have a material adverse effect on the market value of the Notes.

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

The Issuer will pay the principal and interest of the Notes in the Specified Currency. This presents certain currency conversion risks if an investor's financial activities are carried out mainly in a currency (the "**Investor's Currency**") different from the Specified Currency. These risks include the risk that the exchange rates may vary significantly. This includes variations due to the devaluation of the Specified Currency or the revaluation of the Investor's Currency and the risk that the authorities having jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation of the value of the Investor's Currency in relation to the Specified Currency would reduce (1) the equivalent in the Investor's Currency of the yield of the Notes, (2) the equivalent in the Investor's Currency of the redemption value of the Notes, and (3) the equivalent in the Investor's Currency of the market value of the Notes.

Government and monetary or financial authorities may impose exchange control measures that may adversely affect exchange rates. Some governments and monetary or financial authorities have done so

in the past. As a result, investors may receive principal or interest payments lower than expected, or even receive no interest or principal.

*Credit risk*

An investment in the Notes exposes the Noteholders to the Issuer's credit risk. If the Issuer's financial condition deteriorates, it may not be able to pay all or part of its payment obligations under the Notes. Hence, investors could lose all or part of their investment.

*Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign a rating to the Notes. The ratings may not reflect the potential effect of any risks related to structural, market, or other factors described in this section, nor any other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell, or hold the Notes. It may be revised or withdrawn by the rating agency at any time without prior notice. A downward revision or rating withdrawal may adversely affect the market value of the Notes.

*Investment laws and regulations may restrict certain investments*

The investment activity of certain investors is subject to laws and regulations on investment criteria, or to the control of certain authorities. Each prospective investor should consult its own legal advisor to determine to what extent (1) the Notes are an authorised investment for it, (2) the Notes may or may not be used as collateral for different types of borrowings, and (3) if other restrictions apply with respect to the acquisition or the pledging of the Notes. Financial institutions should consult their legal advisors or the appropriate regulator to determine the applicable treatment of the Notes in accordance with prudential rules or any similar rule. Neither the Issuer, the Dealers, nor any of their respective affiliates have or assume any liability for the legality of the acquisition of the Notes by a potential investor whether under the laws in the jurisdiction where they are registered or where they operate (if the jurisdiction is different), or the potential investor's compliance with any law, regulation, or rule issued by a regulator that would apply to such investor.



## GENERAL DESCRIPTION OF THE PROGRAMME

*The terms and expressions defined in the section Terms and Conditions of the Notes"below shall have the same meaning as in this general description.*

<b>Issuer:</b>	Action Logement Services SAS
<b>Issuer's Legal Entity Identifier:</b>	969500O2QYH3YW92C551
<b>Issuer's website:</b>	www.actionlogement.fr
<b>Arrangers:</b>	J.P. Morgan Securities plc and Natixis
<b>Dealers:</b>	J.P. Morgan Securities plc and Natixis  The Issuer may at any time appoint additional Dealers, either for one or more Tranches or for the entire Programme. Any reference made in this Information Memorandum to "Permanent Dealers" refers to the persons named above as Dealers as well as to any other person who has been appointed as a Dealer for the entire Programme (and who has not been revoked) and any reference to "Dealers" refers to any Permanent Dealer and any other person designated as a Dealer for one or more Tranches.
<b>Description:</b>	Sustainable Euro Medium Term Note Programme.
<b>Maximum amount of the Programme:</b>	The aggregate nominal amount of the Notes outstanding will not at any time exceed €6,200,000,000 (or the equivalent of this amount in other currencies, calculated on the issue date).
<b>Fiscal Agent Principal Paying Agent, and Calculation Agent:</b>	Société Générale
<b>Issuance method:</b>	The Notes will be issued on a syndicated or non-syndicated basis.  The Issuer and the Dealers concerned will determine at the time of the issue, the terms and conditions specific to each Tranche that will be set out in the Final Terms. This includes in particular the total aggregate amount, the issue price, the redemption price, and the interests, if any, payable thereunder.
<b>Maturities:</b>	Subject to compliance with all applicable laws, regulations, and directives, the Notes will have a minimum maturity of one (1) year (inclusive) from the initial issue date, or the Notes may have no fixed maturity.
<b>Currencies:</b>	Subject to compliance with all applicable laws, regulations, and directives, the Notes may be issued in euro, US dollars, yen, and any other currency as may be agreed between the Issuer and the relevant Dealer(s).
<b>Denomination:</b>	The Notes will be issued in the specified denomination provided in the relevant Final Terms.  The Notes will be issued in one denomination only.
<b>Status of the Notes:</b>	The Notes will constitute direct, unconditional, unsecured (subject to

			the provisions of Condition 4) and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsubordinated and unsecured obligations of the Issuer.
<b>Negative pledge</b>			The Terms and Conditions of the Notes contain a clause for negative pledge. This is more fully described under Condition 4 "Terms and Conditions of the Notes - Negative pledge".
<b>Event of Default (including cross default):</b>			The Terms and Conditions of the Notes will contain Events of Default (including cross default). See Condition 9 "Terms and Conditions of the Notes - Events of Default".
<b>Redemption Amount:</b>			The basis for the calculation of the redemption amounts can be found in the Terms and Conditions of the Notes.
<b>Optional Redemption:</b>			The relevant Final Terms will indicate whether the Notes may be redeemed prior to their stated maturity at the option of the Issuer (in whole or in part) and, if so, the terms applicable to such redemption.
<b>Residual Maturity Call Option:</b>			If a Residual Maturity Call Option is specified as being applicable in the relevant Final Terms, the Issuer will have the option to redeem all, but not some only, of the Notes of the relevant Series from the Residual Maturity Redemption Date, at the Early Redemption Amount specified in the Final Terms plus any accrued interest.
<b>Clean-up Call Option:</b>			If a Clean-up Call Option is specified as being applicable in the relevant Final Terms, the Issuer will have the option to redeem all, but not some only, of the Notes of the relevant Series, at any time, at the Early Redemption Amount specified as the case may be in the relevant Final Terms plus any accrued interest due, provided that the redemptions or repurchases, and cancellations of this Series that were previously made represent an nominal amount equal to or greater than 75% of the aggregate nominal amount of the relevant Series (including any Notes that were assimilated and that form a single Series with the Notes).
<b>Make-Whole Redemption Option:</b>			If a Make-Whole Redemption Option is specified as being applicable in the relevant Final Terms, the Issuer will have the option to redeem all or part of the Notes of the relevant Series, at any time before their Maturity Date at their Make-Whole Redemption Amount.
<b>Early Redemption:</b>			Subject to the provisions of the paragraphs "Residual Maturity Call Option", "Clean-up Call Option" and "Make-Whole Redemption Option" of the Conditions, the Notes will only be redeemable at the option of the Issuer prior to their stated maturity for taxation reasons. See Condition 6 "Terms and Conditions of the Notes - Redemption, purchase, and options".
<b>Interest Periods and Interest Rates:</b>			For each Series, the length of the Notes' interest periods, the applicable interest rate, as well as the method of calculation may vary or remain

identical, as the case may be. The Notes may bear interest at different rates during the same interest period through the use of interest accrual periods. All this information will appear in the relevant Final Terms.

<b>Interest payments:</b>	Interest on the Notes will be payable in arrears on the date, or dates, for each year indicated in the relevant Final Terms.
<b>Redenomination:</b>	Notes denominated in a currency of any of the Member States of the European Union participating in the third stage of the Economic and Monetary Union may be redenominated in euros. This is further described in Condition 1(d) "Terms and Conditions of the Notes - Redenomination".
<b>Consolidation:</b>	The Notes of one Series may be consolidated with the Notes of another Series. This is further described in Condition 12 "Terms and Conditions of the Notes - Further Issues and Consolidation".
<b>Form of the Notes:</b>	The Notes will be issued in dematerialised bearer form. No physical document of title will be issued in representation of the Notes. See Condition 1 "Terms and Conditions of the Notes - Form, denomination, title, and redenomination".
<b>Applicable law:</b>	French law.
<b>Clearing systems:</b>	Euroclear France as central depository or any other clearing system that the Issuer, the Fiscal Agent, and the relevant Dealer agree to appoint.
<b>Delivery of the Notes:</b>	The <i>Lettre Comptable</i> relating to each Tranche of Notes must be deposited with Euroclear France as the central depository one (1) Paris business day before the issue date of this Tranche.
<b>Issue price:</b>	The Notes may be issued at their nominal amount, or at a discount or premium to their nominal amount.
<b>Listing and admission to trading:</b>	A request was filed with (i) the Luxembourg Stock Exchange for the Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market and (ii) Euronext Paris so that the Notes may be admitted to trading on the Euronext Growth market.
<b>Rating:</b>	<p>The Issuer's long-term debt has been rated Aa2, positive outlook, and AA, stable outlook, by Moody's and Fitch respectively. The Programme is rated Aa2, positive outlook, and AA, stable outlook by, respectively, Moody's and Fitch. The Notes issued under the Programme may or may not be rated.</p> <p>Moody's and Fitch are established in the European Union. They are registered in accordance with Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 as amended (the "<b>CRA Regulation</b>"). They are included in the list of registered credit rating agencies as published on the website of the European Securities and Markets Authority (<a href="http://www.esma.europa.eu/page/List-registered-and-certified-CRAs">http://www.esma.europa.eu/page/List-registered-and-certified-CRAs</a>) in accordance with the CRA Regulation.</p>

The applicable Final Terms will specify (i) the rating, if any, and (ii) whether or not the rating has been issued by a credit rating agency established in the European Union, registered in accordance with the CRA Regulation and listed as a registered rating agency as published on the website of the European Securities and Markets Authority (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell, or hold the Notes. It may, at any time, be suspended, modified, or withdrawn by the rating agency concerned.

**Selling Restrictions:**

There are restrictions to the offer and sale of the Notes as well as the distribution of offering documents in different jurisdictions. See Section "Subscription and Sale". The Issuer is Category 1 for the purposes of Regulation S. TEFRA rules do not apply to the Notes.

## DOCUMENTS INCORPORATED BY REFERENCE

This Information Memorandum should be read and interpreted in conjunction with the following documents. These documents are incorporated by reference into this Information Memorandum and are deemed to form an integral part thereof. They are available on the website of the Issuer at: <https://groupe.actionlogement.fr/rerelations-investisseurs>.

- (a) The 2017 financial statements of the Issuer for the financial year ended 31 December 2017, including the statutory auditors' report on the annual financial statements (the "**2017 Financial Statements**");
- (b) The 2018 financial statements of the Issuer for the financial year ended 31 December 2018, including the statutory auditors' report on the annual financial statements (the "**2018 Financial Statements**"); and
- (c) The 2018 consolidated financial statements of the Issuer for the financial year ended 31 December 2018, including the statutory auditors' report on the consolidated financial statements (the "**2018 Consolidated Financial Statements**");

Together, these are the "**Documents Incorporated by Reference**".

For as long as the Notes are outstanding under the Programme, all documents incorporated by reference in this Information Memorandum may be obtained, upon request and free of charge, during the usual office hours at the registered office of the Issuer and the designated offices of the Paying Agents as indicated at the end of this Information Memorandum. These documents will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), on the Euronext Paris website ([www.euronext.fr](http://www.euronext.fr)), and on the Issuer's website ([www.actionlogement.fr](http://www.actionlogement.fr)).

## **SUPPLEMENT TO THE INFORMATION MEMORANDUM**

Any significant new factor, material mistake or inaccuracy relating to the information contained in the Information Memorandum that would be capable of affecting the assessment of any Notes must be mentioned by the Issuer in a supplement to the Information Memorandum or in an Information Memorandum published by the Issuer as a substitute for this document applicable to any subsequent offering of Notes.

Upon request and free of charge, any supplement to the Information Memorandum may be obtained during normal office hours at the Issuer's registered office and at the designated offices of the Paying Agents as indicated at the end of this Information Memorandum and will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), on the Euronext Paris website ([www.euronext.fr](http://www.euronext.fr)), and on the Issuer's website ([www.actionlogement.fr](http://www.actionlogement.fr)).

## TERMS AND CONDITIONS OF THE NOTES

*The following provisions constitute the terms and conditions (the **Terms and Conditions**) that shall apply to the Notes, as supplemented in accordance with the provisions of the relevant Final Terms. All capitalised terms, that are not defined in these Terms and Conditions, shall have the meaning given to them in the relevant Final Terms. The references below to **Conditions** refer, unless otherwise stated in the context, to the numbered paragraphs below. References in the Terms and Conditions to **Notes** apply to the Notes of a single Series, not to all the Notes that may be issued under the Programme.*

The Notes are issued by Action Logement Services SAS (the "**Issuer**") by series (each a "**Series**"), on the same date or on different dates. The Notes of the same Series will be subject (in all respects except for the issue date, the issue price, the amount of the first interest payment, and the nominal amount of the Tranche) to identical Terms and Conditions, the Notes of each Series being intended to be interchangeable with all other Notes of the same Series. Each Series can be issued in tranches (each a "**Tranche**") which may have the same issue date or different issue dates. The specific terms of each Tranche (including, without limitation, the aggregate nominal amount, the issue price and the amount of the first interest payment, if any, payable thereunder) will be determined by the Issuer and will be set out in the final terms of such Tranche (the "**Final Terms**").

An agency agreement, as may be amended, (the "**Agency Agreement**") relating to the Notes was concluded on 27 September 2019 between the Issuer and Société Générale, as fiscal agent, principal paying agent and calculation agent, and the other agents designated therein. The fiscal agent, the paying agents, and the calculation agent, if any, will be respectively referred to herein as the "**Fiscal Agent**", the "**Paying Agents**" (such expression including the Fiscal Agent), and the "**Calculation Agent**".

### 1 Form, denomination, title, and redenomination

#### (a) Form

The Notes will be issued in dematerialised bearer form.

Title to the Notes will be established by book entries, in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French Monetary and Financial Code. No physical document of title (including *certificats représentatifs* in accordance with Article R.211-7 of the French Monetary and Financial Code) will be issued in respect of the Notes.

The Notes are issued in bearer form. They will be entered in the books of Euroclear France ("**Euroclear France**") (acting as central depository) who will credit the accounts of the Account Holders. Title to the Notes will be established by book entry in the books of the Account Holders and the transfer of the Notes may only be made by entry in these books.

In these Terms and Conditions, "**Account Holder**" shall mean any intermediary entitled to hold securities accounts, directly or indirectly, with Euroclear France, including Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**").

#### (b) Denomination

The Notes will be issued in the specified denomination indicated in the relevant Final Terms (the "**Specified Denomination**"). It is understood that the denomination of each Note will be greater than or equal to €100,000 (or the equivalent of this amount in another currency) or such higher amount that may be permitted or required by any law or regulation applicable to the Specified Currency.

The Notes will be issued in one Specified Denomination only.

(c) **Title**

- (i) Title to Notes shall pass upon, and the transfer of such Notes may only be effective through, registering the transfer in the accounts of the Account Holders.
- (ii) Subject to a court order issued in a competent jurisdiction or under an applicable law, any Noteholder (as defined hereafter) shall be deemed to be and may be treated as, in all circumstances, the sole and unique owner thereof. This will be the case whether or not this Note is overdue, regardless of any declaration of ownership, of any right to this Note, and without anyone being held responsible for so treating the holder.
- (iii) In these Conditions, "**holder of any Notes**" or, as the case may be, "**Noteholder**" refers to the person whose name appears on the account of the relevant Account Holder as being entitled to such Notes.

(d) **Redenomination**

- (i) The Issuer may (if indicated in the relevant Final Terms), on any date, without the consent of the holder of any Note, and by notifying such holder of Notes in accordance with Condition 13 at least thirty (30) calendar days in advance, redenominate in euros all (but not some only) of the Notes of each Series, and make the necessary adjustments to the aggregate principal amount and the Specified Denomination set out in the relevant Final Terms. The Issuer can do this from the date on which the Member State of the European Union in whose national currency the Notes are denominated has become a Member State of the Economic and Monetary Union, as defined in the Treaty establishing the European Community (the "**EC**"), as amended (the "**Treaty**") or events having substantially the same effect occurred (in either case, "**EMU**"), as more fully described hereinafter. The date on which such a redenomination becomes effective will be defined in these Conditions as the "**Redenomination Date**".
- (ii) The redenomination of the Notes in accordance with Condition 1(d)(i) will be effected by converting the principal amount of each Note denominated in the relevant national currency into Euro using the fixed exchange rate between this national currency and Euro as established by the Council of the European Union in accordance with Article 123(4) of the Treaty and rounding up the resulting figure to the nearest hundredth of a euro (with €0.005 being rounded up to the nearest hundredth of a euro). At the Issuer's option, the figure resulting from the conversion of the principal amount of each Note following the application of the fixed exchange rate between the national currency concerned and Euro may be rounded down to the nearest Euro. The Euro denominations of the Notes thus determined shall be notified to Noteholders pursuant to Condition 13. Any balance resulting from the redenomination with a denomination higher than Euro 0.01 must be paid by means of a cash adjustment rounded to the nearest hundredth of a euro (with €0.005 being rounded up to the nearest hundredth of a euro). Such cash adjustment will be payable in Euros on the Redenomination Date in accordance with the method to be notified by the Issuer to Noteholders.
- (iii) Following a Note redenomination, any reference herein to the relevant national currency shall be construed as a reference to Euro.
- (iv) The Issuer may, with the prior consent of the Fiscal Agent, as part of a redenomination in accordance with this Condition or a consolidation in accordance with Condition 12 and without the consent of the holders of any Note, make any changes or additions to these Conditions or Condition 12 (including, in particular, any change to any applicable definition of a business day, a business day convention, the principal financial centre of the country of the Specified



Currency, interest accrual basis and the benchmark), taking into account market practice with regard to debt securities issued on the Euromarket and denominated in Euro and which it considers not to be prejudicial to the interests of these holders. In the absence of manifest error, all such changes or additions will be binding on the Noteholders. They will be notified in accordance with Condition 13 as soon as practically possible.

- (v) Neither the Issuer nor any Paying Agent shall be liable to any Noteholder or any other person for any commissions, costs, losses, or expenses in respect of or resulting from a credit or transfer in Euros, the conversion of any currency, or the rounding carried out in this context.

## 2 Conversions of the Notes

The Notes are issued in bearer form and may not be converted into Notes in registered form, whether in fully registered form (*nominatif pur*) or in administered registered form (*nominatif administré*).

## 3 Status of the Notes

The Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsubordinated and unsecured obligations of the Issuer.

## 4 Negative pledge

Until the effective redemption of all the Notes, the Issuer commits not to create or permit to subsist any mortgage, charge, pledge, lien, or any other security interest (*sûreté réelle*) upon all or part of its assets or income, present or future, to secure any Indebtedness (as defined below) subscribed or guaranteed by the Issuer unless, at the latest on the same date, the Issuer's obligations under the Notes are equally and rateably secured therewith.

"**Indebtedness**" means any current or future indebtedness for borrowed money, represented by notes (*obligations*) or other debt securities (including negotiable debt securities), that are (or are capable of being) admitted to trading on a regulated market, quoted or traded on any stock exchange, multilateral trading facility, over-the-counter market, or any other market. It is specified that the term "Indebtedness" does not include any debt under loan agreements, any advances, or other credit facilities.

## 5 Interest and other calculations

### (a) Definitions

In these Conditions, unless the context imposes a different meaning, the terms defined below shall have the following meanings:

"**Business Day**" means:

- (i) in the case of Euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET 2) ("**TARGET**"), or any successor system, operates (a "**TARGET Business Day**"); and/or
- (ii) in the case of a Specified Currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle on the principal financial centre of this currency; and/or
- (iii) in the case of a Specified Currency and/or one or more additional business centres as indicated in the relevant Final Terms (the "**Business Centre(s)**"), a day (other than a Saturday or Sunday)

on which the commercial banks and foreign exchange markets settle payments in the currency of the Business Centres or, if no currency is indicated, generally in each of the Business Centres thus indicated.

**"Coupon Interest Accrual Period"** means the period beginning on the Interest Commencement Date (inclusive) and ending on the first Interest Period Date (exclusive) as well as each subsequent period beginning on an Interest Period Date (inclusive) and ending on the next Interest Period Date (exclusive).

**"Day Count Fraction"** means, for the calculation of an amount of interest for a Note for any period (beginning on the first (inclusive) day of that period and ending on the last (exclusive) day) (whether or not constituting an Interest Period, hereinafter the **"Calculation Period"**):

- (i) If the terms **"Actual/Actual - ICMA"** are indicated in the relevant Final Terms:
  - (A) If the Calculation Period is shorter than or equal to the Determination Period in which it falls, it is the number of days in the Calculation Period divided by the product of (x) the number of days in the said Determination Period and (y) the number of Determination Periods normally ending in a year; and
  - (B) If the Calculation Period is longer than one (1) Determination Period, it is the sum of:
    - (x) the number of days in the said Calculation Period within the Determination Period in which it begins, divided by the product of (1) the number of days in the said Determination Period and (2) the number of Determination Periods that normally end in a year; and
    - (y) the number of days in the said Calculation Period falling within the next Determination Period, divided by the product of (1) the number of days in the said Determination Period and (2) the number of Determination Periods that normally end in a year;

Where, in each case, **"Determination Period"** means the period beginning on a Determination Date (inclusive) of any year and ending on the next Determination Date (exclusive). **"Determination Date"** refers to the date indicated as such in the relevant Final Terms, or if no date is indicated, the Interest Payment Date;

- (ii) if the terms **"Actual/365 (Fixed)"** are indicated in the relevant Final Terms, they refer to the actual number of days elapsed in the Calculation Period divided by 365;
- (iii) if the terms **"Actual/360"** is indicated in the relevant Final Terms, they refer to the actual number of days elapsed in the Calculation Period divided by 360; and
- (iv) if the terms **"30/360"**, **"360/360"** or **"Bond Basis"** are indicated in the relevant Final Terms, they refer to the number of days elapsed in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve (12) 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));

**"Interest Amount"** means the amount of interest due in respect of a given period. This will be the Fixed Coupon Amount or the Broken Amount, as the case may be, as indicated in the Final Terms.

**"Interest Commencement Date"** means the Issue Date or any other date as may be mentioned in the relevant Final Terms.

**"Issue Date"** means for a given Tranche the settlement date of the Notes specified in the Final Terms.

**"Interest Payment Date"** means the date(s) mentioned in the relevant Final Terms, on which the Interest Amount is paid.

**"Interest Period"** means the period beginning on the Interest Commencement Date (inclusive) and ending on the first Interest Payment Date (exclusive) and each subsequent period starting on an Interest Payment Date (inclusive) and ending on the next Interest Payment Date (exclusive) or the relevant payment date if the Notes become redeemable on a date other than an Interest Payment Date.

**"Interest Period Date"** means each Interest Payment Date.

**"Interest Rate"** means the interest rate payable on the Notes calculated in accordance with Condition 5(b) and specified in the relevant Final Terms.

**"Relevant Date"** means for any Note, the date on which the payment in respect of it first becomes due or, in the event that any amount owed is unjustifiably not paid or is the subject of an undue payment delay, the date on which the unpaid amount is fully paid.

**"Specified Currency"** means the currency mentioned in the relevant Final Terms. If no currency is mentioned, the currency in which the Notes are denominated.

(b) **Interest of the Notes**

Each Note bears interest calculated pursuant to Condition 5(f) on its outstanding principal amount. This is calculated from the Interest Commencement Date (inclusive), at an annual rate (expressed as a percentage) equal to the Interest Rate. This interest is payable in arrears on each Interest Payment Date, as indicated in the relevant Final Terms.

If a fixed amount of interest ("**Fixed Coupon Amount**") or a broken amount of interest ("**Broken Amount**") is indicated in the relevant Final Terms, the Interest Amount payable on each Interest Payment Date will be equal to the Fixed Coupon Amount or, if applicable, the Broken Amount thus indicated. In the case of a Broken Amount, it will be payable on the Interest Payment Date(s) mentioned in the relevant Final Terms.

(c) **Accrual of interest**

Interest will cease to accrue for each Note on the redemption date unless on this redemption date, payment is improperly withheld or refused, in which case the interest will continue to accrue (both before and after any judgement) at the Interest Rate, in accordance with the terms of Condition 5 until the Relevant Date.

(d) **Rounding**

For any calculations to be made under these Conditions (unless otherwise indicated) (x) all percentages resulting from these calculations will be rounded, if need be, to the nearest fifth decimal place (with halves being rounded up) (y) all figures will be rounded up to the seventh digit after the decimal point (with halves being rounded up) and (z) all amounts in foreign currency that become due will be rounded to the nearest unit of currency (with halves being rounded up), except for the yen which will be rounded down. For the purposes of this Condition, "unit" refers to the smallest subdivision of the currency in that country.

(e) **Calculations**

The amount of interest payable in respect of each Note, regardless of the period, will be calculated by applying the Interest Rate to the outstanding nominal amount of each Note and by multiplying the result thus obtained by the Day Count Fraction unless an Interest Amount (or a formula for calculating it) is indicated for that period, in which case the amount of the interest payable in respect of the Note for the same period shall be equal to the said Interest Amount (or shall be calculated in accordance with the formula for its calculation). If any Interest Period includes two or more Coupon Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be equal to the sum of the interest payable in respect of each of the Coupon Interest Accrual Periods.

(f) **Determination and publication of the Interest Rates, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, and Make-Whole Redemption Amounts**

As soon as possible on the date on which the Calculation Agent may calculate any rate or amount, obtain a quotation, determine an amount, or perform calculations, the Calculation Agent will determine such rate, calculate the Interest Amounts for each Specified Denomination of the Notes during the corresponding Coupon Interest Accrual Period. The Calculation Agent will also calculate the Final Redemption Amount, the Early Redemption Amount, or the Make-Whole Redemption Amount and obtain the corresponding quotation, make the determination, or any necessary calculation. The Calculation Agent will then cause the Interest Rate and Interest Amounts for each Interest Period, as well as the relevant Interest Payment Date and, if necessary, the Final Redemption Amount, the Early Redemption Amount, the Make-Whole Redemption Amount, to be notified to the Fiscal Agent, the Issuer, each Payment Agent, the Noteholders, and any other Calculation Agent designated under the Notes to perform additional calculations upon receipt of this information. The determination of each rate or amount, each quotation obtained, and any determination or calculation made by the Calculation Agent, in the absence of manifest error, shall be final and binding on the parties.

**6 Redemption, purchase, and options**

(a) **Final redemption**

Unless previously repaid, redeemed, or cancelled, as specified below, each Note will be redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (as indicated in the relevant Final Terms).

(b) **Early redemption at the option of the Issuer**

(i) **Residual Maturity Call Option:**

If an Issuer's Residual Maturity Call Option is mentioned as applicable in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer with any applicable law, regulation, or directive, and provided that the Noteholders are irrevocably notified thereof at least fifteen (15) calendar days and not more than thirty (30) calendar days in advance pursuant to Condition 13, redeem all, but not some only, of the Notes for the time being outstanding, from the relevant Residual Maturity Redemption Date specified, as the case may be, in the relevant Final Terms (the "**Residual Maturity Redemption Date**"). Such redemption of Notes will be made at the Early Redemption Amount specified, as the case may be, in the relevant Final Terms plus any accrued interest due until the date fixed for redemption.

All Notes subject to such notice will be redeemed on the date indicated in such notice in accordance with this Condition.

(ii) **Clean-up Call Option**

If a Clean-up Call Option is mentioned as applicable in the relevant Final Terms, the Issuer may, at any time, subject to compliance by the Issuer with any applicable law, regulation, or directive, and provided that the Noteholders are irrevocably notified thereof at least fifteen (15) calendar days and not more than thirty (30) calendar days in advance pursuant to Condition 13, redeem all, but not some only, of the Notes for the time being outstanding if, immediately before the date on which such notice is given, the Notes representing an aggregate nominal amount equal to or greater than 75% of the aggregate nominal amount of the relevant Series (including any Notes that were assimilated and that form a single Series with the Notes), have been redeemed or repurchased (and consequently cancelled) by the Issuer, other than through redemption at the Issuer's option pursuant to Condition 6(b)(iii). Such a redemption will be made at the indicated Early Redemption Amount specified as the case may be, in the relevant Final Terms plus any accrued interest due until the date fixed for redemption.

The Notes for which such notice is given will be redeemed on the date mentioned in this notice in accordance with this Condition.

(iii) **Make-Whole Redemption Option**

If a Make-Whole Redemption Option is mentioned as applicable in the relevant Final Terms, the Issuer may, at its option, subject to compliance by the Issuer with any applicable law, regulation, or directive, and provided the Noteholders are irrevocably notified thereof at least fifteen (15) calendar days and not more than thirty (30) calendar days in advance pursuant to Condition 13, redeem, in whole or in part, the Notes remaining outstanding at any time before the Maturity Date or the Residual Maturity Redemption Date if a Residual Maturity Call Option is mentioned as applicable in the relevant Final Terms (the "**Make-Whole Redemption Date**"). This Note redemption shall be made at their Make-Whole Redemption Amount.

The "**Make-Whole Redemption Amount**" means the amount determined by the Calculation Agent and equal to the greater of:

- (A) 100% of the principal amount of the Notes so redeemed, and
- (B) the sum of the then present values of expected interest and principal payments in respect of the Notes remaining due until the Residual Maturity Redemption Date (excluding accrued interest up to the Make-Whole Redemption Date (exclusive)) calculated as at the Make-Whole Redemption Date on an annual basis at the Make-Whole Redemption Rate, increased by the Make-Whole Redemption Margin.

In both cases referred to in (A) and (B) above, the amounts will be increased by the accrued interest on the Notes until the Make-Whole Redemption Date (exclusive).

The "**Make-Whole Redemption Margin**" means the margin specified in the relevant Final Terms.

The "**Make-Whole Redemption Rate**" means (x) the arithmetic average of the four (4) quotations indicated by the Reference Dealers of the annual average yield of the Reference Security on the fourth (4th) Business Day preceding the Make-Whole Redemption Date at 11:00am (central European time ("CET")) ("**Reference Dealers Quotation**"), or (y) the Reference Screen Rate, specified in the relevant Final Terms.

"**Reference Dealers**" refers to each of the four (4) banks selected by the Calculation Agent which are leading European banks, and their respective successors, specialising in the trading of

government and corporate securities, or any other bank or bank selection method specified in the relevant Final Terms.

**"Reference Security"** refers to the security specified in the relevant Final Terms. If the Reference Security is no longer outstanding, a Similar Security will be selected by the Calculation Agent at 11:00am (CET) on the third (3rd) Business Day preceding the Make-Whole Redemption Date. This will be notified in writing by the Calculation Agent to the Issuer and published in accordance with Condition 13.

All Notes for which notice is given under this Condition will be redeemed, or the Issuer's option will be exercised, on the date specified in such notice in accordance with this Condition.

**"Similar Security"** refers to one or more reference securities issued by the same issuer as the Reference Security having an identical or comparable maturity to the maturity of the Notes and that will be used, at the time of selection and in accordance with usual market practice, to determine the financial terms of new issues by private issuers of debt securities having a comparable maturity to the maturity of the Notes.

The Make-Whole Redemption Rate will be published by the Issuer in accordance with Condition 13.

The determination of each rate or amount, the obtaining of each quotation, and any determinations or calculations made by the Calculation Agent (in the absence of manifest error) shall be considered final and binding on the parties.

**(iv) Partial redemption**

Any partial redemption of the Notes pursuant to Condition 6(b)(iii) above shall be in respect of the Notes of a nominal amount at least equal to the Minimum Redemption Amount specified in the relevant Final Terms and no greater than the Maximum Redemption Amount stipulated in the relevant Final Terms.

In the event of a partial redemption by the Issuer, the reimbursement will be made by reducing the nominal amount of these Notes of the same Series in proportion to the aggregate nominal amount redeemed and the Specified Denomination, the Early Redemption Amount, and the Final Redemption Amount shall be adjusted to take into account this reduction.

Whenever a partial redemption of the Notes has been made, the Issuer must publish in accordance with Condition 13 a notice stipulating the total nominal amount of the outstanding Notes. It must also mention the new Specified Denomination, the new Early Redemption Amount, and the new Final Redemption Amount.

**(c) Early Redemption Amount**

Unless otherwise specified in the relevant Final Terms, the Early Redemption Amount for any Note, upon redemption pursuant to Conditions 6(b)(ii), 6(d), and 6(g) or if such Note becomes due and payable in accordance with Condition 9, shall be equal to the Final Redemption Amount plus all accrued interest up to the redemption date set out in the relevant Final Terms.

**(d) Redemption for taxation reasons**

- (i) If, upon repayment of the principal or payment of interest, the Issuer is forced to make additional payments in accordance with Condition 8(b) below, due to changes in French law or regulations or for reasons relating to changes in the official application or interpretation of such

legislation that came into effect after the Issue Date, then the Issuer may upon any Interest Payment Date or, if indicated in the relevant Final Terms, at any time provided that the Noteholders are notified in accordance with the provisions of Condition 13, no earlier than sixty (60) calendar days and no later than thirty (30) calendar days before the said payment (this notice being irrevocable), redeem all, but not some only, of the Notes at the Early Redemption Amount indicated, if applicable, in the relevant Final Terms plus all accrued interest up to the scheduled redemption date, provided that the scheduled redemption date referred to in the notice is not earlier than the latest date on which the Issuer is, in practice, able to make the payment of principal and interest without having to withhold taxes or French levies.

- (ii) If, at the next repayment of the principal or at the next interest payment of the Notes, the payment by the Issuer of the total amount then owed to the Noteholders was prohibited by French law, despite the undertaking to pay any additional amounts in accordance with Condition 8(b) below, the Issuer should immediately notify the Fiscal Agent. The Issuer, subject to seven (7) calendar days' notice to the Noteholders pursuant to Condition 13, must then redeem all, but not some only, of the outstanding Notes at the Early Redemption Amount indicated where applicable in the relevant Final Terms, increased by any accrued interest up to the scheduled redemption date, as of (A) the latest practicable Interest Payment Date at which the full payment relating to such Notes could actually be made by the Issuer, provided that if the aforementioned notice expires after this Interest Payment Date, the redemption date of the Noteholders will be the later of (i) the latest date on which the Issuer is, in practice, able to make payment of all the amounts due under the Notes and (ii) fourteen (14) calendar days after notifying the Fiscal Agent or (B) if specified in the relevant Final Terms, at any time, provided that the scheduled redemption date being the subject of the notice is the latest date on which the Issuer is, in practice, able to make payment of all amounts due under the Notes, or if this date is exceeded, then as soon as possible.

(e) **Purchases**

The Issuer or one of its subsidiaries acting on its behalf may at any time proceed to purchase Notes in the open market or otherwise (including through a public offer) at any price, in accordance with applicable laws and regulations.

Notes so purchased by or on behalf of the Issuer may, at the option of the Issuer, be held and resold in accordance with applicable laws and regulations or cancelled in accordance with Condition 6(f).

(f) **Cancellation**

Notes purchased for cancellation pursuant to Condition 6(e) above will be cancelled by transfer to an account in accordance with the rules and procedures of Euroclear France as well as all rights relating to the payment of interest and other amounts relating to such Notes. Notes thus cancelled or, as the case may be, transferred for cancellation cannot be reissued or resold. The Issuer will be released from any obligations relating to these Notes.

(g) **Illegality**

If a new law or a new regulation in France, the amendment of a law or any text of a mandatory nature or the modification of the judicial or administrative interpretation, becoming effective after the Issue Date, renders the Issuer unlawful in the performance or compliance with its obligations under the Notes, the Issuer will redeem the Notes on the condition of notifying the Noteholders in accordance with the stipulations of Condition 13, at the earliest forty-five (45) calendar days and at the latest thirty (30) calendar days before said repayment (this notice being irrevocable). The Issuer will redeem all,

but not some only, of the Notes at the Early Redemption Amount specified where applicable in the relevant Final Terms plus any accrued interest up to the schedule redemption date.

## **7 Payments**

### **(a) Payment methods**

Any payment of principal and interest relating to the Notes will be made by transfer to an account denominated in the Specified Currency opened with the Account Holders, for the benefit of the Noteholders. All payments validly made to such Account Holders will release the Issuer from its payment obligations.

### **(b) Payments subject to tax legislation**

All payments will be subject to all applicable laws, regulations, or directives, including tax-related ones, without prejudice to the provisions of Condition 8. No commissions or fees will be borne by the Noteholders in connection with such payments.

### **(c) Appointment of Agents**

The Fiscal Agent, the Paying Agents, and the Calculation Agent initially appointed by the Issuer and their respective offices are listed at the end of the Information Memorandum. The Fiscal Agent and the Paying Agents act solely as authorised representatives of the Issuer and the Calculation Agent acts as an independent expert and, in any case, they are not bound by any obligation as authorised representatives in respect of Noteholders. The Issuer reserves the right to amend or terminate at any time the mandate of the Fiscal Agent, any Paying Agent or Calculation Agent and to appoint other Fiscal Agents, Paying Agents, Calculation Agent or additional Paying Agent(s) or Calculation Agent(s) provided that, at any time there is (i) a Fiscal Agent, (ii) a Calculation Agent when required by Conditions, (iii) a Paying Agent with designated offices in a major European city, and (iv) a Paying Agent providing financial services for the Notes in France for as long as the Notes are traded on Euronext Growth and for as long as required by the regulations applicable to this market.

Such modification or any modification of a designated office shall be the subject of a notice sent without delay to the Noteholders in accordance with the provisions of Condition 13.

### **(d) Business Days for payments**

If any payment date relating to any Note is not a business day, the Noteholder may not claim any payment until the next business day, nor any interest or other amount in respect of such postponement. In this paragraph, "**business day**" means a day (other than Saturday or Sunday) (A) on which Euroclear France operates, (B) on which the banks and foreign exchange markets are open in the countries indicated as "**Financial Centre(s)**" in the relevant Final Terms and (C) (i) in the case of payment in a currency other than Euro, where the payment is to be made by transfer to an account opened with a bank in the Specified Currency, this will be a day on which foreign exchange transactions may be made in this currency in the principal financial centre of the country of such currency, or (ii) in the case of payment in Euros, a TARGET Business Day.

## **8 Taxation**

### **(a) Withholding tax**

All payments of principal, interest, and other revenues of the Notes made to the Noteholders by or on behalf of the Issuer will be made without withholding any tax of any kind imposed, levied, or



recovered by or on behalf of France, or any of its authorities having the power to levy such tax, unless required by law.

(b) **Additional amounts**

If under French law, payments of principal, interest, or other income relating to any Note shall be subject to a withholding tax in respect of any tax of any kind, present or future, to the fullest extent permitted by law, the Issuer undertakes to increase its payments so that the Noteholders receive the full amount of the sums paid to them in the absence of such a deduction or withholding tax. However, it is specified that the Issuer will not be required to increase payments relating to any Note in the event that the Noteholder or a third-party acting on its behalf, is liable in France for such taxes otherwise than by reason of only holding the said Note.

References in these Conditions to (i) "**principal**" are deemed to include any premium payable on the Notes, any Final Redemption Amounts, Early Redemption Amounts, and any other principal amount, payable in accordance with Condition 6 as amended or supplemented, (ii) "**interest**" shall be deemed to include all Interest Amounts and other amounts payable in accordance with Condition 5 as amended or supplemented and (iii) "**principal**" and/or "**interest**" shall be deemed to include any increases that may be payable under this Condition.

## **9 Events of Default**

The Representative (as defined in Condition 11), at the request of any Noteholder, may, upon written notification by registered letter with acknowledgement of receipt to the Issuer (with a copy to the Fiscal Agent) before the default has been remedied, immediately make repayable the nominal amount of all the Notes (but not some only) held by such Noteholder, increased by all accrued interest on such Notes, as of the date of receipt by the Issuer of such payment notification if any of the following events (each an "**Event of Default**") shall occur:

- (i) in the event of default by the Issuer in the payment of principal or interest on any Note (including any additional amount in accordance with Condition 8(b)), for more than fifteen (15) calendar days from the date on which such payment is due and payable; or
- (ii) in the event of a breach by the Issuer to any of its other obligations under the Notes, if such breach is not remedied within thirty (30) calendar days of receipt by the Issuer of the notification of such a breach given by the Representative (as defined in Condition 11) or by a Noteholder; or
- (iii) in the event that any other present or future indebtedness of the Issuer for borrowed money in excess of €100,000,000 (or its equivalent in any other currency), whether individually or cumulatively, shall become due and payable prior to its stated maturity, as a result of a default by the Issuer thereunder, or any such indebtedness shall not be paid when due or, as the case may be, within any applicable grace period therefore; or
- (iv) in the event that the Issuer sells, transfers or otherwise assigns, directly or indirectly, all or almost all of its assets or if the Issuer is subject to a dissolution, liquidation, or merger prior to the full redemption of the Notes, except in the event of a dissolution, liquidation, or merger at the end of which all the commitments of the Issuer under the Notes are transferred to a succeeding legal entity.

## **10 Prescription**

Claims against the Issuer relating to the Notes will be prescribed ten (10) years (in the case of principal) or five (5) years (in the case of interest) from the due date for payment thereof.

## 11 Representation of Noteholders

In respect of all Tranches of the relevant Series, the Noteholders will automatically be grouped together for the defence of their common interests within a masse (the "**Masse**"). The Masse will be governed by the provisions of Articles L.228-46 *et seq.* of the French Commercial Code with the exception of Articles L.228-71 and R.228-69 of the French Commercial Code.

### (i) Legal personality

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

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. This is without prejudice to the rights that may be exercised by the Noteholders individually in accordance with, and subject to the provisions of the Conditions.

### (ii) Representative

The names and addresses of the principal Representative and its alternate, if any, will be indicated in the relevant Final Terms. The Representative appointed in respect of the first Tranche in a Series of Notes will be the sole Representative of all subsequent Tranches in that Series.

The Representative shall receive remuneration corresponding to its functions and duties as indicated in the relevant Final Terms. No additional remuneration will be payable for any subsequent Tranche of a particular Series.

In the event of death, liquidation, dissolution, retirement, resignation, or dismissal of the Representative, such Representative shall be replaced by its alternate, if any, or another Representative may be appointed. Collective Decisions relating to the appointment or replacement of the Representative will be published in accordance with Condition 11(viii).

All interested parties may at any time obtain the names and addresses of the Representative and its alternate, if any, from the Issuer's registered office.

### (iii) Powers of the Representative

Unless otherwise agreed by Collective Decision, the Representative shall have the power to perform all acts of management necessary for the defence of the common interests of the Noteholders, with the possibility for the Representative to delegate its powers.

All legal proceedings brought on the initiative or against the Noteholders must be introduced by or brought before the Representative.

The Representative may not interfere in the management of the Issuer's business. For as long as the Company has only one sole shareholder, the remaining provisions of Article L.228-55 of the French Commercial Code shall not apply to the Notes.

### (iv) Collective Decisions

Collective Decisions are adopted (i) in the context of a general meeting (the "**General Meeting**") or (ii) by decision taken by way of a Written Resolution (as this term is defined below).

In accordance with Article R.228-71 of the French Commercial Code, the right of each Noteholder to take part in Collective Decisions will be evidenced by the entry of the Noteholder's name in the

relevant Account Holder's books of the Issuer by midnight, Paris time, on the second (2nd) business day in Paris preceding the date set for the Collective Decision.

Collective Decisions will be published in accordance with Condition 11(viii).

The Issuer will keep a register of all the Collective Decisions. It will be made available, upon request, to any subsequent Noteholders of the Series.

**(a) General Meetings**

A General Meeting may be convened at any time by the Issuer or the Representative. One or more Noteholders, holding together at least one thirtieth (1/30) of the principal amount of the outstanding Notes, may send the Issuer and the Representative a request to convene a General Meeting. If the General Meeting has not been convened within two (2) months following this request, the Noteholders may instruct one of them to file an application with the competent court to appoint an agent (*mandataire*) to convene the General Meeting.

General Meetings may only validly deliberate on first notice if the Noteholders present or represented hold at least one fifth (1/5) of the nominal amount of the Notes outstanding at the relevant time. Upon second convocation no quorum will be required. The decisions of the General Meeting will be taken by a two-thirds majority (2/3) of the votes cast by the Noteholders attending this meeting, present or represented.

Notice of the date, time, place, and agenda of the General Meeting shall be published in accordance with Condition 11 (viii) no less than fifteen (15) calendar days before the date of the General Meeting upon first meeting notice and no less than five (5) calendar days preceding the date of the General Meeting upon second notice.

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

During the period of fifteen (15) calendar days upon first notice and five (5) calendar days upon the second notice preceding the date of each General Meeting, each Noteholder or its agent (*mandataire*) shall have the right to access or to obtain a copy of the text of the resolutions to be proposed and the reports, if any, to be presented at the General Meeting. They will be made available to the relevant Noteholders on the Issuer's website, at the Paying Agents' designated offices, and at any other place specified in the notice convening the General Meeting.

**(b) Written Resolution**

Pursuant to Article L.228-46-1 of the French Commercial Code, the Issuer or the Representative may consult the Noteholder by means of a Written Resolution instead of a General Meeting. Subject to the following stipulations, a Written Resolution may take the form of one or more identical documents, each being signed by or on behalf of one or more Noteholders. The approval of a Written Resolution may also be given via an electronic communication allowing the identification of Noteholders (the "**Electronic Consent**").

Notice to the Noteholders to approve a Written Resolution (including by Electronic Consent) will be sent to them in accordance with Condition 11(viii) at least ten (10) calendar days before the date scheduled for the approval of the Written Resolution (the "**Written Resolution Date**"). The notice requesting the Noteholders to approve a Written Resolution will indicate the form requirements and the deadlines that the Noteholders must respect if they wish to respond to the Written Resolution. Noteholders expressing their approval or rejection prior to the Written Resolution Date shall agree not to transfer their Notes prior to the Written Resolution Date.

For the purposes hereof, a "**Written Resolution**" means a written resolution signed by Noteholders holding at least 66<sup>2/3</sup>% of the nominal amount of the Notes outstanding.

**(c) Exclusion of certain provisions of the French Commercial Code**

The following provisions of the French Commercial Code will not apply to the Notes:

- (i) Article L.228-65 I.1° providing for prior approval by Collective Decision in the event of a proposal to modify the purpose or the form of the Issuer; and
- (ii) Articles L.228-65 I. 3°, L.236-13, and L.236-18 providing for prior approval by Collective Decision in the event of a proposal for a merger or demerger, but only in the case of an intra-group merger or demerger.

**(v) Expenses**

Upon presentation of the appropriate supporting documents, the Issuer will bear all costs relating to the operations of the Masse. This includes all the costs of convening and holding Collective Decisions and, more generally, all the administrative expenses voted by the Collective Decisions. It is expressly stipulated that no fees can be charged on interest payable on the Notes.

**(vi) Single Masse**

Holders of Notes of the same Series, as well as holders of Notes of any other Series that have been assimilated, in accordance with Article 12, to the Notes of the aforementioned Series, will be grouped together for the defence of their common interests in a single Masse. The Representative appointed in respect of the first Tranche of a Series of Notes will be the sole Representative of that Series.

**(vii) Sole Noteholder**

As long as the Notes of a Series are held by a sole Noteholder, and unless a Representative has been appointed in respect of such Series, such Noteholder shall exercise all the powers, rights and obligations granted to the Masse and the Representative according to the provisions of the French Commercial Code. The Issuer will keep a register of all the decisions made by the sole Noteholder. It will be made available, upon request, to any subsequent Noteholder of this Series.

**(viii) Information to Noteholders**

Any notice communicated to the Noteholders, any Collective Decision, and any decision taken pursuant to Articles R.228-79 and R.236-11 of the French Commercial Code in accordance with this Condition 11 will be published on the Issuer's website and will be sent to Euroclear France, Euroclear, Clearstream, and any other clearing system in which the Notes are then cleared.

**(ix) Outstanding Notes**

For the avoidance of doubt, in this Condition 11, the terms "outstanding" do not include Notes purchased and held by the Issuer in accordance with the applicable laws and regulations.

## **12 Further issues and consolidation**

**(a) Further issues**

The Issuer will have the option, without the consent of the Noteholders, to create and issue additional Notes that will be assimilated to the Notes already issued to form the same series provided that such Notes and the further Notes entitle their holders to identical rights in all respects (or identical in all respects except the issue date, the issue price, and the first payment of interest) and the Conditions of

these Notes provide for such an assimilation and references to "Notes" in these Conditions shall be construed accordingly.

(b) **Consolidation**

Unless otherwise specified in the relevant Final Terms, the Issuer will have, on each Interest Payment Date arising from the date of redenomination, with the prior consent of the Fiscal Agent (which cannot be reasonably denied) and without the consent of the Noteholders, by notifying the Noteholders at least thirty (30) calendar days in advance in accordance with Condition 13, the option of consolidating the Notes of a Series denominated in Euro with those of one or several other Series it has issued, regardless of whether these Notes were originally issued in one of the European national currencies or in Euros, provided that these other Notes were redenominated in Euros (if this was not the case originally) and have, for all periods following this consolidation, the same conditions as the Notes.

**13 Notices**

- (a) Notices sent to holders of Notes will be valid if they are delivered to Euroclear France, Euroclear, Clearstream, and any other clearing system in which the Notes are then cleared and published on the Issuer's website. Noteholders will be considered to be aware of the contents of such notice as of the date of such publication, or if it has been sent several times on different dates, upon the date of first publication.
- (b) As long as the Notes are admitted to trading on the Euro MTF market and/or the Euronext Growth market, and if the rules of those markets so require, any notice sent to the Noteholders pursuant to this Condition shall also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of Euronext Paris ([www.euronext.fr](http://www.euronext.fr)).
- (c) For the avoidance of doubt, this Condition 13 will not apply to notices to be published under Condition 11.

**14 Applicable law and jurisdiction**

(a) **Applicable law**

The Notes are governed by, and shall be construed in accordance with, French law.

(b) **Jurisdiction**

Any claim relating to the Notes must be brought before the Paris commercial court (*tribunal de commerce de Paris*).

**15 Language of the Information Memorandum**

This Information Memorandum was drafted in French and translated into English, only the French version is legally binding.

## USE AND ESTIMATION OF THE NET PROCEEDS

The net proceeds from the issue of the Notes, after deducting commissions, fees and expenses, as specified in the relevant Final Terms, will be used by the Issuer to finance or refinance, in whole or in part, a portfolio of social and/or environmental projects corresponding to the categories of projects and eligibility criteria described in the September 2019 Sustainable Bonds Framework Document (*Document Cadre Obligations Durables de septembre 2019*) established in accordance with the Green Bond Principles (2018), the Social Bond Principles (2018), and the Sustainability Bond Guidelines (2018) as published by the ICMA. Any further details on these projects will be provided in the relevant Final Terms as the case may be. The Sustainable Bonds Framework Document is published on the Issuer's website (<https://www.actionlogement.fr>).

## DESCRIPTION OF THE ISSUER

### 1 GENERAL PRESENTATION OF THE ISSUER

The Issuer is a simplified joint-stock company created in 2016 by decree<sup>1</sup>, whose articles of association were approved by decree<sup>2</sup> and whose sole shareholder is ALG.

The Issuer's purpose is to provide financing in the housing sector. In particular, it finances the housing of employees, in order to promote employment and contribute to economic dynamics throughout France. As such, it ensures the collection of the PEEC. It provides loans, financial support, and services to employees and businesses, as well as to social and intermediate landlords.

The Issuer develops its activities with a commitment to social utility and sustainable development.

The Issuer is accredited in France as a finance company.

#### 1.1 Presentation of the group Action Logement and the Issuer's place within the Group

The group Action Logement was created by decree<sup>3</sup>. It includes a lead holding company, ALG, and, in particular, a service division run by the Issuer, and a social and intermediate real estate division, mainly managed by another subsidiary called ALI.

Through its subsidiaries, the group Action Logement carries out three main missions. Namely:

- supporting employees in their residential needs and professional careers by offering services including the allocation of social and intermediate housing, rental deposits, etc. and financial aid in the form of loans and subsidies, facilitating access to housing and therefore to employment;
- the construction and financing of social and intermediate housing, primarily in areas of high real estate stress, contributing to the issues of eco-housing, social change and social mix; and
- financing housing policies in France by supporting their implementation in conjunction with local authorities.

ALG is an association subject to the provisions of the Act of 1 July 1901, whose articles of association were approved by decree<sup>4</sup>. Only the law can provide for its transformation, division, or dissolution. ALG is a joint body: the association has as member any interprofessional organisation that is representative at national level of employers and employees (the "**Social Partners**").

ALG's missions are defined in Article L.313-18-1 of the French Construction and Housing Code (the "**Code**"). They include in particular the conclusion of a five-year agreement with the State on PEEC, determining the strategic orientations, and monitoring the financial balance of the group Action Logement.

PEEC is a resource of general interest. It was created by law in 1953 (Article L.313-1 of the Code) to generalise the voluntary approach of certain employers, initiated in 1943, in favour of employee housing, by requiring private sector companies to contribute 1% of their payroll to the financing of housing construction (called the "1% housing"). Since 1992, the PEEC is set at 0.45% of the payroll.

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<sup>1</sup> Decree no. 2016-1408 of 20 October 2016, Article 1 paragraph 3

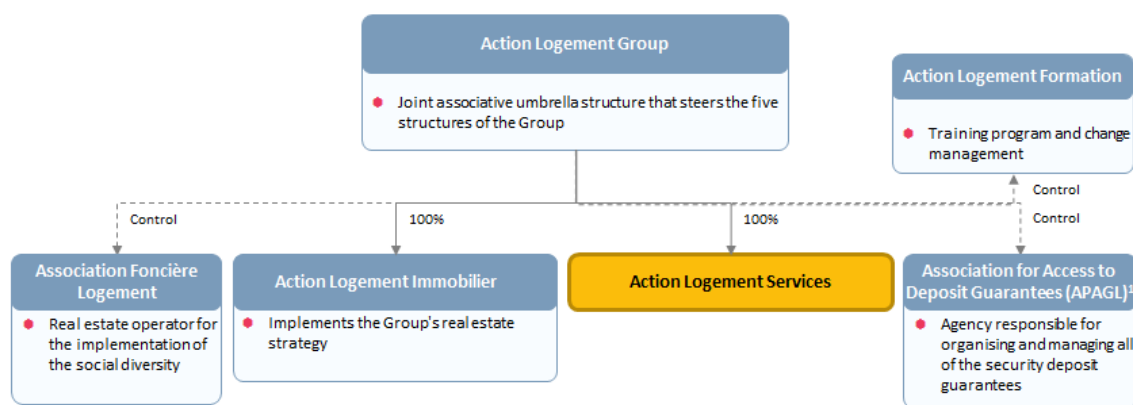
<sup>2</sup> Decree no. 2016-1769 of 19 December 2016

<sup>3</sup> Decree no. 2016-1408 of 20 October 2016, Article 1 paragraph 3

<sup>4</sup> Decree no. 2016-1681 of 5 December 2016

In 2016, the collection of the PEEC was reorganised by placing it under a single steering structure, ALG, and bringing together the 20 CILs that locally collected and distributed it into a single collector, the Issuer, within the Union of Companies and Employees ("UESL", *Union des entreprises et des salariés*).

The Code provides that the PEEC resources received by the Issuer and their rules of use (the "Uses") are determined by an agreement between the State and ALG for a period of five years. The last five-year agreement was signed on 16 January 2018, for the period 2018-2022 (the "**Five-Year Agreement**") for a total of €15,195 million in Uses. The Five-Year Agreement was the subject of an amendment signed on 25 April 2019 for an additional investment plan of €9,065 million (the "**Voluntary Investment Plan**" or "**PIV**") for the period 2019-2022. The PIV aims to mobilise additional resources and redirect some of the resources provided for in the Five-Year Agreement to implement concrete measures to improve the energy performance of housing, access to and securing housing, entry into employment, and ensure territorial equality. The Five-Year Agreement and the PIV represent a total commitment of €23,350 million towards Uses over the 2018-2022 period.



ALI holds the equity interests of all real estate subsidiaries of the group Action Logement, with 109 subsidiaries under its control, 59 of which are ESH and 5 are intermediate housing companies. ALI is the leading social and intermediate housing group in France, with a portfolio of 998,651 housing units as of 31 December 2018: 931,296 social housing units and 67,355 intermediate housing units. ALI has nearly 15,000 employees in all of its subsidiaries.

At consolidated level (ALG), the Action Logement Group represents as of 31 December 2018:

- €83.4 billion of total balance sheet;
- €8.6 billion of revenues;
- €55.2 billion of tangible fixed assets, including €53.9 billion of real estate and construction of rental assets, at ALI consolidation level;
- €35.0 billion in financial loans and debts and €6.9 billion in debt related to financing activities, including €33.3 billion of loans from credit institutions at ALI consolidation level;
- €33.0 billion in shareholder equity, including €16.2 billion at ALI consolidation level, and €13.5 billion at Issuer's level;
- €8.3 billion in cash and cash-equivalents, including €3.7 billion at ALI consolidation level, and €4.0 billion at Issuer's level;



- €1,145 million in net income (group share), for a net income group share of ALI of €650 million and a net income group share of the Issuer of €436 million.

## 1.2 Presentation of the Issuer

The Issuer is the body of the group Action Logement in charge of implementing the Five-Year Agreement. The Issuer's articles of association and its responsibilities are defined by law and in particular by the Code.

The Code and the articles of association of the Issuer provide in particular that:

- ALG holds 100% of the Issuer's share capital, and cannot sell its share;
- The Issuer's governance is a joint body. Its Board of Directors is made up of representatives of the employer and employee organisations. Three government commissioners represent the State on its Board of Directors;
- The Issuer is a player in the social and solidarity-based economy; and
- The Issuer does not pay any dividends to ALG.

The Issuer's role is to ensure the financing of actions and public policies in favour of housing in France. Its activities aim to facilitate access to housing for employees, thus promoting their access to employment. The Issuer contributes to the economic dynamics of the French territories by granting loans, guarantees, financial aid, and services to employees, businesses, and social landlords. These missions are carried out by approximately 3,100 employees in 13 regional delegations and over 160 locations.

### (a) Activities of the Issuer

To fulfil its missions, the Issuer focuses on five main activities:

#### (i) Collection of the Participation in the Construction Effort ("**PEC**")

The Issuer collects the PEC from private-sector companies that includes payments made under the PEEC, PSEEC, and PEAEC. The PEEC represents 98% of the funds collected by the Issuer. For these reasons, reference is made to the PEEC to explain the Issuer's resources in this Information Memorandum.

The Issuer manages this recurring and specific annual resource for the benefit of companies, employees, and territories. In relation to companies, the Issuer strengthens the link between employment and housing but also reports on its actions to the companies that finance it.

In 2018, the total PEC collection, net of amounts reimbursed to companies, reached €1,695 million.

#### (ii) Financing of social and intermediate housing

The Issuer provides financial support, notably in the form of loans, subsidies, or equity allocations to social housing and intermediate housing landlords. Based on the public information published by the *Banque des Territoires* and the Social Union for Housing

("USH"), the Issuer estimates that it is the second largest provider of social housing in France<sup>5</sup>.

Outstanding loans to legal entities amounted to €11,947 million net as of 31 December 2018.

(iii) The allocation of housing in the social and intermediate housing stock

In return for the financing of social and intermediate housing, the Issuer benefits from housing reservation rights. These rights entitle the Issuer to allocate social, intermediate, or open-market housing to employed tenants. This service directly contributes to strengthening the link with companies providing the PEEC.

96,901 households accessed housing through the Issuer in 2018, including 30.3% in the Greater Paris Region.

(iv) The distribution of aid and services to individuals

The Issuer mainly assists employees with their residential projects. It offers them services and financial aid, especially in the form of loans, grants, and security deposits that facilitate access to housing, and therefore to employment. The Issuer focuses its efforts on actions related to professional advancement, with energy optimisation of housing or its adaptation to senior citizens and dependent populations. It assists priority groups such as employees with modest resources or reduced mobility, as well as helping young people access employment and training.

The number of beneficiaries of the Issuer's aid and services reached 550,000 in 2018 for €641 million in financial commitments granted over the year, including €630 million from PEEC funds. The portfolio of loans to individuals amounted to €4,032 million net (excluding receivables from the guarantee fund) as of 31 December 2018.

(v) Participation in public housing and city policies

The Issuer participates in the financing of public housing and city policies. As such, the Issuer contributes to the budgets of the National Agency for Urban Renovation ("ANRU") and the National Fund of Construction Aid ("FNAP"). In addition, the Issuer initiates and implements social utility policies in coordination with the State and its agencies, such as, the revitalisation programme of the centres of medium-sized cities, "Heart of the City Action" ("*Action Cœur de Ville*").

€635 million were committed in fiscal year 2018 for the financing of public policies. ANRU represents 75% of these commitments.

(b) Issuer's Resources and Uses

To carry out its activities, the Issuer notably has the resources from the annual collection of the PEEC, PEAEC, and PSEEC. It also obtains the loan repayments (hereinafter the "**Loan Repayments**") that it previously made to individuals and legal entities. The projected amounts of PEEC resources are provided for in the Five-Year Agreement as amended:

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<sup>5</sup> Source USH, HLM with 2018 figures - <https://www.union-habitat.org/union-data/les-moyens-financiers>

<i>In M€</i>	<b>Cumulative amount for 2018-2022</b>
<b>PEEC collection net of collection reimbursements to businesses</b>	<b>7,402</b>
<b>Loan Repayments on PEEC funds</b>	<b>6,410</b>
<b>Compensation PACTE Act</b>	<b>1,190</b>

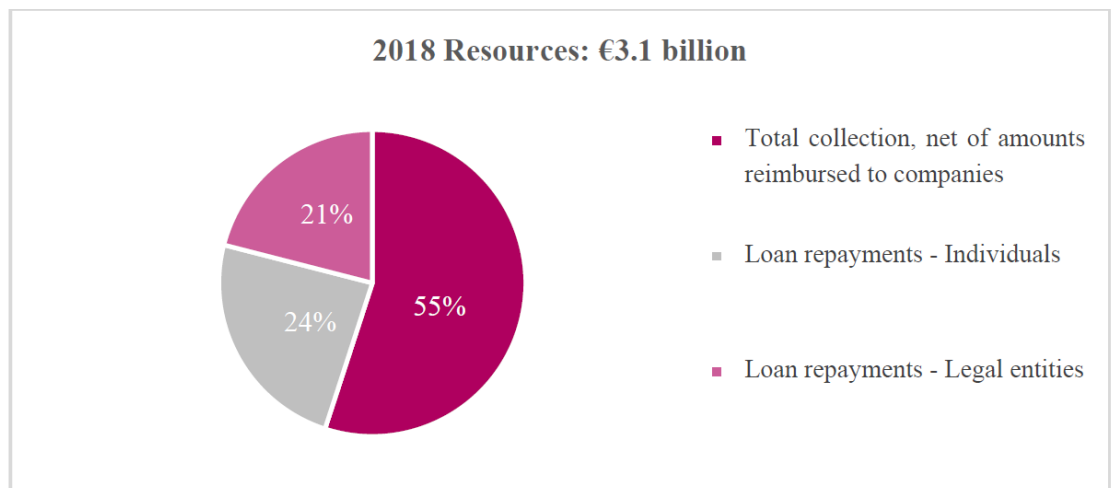
These resources were supplemented by government-guaranteed loans from the *Caisse des Dépôts et Consignations* ("**CDC**"). They will be reinforced by bond market borrowings in accordance with the Voluntary Investment Plan.

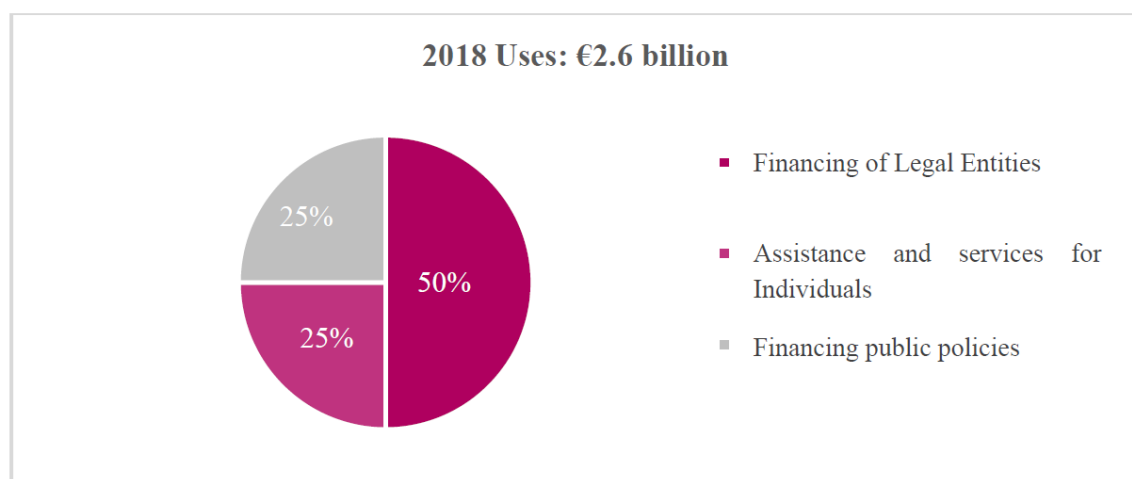
In fiscal year 2018, the Issuer's resources amounted to €3,050 million, 55% of which came from PEEC collection and 45% from Loan Repayments.

The Issuer also has reserves stemming from its business income.

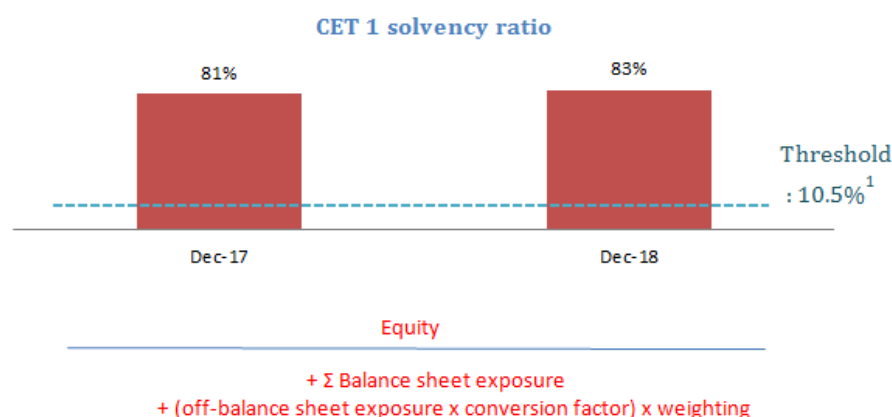
The Issuer's resources are allocated to the various Uses. In FY 2018, these Uses represented €2,544 million: 50% were allocated to financing social and intermediate housing, 25% to providing aid to individuals, and 25% to public policies.

Distribution of the Issuer's Resources and Uses (2018):





Historically based on a balance between uses and resources minimising debt financing, the Issuer's economic model resulted in equity of €13,542 million and a CET 1 (Core Equity Tier 1) solvency ratio of 83% as of 31 December 2018. The Issuer aims to increase its level of indebtedness, in particular by issuing bonds on the market. This will change its sources and uses of funds model. The Issuer plans to maintain its CET 1 ratio above 30%, significantly above the current regulatory limit at 10.75%.



Note 1: The limit of 10.5% was applicable as of 31 December 2018. Aggregation of the PEEC, PEAEC, and PSEEC funds, and other operating and guarantee funds. 10.75% from 1 July 2019.

(c) Supervision of the Issuer by the supervisory authorities

The Issuer is deemed to be approved by the French Prudential Supervisory and Resolution Authority ("ACPR") as a finance company from its creation based on the Government's Decree of 20 October 2016 ratified by Parliament creating the group Action Logement. Due to its status as a finance company, the Issuer is regulated by the said authority.

The Issuer is also subject to the control of ANCOLS as a body of the group Action Logement and to the control of the Court of Auditors pursuant to Article L.111-12 of the French Financial Jurisdiction Code.

(d) Key figures

The financial information below, prepared under French GAAP, is extracted or based on the Issuer's consolidated financial statements for the year ended 31 December 2018.

**Main consolidated financial data of the Issuer and its subsidiaries**

**Consolidated income statement**

<i>In M€</i>	<b>2017</b>	<b>2018</b>
Net Non-Banking Income	314	601
<i>Employer participation</i>	<i>1,480</i>	<i>1,507</i>
<i>Grants paid out net of receipts</i>	<i>(1,167)</i>	<i>(906)</i>
Net Banking Income	177	152
<b>Net Operating Income</b>	<b>491</b>	<b>753</b>
<b>Gross Operating Income</b>	<b>211</b>	<b>450</b>
<b>Operating Income</b>	<b>253</b>	<b>437</b>
Pretax Current Income	253	437
Net Income	253	436

**Consolidated balance sheet**

<i>In M€</i>	<b>2017</b>	<b>2018</b>
Financial institution receivables and similar	3,641	4,040
Customer transactions	16,159	16,004
<i>Loans to individuals</i>	<i>4,292</i>	<i>4,057</i>
<i>Loans to legal entities</i>	<i>11,867</i>	<i>11,947</i>
Investments and other long-term securities held	1	1
Intangible assets	7	7
Tangible assets	428	438
Other assets	77	433
<b>Total Assets</b>	<b>20,312</b>	<b>20,923</b>

<i>In M€</i>	<b>2017</b>	<b>2018</b>
Credit institution payables and similar	1,423	1,296
Customer transactions	5,373	5,648
<i>Debts to the State, local authorities, or state agencies</i>	<i>180</i>	<i>196</i>
<i>Debts to individuals</i>	<i>103</i>	<i>93</i>
<i>Debts to legal entities</i>	<i>5,090</i>	<i>5,360</i>
Other liabilities	218	248
Provisions	193	189

Shareholders' equity	13,106	13,542
<i>Subscribed share capital</i>	20	20
<i>Reserves</i>	12,833	13,086
<i>Profit or loss for the financial year (±)</i>	253	436
<b>Total Liabilities</b>	<b>20,312</b>	<b>20,923</b>

### Net external debt

Borrowings and financial debts with credit institutions and customer transactions, net of cash:

<i>In M€</i>	<b>2017</b>	<b>2018</b>
Net external debt	3,155	2,904

### Loans outstanding in 2018

<i>In M€</i>	<b>Legal entities</b>	<b>Individuals*</b>
Gross amount of loans	11,974	4,125
Amortisation and Depreciation	-27	-93
Net outstanding amounts	11,947	4,032
Amount of outstanding payments over 90 days	26	70
Non-Performing Loans (NPL)	136	130
NPL rate	1.1%	3.2%
Provision rate	19.7%	71.0%
Cost of risk	5	7

\* excluding receivables from the guarantee fund

## 2 DETAILED PRESENTATION OF THE ISSUER'S BUSINESS

To fulfil its duties, the Issuer carries out five main activities. These are (i) the collection of the Participation in the Construction Effort, (ii) the financing of social and intermediate housing, (iii) the allocation of housing from the social and intermediate housing stock, in return for this funding to landlords, (iv) distribution of financial support and services to individuals, and (v) participation in public housing and city policies.

The Issuer is the only player offering the comprehensive management of issues related to employment and housing. It is one of the leading operators of non-profit housing services. It was the third largest contributor<sup>6</sup> to housing aid in France in 2017.

All of the Issuer's activities are regulated. In particular, the PEEC Uses are defined by the Five-Year Agreement and the Voluntary Investment Plan.

<sup>6</sup> General Commission for Sustainable Development - 2017 Housing Account (page 40)  
<https://www.statistiques.developpement-durable.gouv.fr/compte-du-logement-2017-rapport-de-la-commission-des-comptes-du-logement>

## Summary table of PEEC Uses for 2018-2022

<i>In M€</i>	<b>Five-Year Agreement*</b>	<b>Voluntary Investment Plan</b>	<b>2018-2022 Total</b>
<b>Social housing financing</b>	<b>5,697</b>	<b>4,965</b>	<b>10,662</b>
Shareholders' equity	1,350	2,235	3,585
Loans	3,540	1,500	5,040
Subsidies	500	330	830
PHB 2.0 <sup>7</sup>	57	-	57
FNAP	250	900	1,150
<b>Intermediate housing financing</b>	<b>1,374</b>	<b>1,000</b>	<b>2,374</b>
Shareholders' equity	524	500	1,024
Loans	600	500	1,100
Subsidies	250	-	250
<b>Total Financing Operators</b>	<b>7,071</b>	<b>5,965</b>	<b>13,036</b>
<b>PNRU and NPNRU</b>	<b>3,380</b>	<b>-</b>	<b>3,380</b>
Loans	1,170	-	1,170
Subsidies	2,210	-	2,210
<b>Total Public Policy Funding</b>	<b>3,380</b>	<b>-</b>	<b>3,380</b>
<b>Assistance to employees for access and employment</b>	<b>2,269</b>	<b>3,000</b>	<b>5,269</b>
Loans	2,269	1,500	3,769
Subsidies	-	1,500	1,500
<b>Mobility financial support (subsidies)</b>	<b>611</b>	<b>100</b>	<b>711</b>
<b>Secured rentals</b>	<b>735</b>	<b>-</b>	<b>735</b>
<b>Employees in difficulty and social engineering</b> (subsidies, loans, financing, and ANIL)	193	-	193
<b>Total Financing Employees</b>	<b>3,808</b>	<b>3,100</b>	<b>6,908</b>
<b>Engineering and experimentation</b>	26	-	26
<b>Total Uses</b>	<b>14,285</b>	<b>9,065</b>	<b>23,350</b>

(\*) Five-Year Agreement amended by the PIV

### 2.1 The collection of the PEEC: principal financial resource of the group Action Logement

#### (a) Presentation of the PEEC and other participations in the construction effort

Formerly known as the "1% housing scheme", the PEEC is a compulsory employer payment made towards employee housing. This required financing applies regardless of the business activity, the legal form of the business, the income tax scheme, and the operating results.

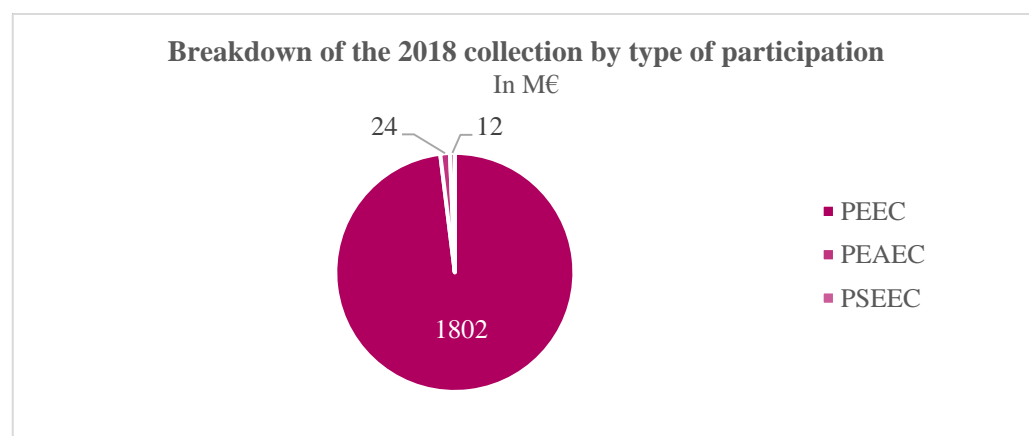
<sup>7</sup> Grant paid to the CDC over 2018-2022, out of a total commitment of €812.5 million. Payments are staggered until 2043 and guaranteed by the government.

Non-agricultural private sector employers with at least 20 employees, all companies combined, are liable for the PEEC. This threshold will increase from 20 to 50 employees as of 2020 according to the PACTE Act. As indicated in an amendment to the Five-Year Agreement signed by the State on 24 May 2018, subsidies should be put in place by the State in the next finance law. These subsidies are to offset the Issuer's shortfall induced by the measures related to the PEEC included in the draft PACTE Act. This compensation was quantified at €1,190 million for the period 2019-2022.

Agricultural employers with 50 or more employees are also liable for the PEAEC.

In addition, all private-sector employers have the option of making additional voluntary PSEEC contributions. These PSEEC payments, in particular, are made by companies that include public and private status employees. They thus enable employees with public status to benefit from the Issuer's aid and services in the same way as those having a private status.

In 2018, the PEEC accounted for 98% of the Issuer's gross inflows, the PSEEC 1.3%, and the PEAEC 0.7%. These proportions have been historically stable.



Each year, a company falling within the scope of the PEEC must devote at least 0.45% of its payroll of the previous year to investments in housing construction. The 0.45% rate applies gradually to a company during the first years following the entry into the PEEC scope. The 0.45% rate has not changed since 1992. As of the date of this Information Memorandum, no change is foreseen on the application criteria of the PEEC, on its methods of calculation, nor on its collection mechanism.

(b) PEEC payment terms

The employer's payment can be made:

- either in the form of direct investments for the housing of its employees. For example, the construction of rental housing or improvements to old buildings belonging to it, rented or intended to be rented to its employees;
- or in the form of reduced-rate loans granted to its employees for the financing of the construction of their main residence, that of their spouse or civil partner (PACS, French civil partnership), or of their ascendants or descendants;
- or in the form of a payment to a collector approved by the State. It is specified that since the reform of the PEEC, the Issuer is the only collector approved alongside the railways



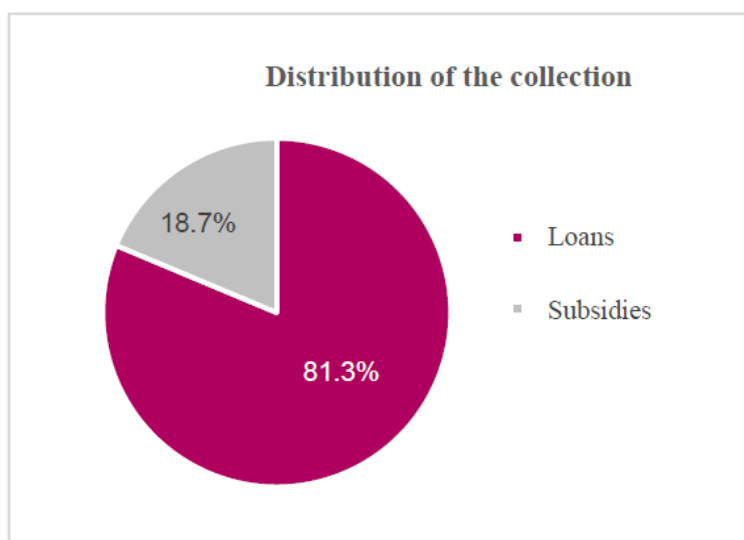
real estate company ("**SICF**" for *société immobilière des chemins de fer*) (see paragraph below).

The payment to a collection agency is the method largely used by companies to fulfil this obligation<sup>8</sup>. Payment of the PEEC to the Issuer can be made at the option of the company in the form of a subsidy or a 20 years interest-free bullet loan.

Collection received in the form of a grant constitutes a definitively acquired resource for the Issuer. While the collection received in the form of a loan is, by nature, a long-term but temporary resource.

There is a significant difference in tax treatment between the two methods of payment. The PEEC is a deductible expense for the business that pays it as a subsidy, whereas it is not deductible if it is paid as a loan. Therefore, it is a strong incentive for companies.

Thus, 81.3% of the 2018 collection was in the form of a subsidy. This proportion remains stable at: 81.2% in 2017 and 81.4% in 2016. The main reasons for choosing the loan payment mentioned by companies are<sup>9</sup>: historical (25%), choice of headquarters or that of management (21%), and being able to recover the funds after several years (14%). On 31 December 2018, outstanding corporate debt resulting from the PEEC collection in the form of a loan was €5.36 billion.



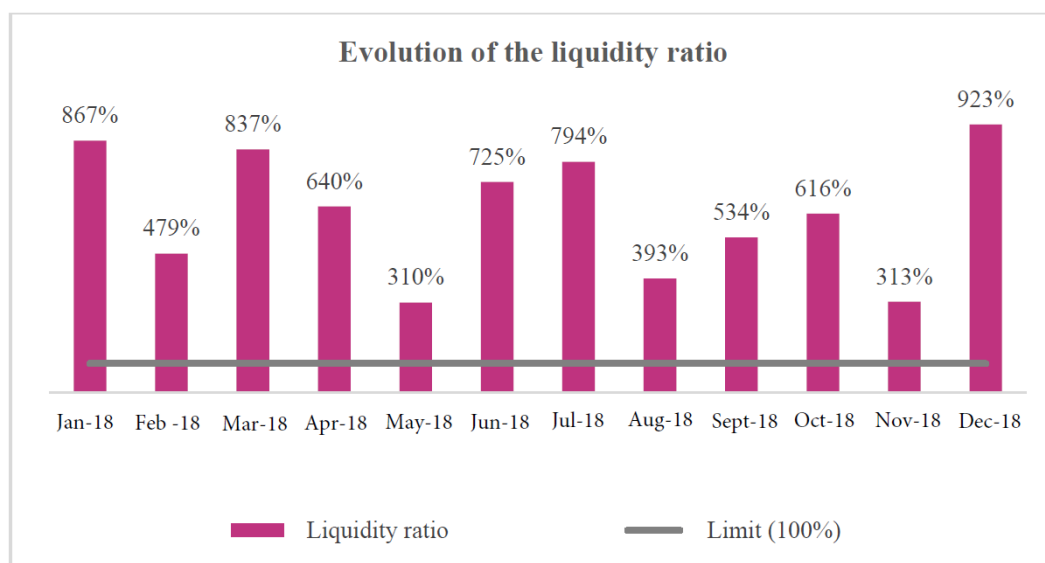
In practice, employers who are liable for the PEEC or PEAEC must complete an online statement on a dedicated section of the Issuer's website. They may then send a payment slip and settle with the Issuer before 31 December of each year. As part of this settlement, the paying company indicates whether its payment takes the form of a grant or a loan. The Issuer then sends the company a tax receipt for each payment made. On average over the past two years, the Issuer has found that 96% of the payments were being made in December of each year.

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<sup>8</sup> Source: ANPEEC - CREDOC CIL Business Services 2014 (p.38): 94% of companies with 50 to 99 employees, 97% of those with 100 to 299 or more, and all companies with more than 300 employees pay PEEC to collectors  
[https://www.credoc.fr/download/pdf/Sou/ANPEEC\\_CREDOC\\_Services\\_des\\_CIL\\_aux\\_entreprises.pdf](https://www.credoc.fr/download/pdf/Sou/ANPEEC_CREDOC_Services_des_CIL_aux_entreprises.pdf)

<sup>9</sup> Source: ANPEEC - CREDOC CIL Business Services 2014 (p.39):

As a result, the Issuer's liquidity ratio is subject to a certain annual seasonality. There is a high point at the end of December, as shown in the chart below. The liquidity ratio of the Issuer was 923% as of 31 December 2018, for a regulatory threshold at 100% that is monitored by the ACPR.



The monitoring of the PEEC payments is carried out by the officers of the Executive management of Public Finance, the services of the Ministry of Housing, as well as the ANCOLS staff. In the event of non-compliance with their obligations, employers shall pay a contribution of 2% of the payroll and further penalties<sup>10</sup>.

The payment of the PSEEC is subject to a special agreement between the Issuer and the company choosing to make this payment.

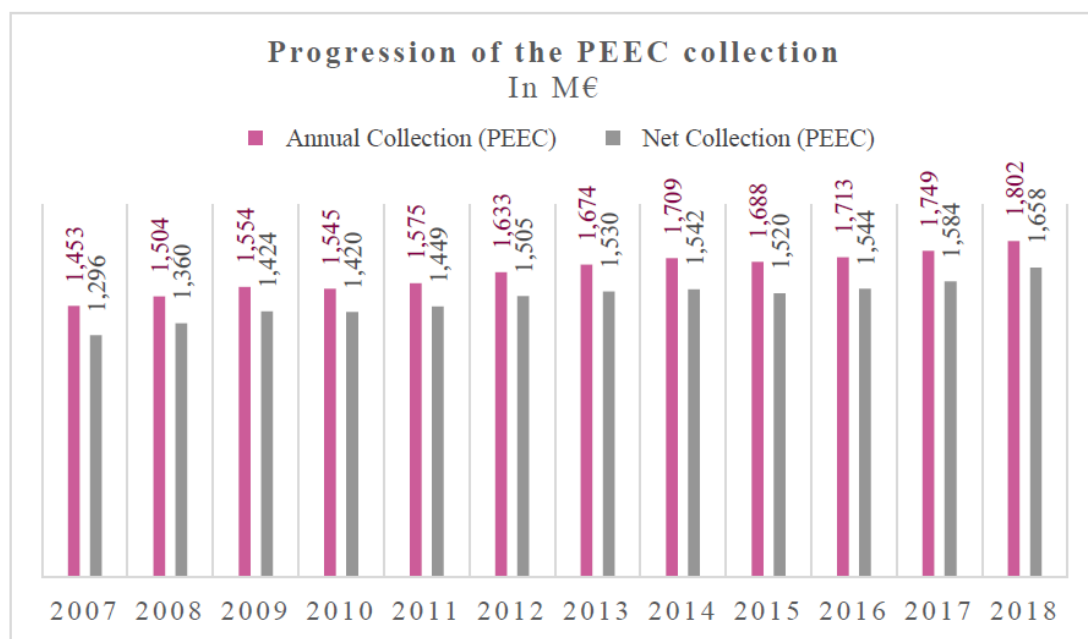
(c) Steady progression of the PEEC collection

The gross collection, in the form of grants and in the form of loans, corresponds to all the funds received from employers by the Issuer under the PEEC. The net collection is equal to the gross collection less the repayments of the collection to the companies.

The regular progression of the collection over the last few years is illustrated on the following chart<sup>11</sup>:

<sup>10</sup> Source: Official Bulletin of Public Finances, 18/12/2014 - BOI-TPS-PEEC-50-20141218

<sup>11</sup> Source: The 2015-2019 Five-Year Agreement of 2 December 2014, Issuer's Management Reports 2017 and 2018, Voluntary Investment Plan Agreement of 24 April 2019, and reprocessing by the Issuer



In 2018, excluding repayment of loans made by companies in payment of their PEEC, the gross collection of the PEEC represented €1,802 million against €1,749 million in 2017 representing a 3% increase. This progression reflects macroeconomic trends related to the increasing payrolls of private sector companies.

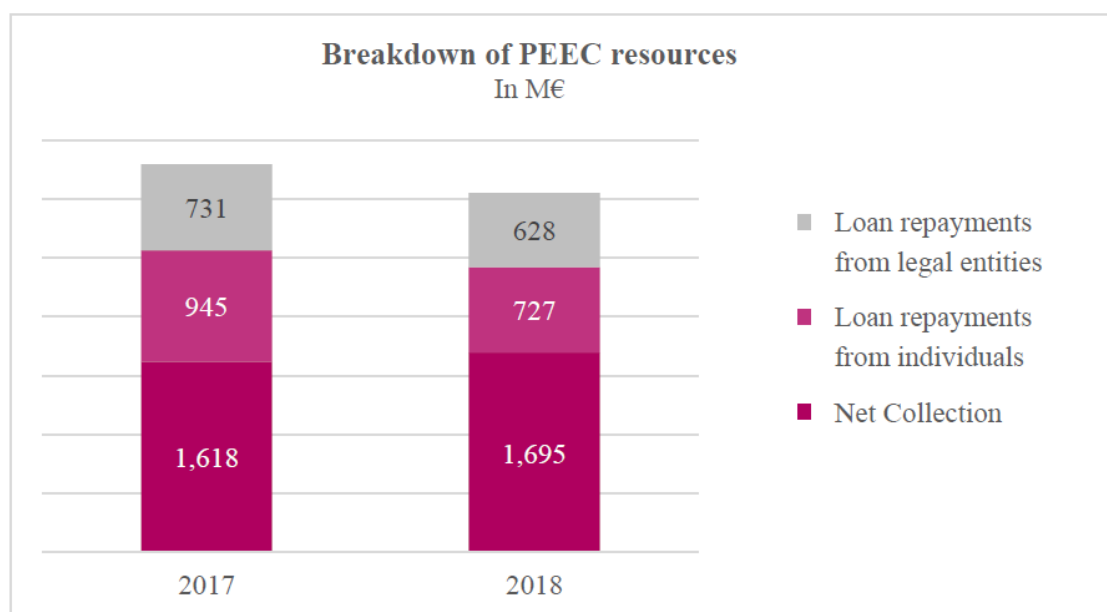
In 2018, the total collection of the PEC (PEEC + PSEEC + PEAEC), net of amounts reimbursed to companies, reached €1,695 million.

(d) Other PEEC Resources: Loan Repayments

These include all Loan Repayments previously made by the Issuer using resources from the PEEC. These loans were issued to legal entities, mainly social and intermediate landlords, and to individuals, regardless of the nature and duration of the loan.

The total annual amount of Loan Repayments amounted to €1,355 million for the last financial year ended 31 December 2018. This is a decrease of 19.2% compared to the 2017 financial year. These corporate and individual Loan Repayments were down globally from an exceptionally high base in 2016 and 2017. This was due to lower prepayments for loans to individuals in a low interest rate environment experienced by all players in real estate financing to individuals.

In 2018, the PEEC's total resources, including net collections and Loan Repayments, were €3,050 million compared to €3,294 million in 2017. This is broken down as follows for FY 2017 and 2018:



(e) Financing policy of the Issuer and its consolidated subsidiaries

In addition to the resources described above, the Issuer benefits from loans granted by the CDC.

On 12 November 2012, the Social Economy Union for Housing (UESL) entered into a letter of mutual commitment with the government, under which it committed to allow the UESL to access the resources of the CDC's Saving Fund Division. This was limited to €1 billion per year over the 2013-2015 period. These resources must contribute to the goal of producing 150,000 social housing units a year. This commitment resulted in two loan agreements with the CDC, all of which totalled €1,564 million. These loans were taken over by the Issuer when the group Action Logement was formed. The outstanding principal owed as of 31 December 2018 was €1,262 million. The initial term of these loans is 25 years. The variable interest rate is indexed to that of the Livret A passbook increased by 90 basis points. These loans are government guaranteed, in accordance with Article 79 of the amending Finance Law for 2013.

The Issuer will also issue bonds on the financial markets in order to finance the Uses of the PIV. This will be for a total amount over the period 2019-2022 estimated at €6,200 million. The Issuer's objective is to raise €1,000 million in 2019 and €2,000 million in 2020.

(f) A non-competitive business

Prior to the reform that led to the formation of the group Action Logement and the Issuer, more than 99% of the PEEC collection was paid to the associated collecting bodies of the UESL (the CILs) merged to create the Issuer.

Since Decree no. 2016-1408 of 20 October 2016 relating to the reorganisation of PEEC collection came into force, the SICF - a subsidiary and collector of the Public Rail Group comprising SNCF, SNCF Réseau and SNCF Mobilités, is the only authorised PEEC collector to retain its role. It is thus the only other organisation approved to collect the PEEC besides the Issuer.

## 2.2 Financing of social and intermediate housing

The main task of the Issuer is to help finance the construction and renovation of mainly social and intermediate housing. This financing is in particular in the form of subsidised loans, capital increase, and grants. They are provided under very favourable conditions in return for the granting of rental reservation rights for the benefit of the Issuer. In addition, the Issuer manages the national operator dedicated to the sale of low-rent housing ("**HLM**"), the National Sales Organisation ("**ONV**"), whose purpose is to promote the sale of housing by social landlords to tenants in social housing.

The development of the Issuer's financing activities is closely linked to that of the social housing and intermediate housing sectors.

### (a) Overview of the social housing sector

Social landlords offer eligible households (as defined by decree) leases that are on average 40% below market rents defined by decree<sup>12</sup>. National demand for social housing is centralised in the National Registration System ("**SNE**")<sup>13</sup>, which registered more than 2.1 million applicants as of 31 December 2018.

To meet this significant demand, the French model of social housing is based on an existing stock of nearly five million social<sup>14</sup> housing units spread throughout mainland France and the overseas territories. They are managed by approximately 720 social housing organisations ("**OLS**" for *organismes de logement social*), divided into several parts, the two main ones being the public housing offices ("**OPH**", *offices publics de l'habitat*, 246 organisations) and the social housing enterprises ("**ESH**", *entreprises sociales pour l'habitat*, 217 organisations)<sup>15</sup>. The other types of HLM organisations are the HLM cooperatives ("**Coop'HLM**"), the semi-public companies ("**SEM**", *sociétés d'économie mixte*), and the approved organisations housing project placement ("**MOI**", *maîtrise d'ouvrage d'insertion*).

Social housing is granted to applicants as soon as existing housing is available or new or rehabilitated housing is delivered. The annual mobility rate of the social housing stock was 9.4%<sup>16</sup> in 2017. New housing deliveries in 2017 reached 78,200 across all of France<sup>17</sup>. In 2018, social housing comprised nearly 462,000 households<sup>18</sup>, i.e. approximately 21% of demand.

In order to support the production of new offers and rehabilitations, the State issues financing approvals to OLS for each of their operations. These approvals give rise to specific funding, in particular, to the CDC's very long-term loans and to subsidies from certain local authorities. They also entitle to various tax benefits reserved for the social housing sector:

- VAT at a reduced rate of 5.5% for the production of certain social housing units, such as social housing financed by an assisted rental investment loan ("**PLAI**"), social housing acquisition-improvement financed by a rental loan for social use ("**PLUS**"), those

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<sup>12</sup> Source USH - The Great National Debate: HLMs, a chance for France, [https://www.union-habitat.org/sites/default/files/articles/pdf/2019-02/le\\_grand\\_debat\\_national\\_-\\_les\\_hlm\\_une\\_chance\\_pour\\_la\\_france\\_0.pdf](https://www.union-habitat.org/sites/default/files/articles/pdf/2019-02/le_grand_debat_national_-_les_hlm_une_chance_pour_la_france_0.pdf)

<sup>13</sup> SNE statistics: <https://www.demande-logement-social.gouv.fr/statistiques/>

<sup>14</sup> Source CGEDD The social housing stock on 1 January 2018 - November 2018 <https://www.statistiques.developpement-durable.gouv.fr/sites/default/files/2019-01/datalab-essentiel-160-rpls-janvier-2018-novembre2018.pdf>

<sup>15</sup> Source USH, HLM with 2018 figures <https://www.union-habitat.org/union-data/l-essentiel>

<sup>16</sup> Source CGEDD The social housing stock on 1 January 2018 - November 2018

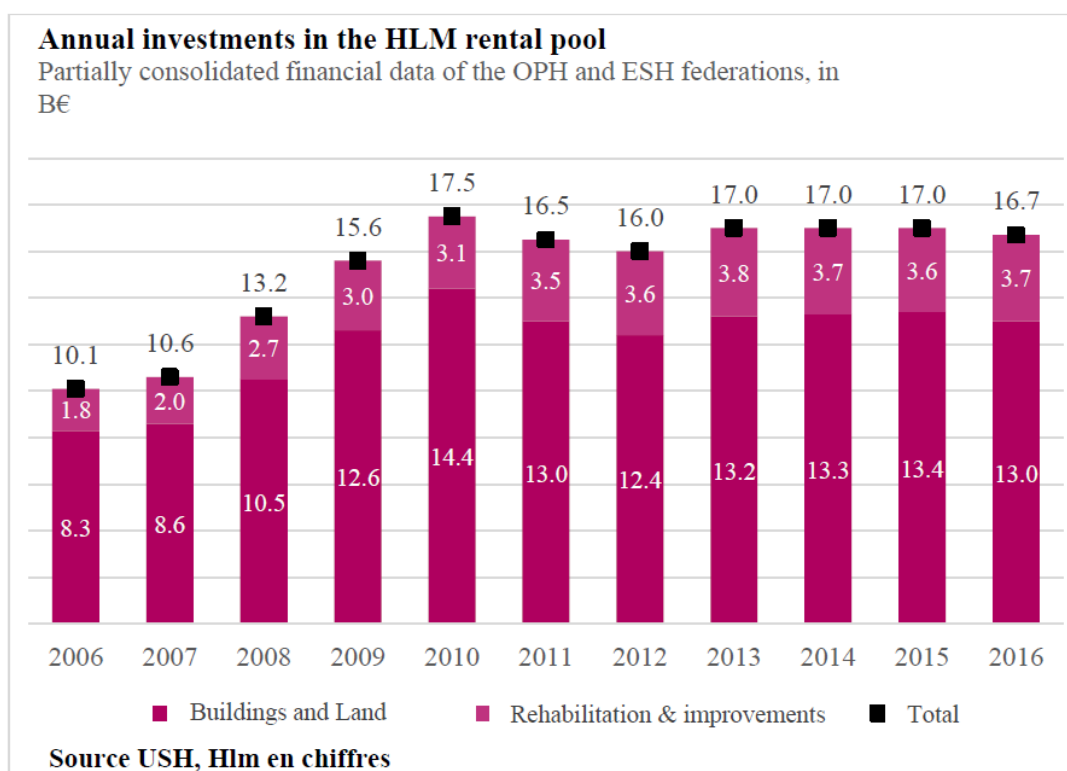
<sup>17</sup> Same

<sup>18</sup> SNE statistics: <https://www.demande-logement-social.gouv.fr/statistiques/>

located in neighbourhoods subject to an urban renewal agreement signed with the ANRU, and for carrying out energy renovation works;

- instead of the usual 20% VAT rate, a reduced rate of 10% for other social housing and for intermediate housing as well as for rehabilitations;
- exemption from the property tax on existing built properties ("**TFPB**", *taxe foncière sur les propriétés bâties*) for the production of new housing and for certain works such as housing adaptation for senior citizens and energy-saving renovations;
- very low fixed transfer fees for the sale of assets between HLM players;
- possibility of exemption from stamp duty for the sale of HLMs to individuals;
- exemption from the corporation tax for services of general economic interest ("**SGEI**") HLM; and
- favourable taxation on capital gains upon sale.

The regulatory and fiscal framework provides OLS with security and momentum. These translate into the large amounts of investments they make: €17 billion in investments were made in 2017, benefiting the building sector and local businesses<sup>19</sup>.



In 2018, the State issued 108,612 social housing licences<sup>20</sup>. This was down 3.9% from 2017 (113,041 approvals<sup>21</sup>). For the coming years, the HLM operators committed to producing

<sup>19</sup> Source USH - The Great National Debate: HLM, a chance for France. Chart: HLM with 2018 figures <https://www.union-habitat.org/union-data/les-moyens-financiers>

<sup>20</sup> Ministry of Territorial Cohesion, 2018 Assessment of Assisted Housing - [http://www.financement-logement-social.logement.gouv.fr/IMG/pdf/bilan\\_2018\\_des\\_logements\\_aides\\_cle7f6976.pdf](http://www.financement-logement-social.logement.gouv.fr/IMG/pdf/bilan_2018_des_logements_aides_cle7f6976.pdf)

110,000 new social housing units each year. They pledged to carry out annual renovations of thermal facilities in 125,000 social housing units under the Social Housing Investment Pact<sup>22</sup> announced by the Social Housing Union ("USH") and the State on 25 April 2019.

The financing needs for these investments are significant since social landlords take on average 77.5% of debt for the financing of new constructions and 74% for rehabilitations<sup>23</sup>.

(b) Overview of the intermediate housing market

The intermediate housing market corresponds to the portion of dwellings whose rents are between those of the social housing stock and those on the open market. It targets households with specific incomes. This market is developing in areas of tension between housing supply and demand. In these areas there is a significant gap between social and private rents. In the Greater Paris Region in particular, the main market for intermediate housing, the Issuer estimates that approximately 500,000 households<sup>24</sup> are eligible for this type of housing for an existing offer of roughly 200,000 units. This represents only 4% of the 5.2 million main residences in the Greater Paris Region.

The law imposes intermediate rents to be lower than open market rents, generally between 15% and 20% lower. In return, the intermediate housing managers benefit from a favourable tax regime. They pay a 10% VAT and obtain a property tax exemption on properties built for 20 years on new housing produced since 2014.

This favourable tax framework enabled the approval of approximately 8,000 new intermediate housing units in the Greater Paris Region over the 2015-2017 period<sup>25</sup>.

Thus, the financing solutions proposed by the Issuer to social and intermediate landlords are highly promising.

(c) Market environment

Based on the public information published by the *Banque des Territoires* and the USH, the Issuer estimates that it is the second largest provider of social housing in France. The main player in this market is the CDC<sup>26</sup>. The remaining debt is contributed by the Issuer and other credit institutions as shown in the chart below:

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<sup>21</sup> Ministry of Territorial Cohesion, 2017 Assessment of Assisted Housing - <https://www.cohesion-territoires.gouv.fr/sites/default/files/2019-05/bilan-des-logements-aides-2017.pdf>

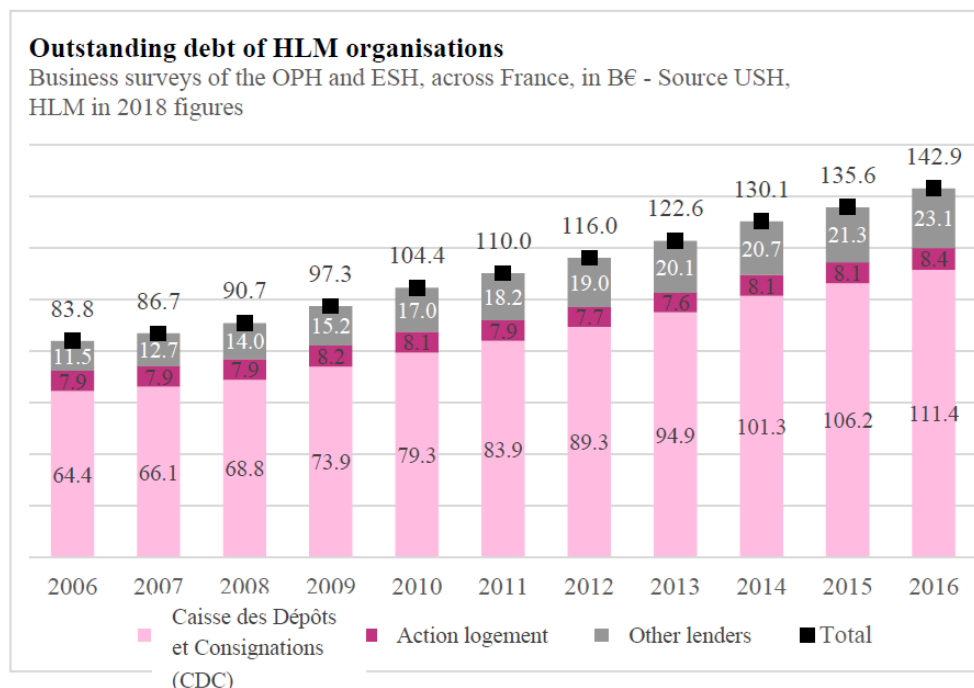
<sup>22</sup> Source Prime Minister - <https://www.gouvernement.fr/partage/11013-communique-deux-accords-ambitieux-signes-entre-les-acteurs-du-logement-social-et-l-etat>

<sup>23</sup> Source CDC Banque des Territoire - Outlook The Social Housing Study, 2018 Edition - [https://www.union-habitat.org/sites/default/files/articles/pdf/2019-03/letude\\_de\\_la\\_banque\\_des\\_territoires\\_sur\\_le\\_logement\\_social.pdf](https://www.union-habitat.org/sites/default/files/articles/pdf/2019-03/letude_de_la_banque_des_territoires_sur_le_logement_social.pdf)

<sup>24</sup> Source IAU - Greater Paris Region, "Quick Note" no. 803, March 2019

<sup>25</sup> Source DRIHL Comex Housing Dashboard, 19 January 2018 - [http://www.drihl.ile-de-france.developpement-durable.gouv.fr/IMG/pdf/20180119\\_-\\_tb\\_de\\_bord\\_logement\\_vd.pdf](http://www.drihl.ile-de-france.developpement-durable.gouv.fr/IMG/pdf/20180119_-_tb_de_bord_logement_vd.pdf)

<sup>26</sup> Source USH, HLM using 2018 figures - <https://www.union-habitat.org/union-data/les-moyens-financiers>



With the *Banque des Territoires*, the CDC advises and funds the OLS. 11.7 billion new loans for social housing and city policy were signed by the CDC's savings funds in 2018. Outstanding loans reached €188.5 billion as of 31 December 2018<sup>27</sup>.

The Issuer is a partner of the CDC on certain mechanisms intended to support the investments of the OLS. Thus, the CDC grants social landlords 30 or 40 year loans with a zero-interest differed amortisation period of 20 years ("**Subsidised Equity Loans**"). A first generation of EUR 2 billion of Subsidised Equity Loans began in 2017 to finance mainly rehabilitation operations (the "**PHBB**"). The highly favourable financing conditions of these PHBBs were made possible thanks to the subsidy paid equally by the CDC and the Issuer. An agreement between the State, the CDC, and the Issuer covers a new generation of two billion Subsidised Equity Loans (the "**PHB2.0**"). They are fully subsidised by the Issuer through a grant to the CDC. It was signed in June 2018 for the period 2018-2020. This subsidy commitment for the PHB2.0 represents a cumulative amount of €812.5 million, of which the payment by the issuer to the CDC is spread between 2020 and 2043.

French commercial banks also offer financing solutions adapted to the characteristics of social and intermediate markets.

(d) Presentation of the corporate finance activity

In 2018, the amount of new financial assistance provided in the year to legal entities amounted to €1,279 million, of which €794 million of loans.

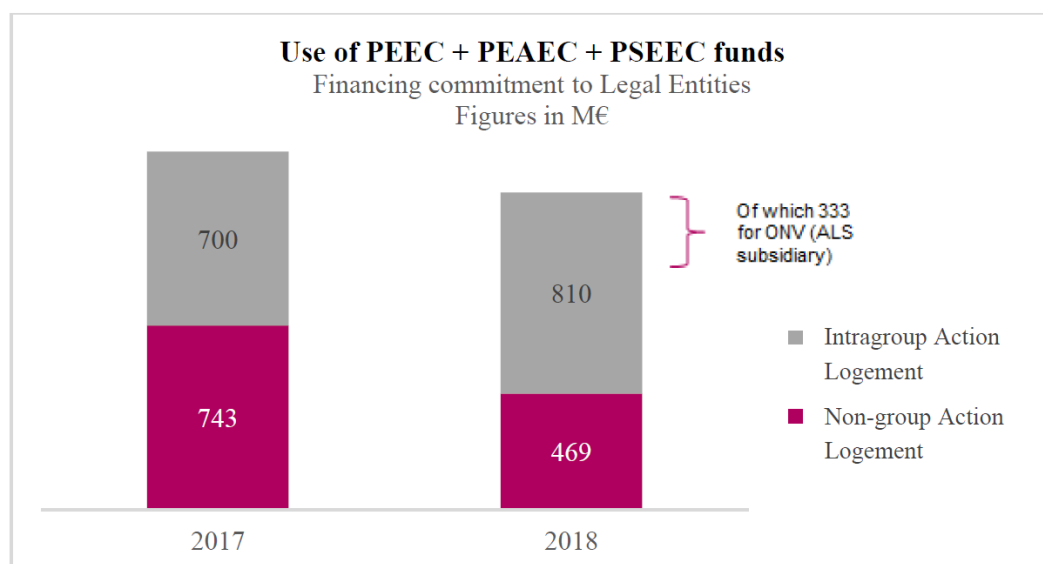
The Issuer distributes its financing to legal entities through equity or quasi-equity allocations, subsidised loans, and grants in order to better support the needs of landlords in their various activities. These various offers are distributed in accordance with the principle of non-discrimination with regard to whether the landlord belongs to the group Action Logement. This

<sup>27</sup> Source: 2018 Annual Report CDC Savings Fund



is subject to waivers relating to the payment of grants to ALI to provide its subsidiaries with capital and the payment of subsidies or the granting of loans to the *Association Foncière Logement* ("AFL"). ALG's subsidiaries play an important role in the production of social and intermediate housing. They are significant beneficiaries of the Issuer's financing. In 2018, 42% of the new loans granted by the Issuer to HLMs benefited ALI's subsidiaries.

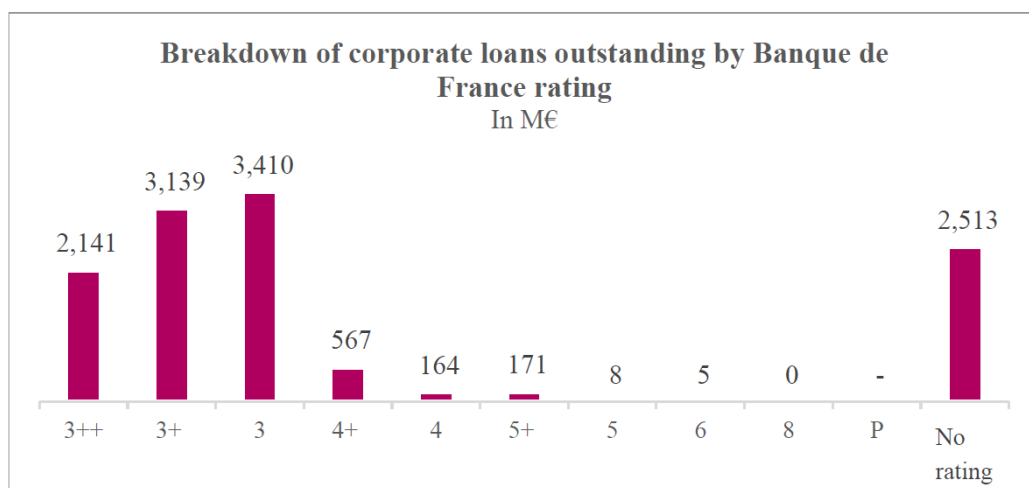
The breakdown of these financings to legal entities is shown in the chart below.



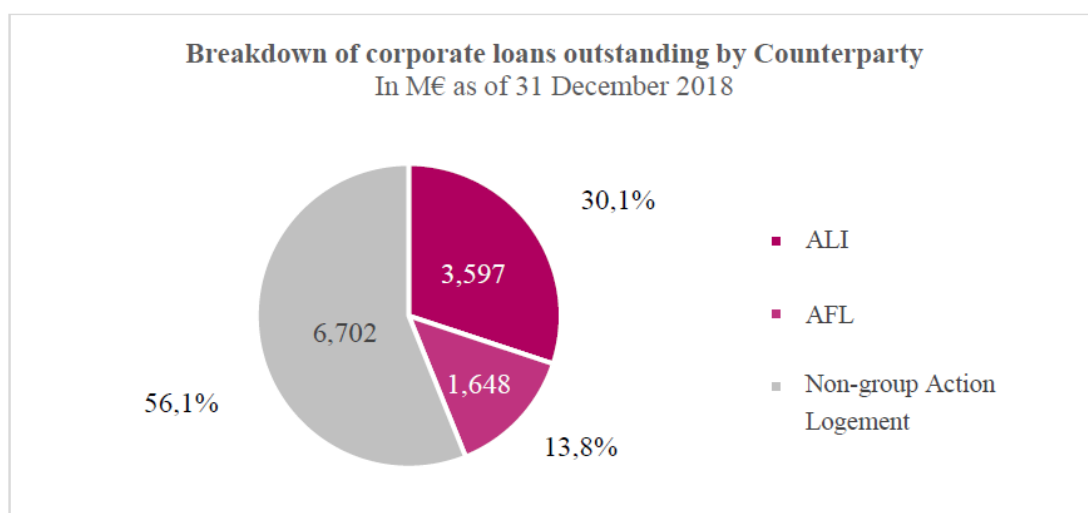
The structure of the Issuer's corporate finance business is based in particular on a portfolio of loans to social and intermediate landlords of €11,947 million as of 31 December 2018. The unpaid amount of over 90 days is €26 million. This concerns an exposure of €136 million, i.e. a non-performing loan ("NPL") rate of 1.1%. The cost of risk of the corporate loan portfolio is €5 million, or 0.04% of the outstanding loans. Impaired loan coverage ratio is at 19.7%.

As of the date of the Information Memorandum, loans are granted at the rate of the *Livret A* passbook rate less 225 basis points with a 0.25% floor for the PLUS and PLAI transactions. The average quality of the portfolio is good, nearly three-quarters of the outstanding loans have *Banque de France* ratings 3++, 3+ and 3 corresponding to a capacity at honour its financial commitments from "excellent" to "strong"<sup>28</sup>, as illustrated below:

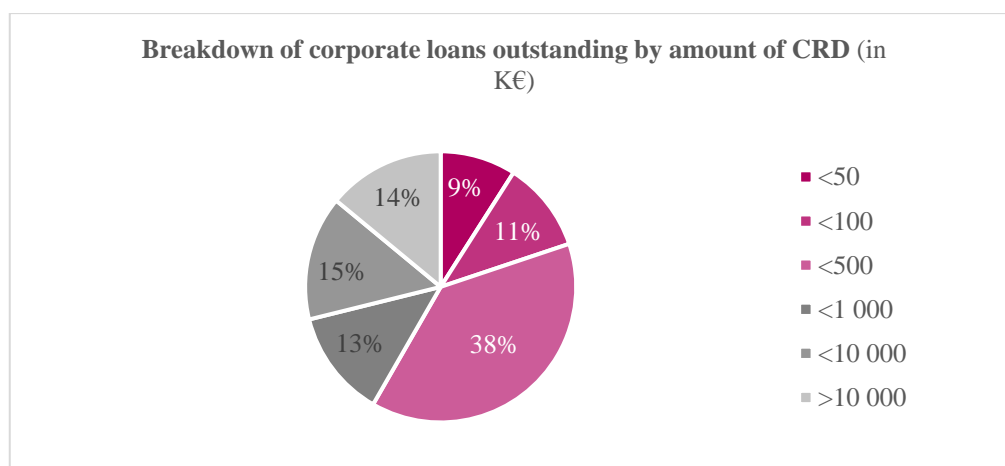
<sup>28</sup> <https://entreprises.banque-france.fr/cotation-des-entreprises/comprendre-la-cotation-banque-de-france/comprendre-la-cote-de-credit>



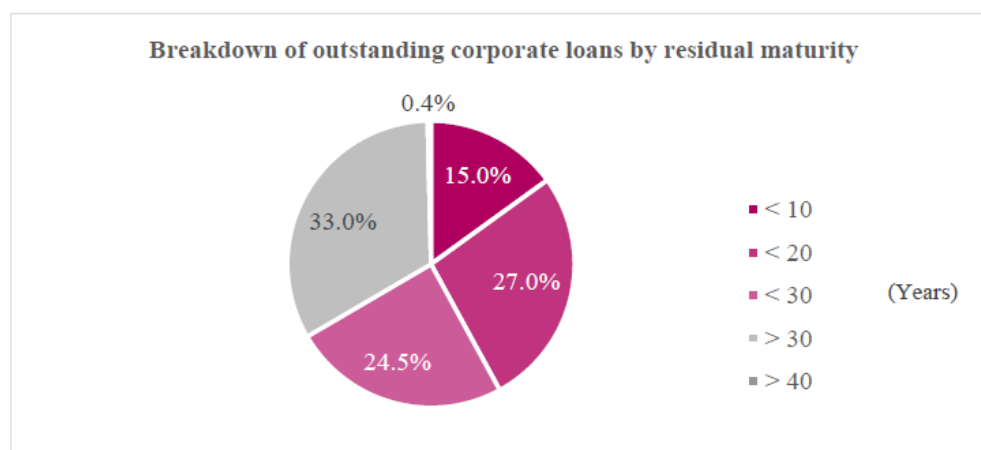
As of 31 December 2018, the Issuer held €5.245 billion in intragroup loans, €3.597 billion with ALI subsidiaries and €1.648 billion with AFL. This is a 30.1% exposure to ALI subsidiaries and 13.8% to AFL.



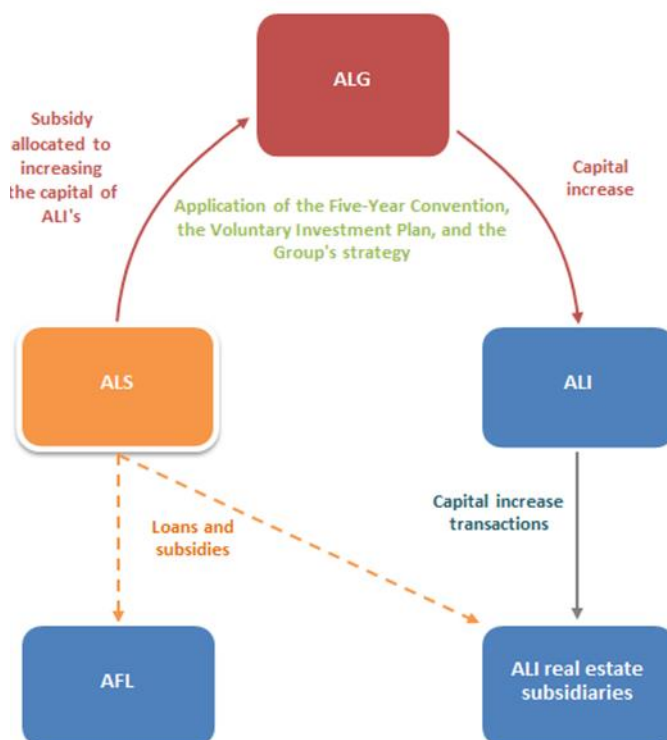
The composition of the corporate credit portfolio by outstanding principal amount (the "CRD") of loans shows a very granular distribution. As of 31 December 2018, it was as follows:



15% of outstanding loans have a residual maturity of less than 10 years and 34% of more than 30 years:



The Issuer also contributes capital increase to ALI's subsidiaries. In 2017 and 2018, ALG subscribed to ALI's capital increases. They were financed by subsidies from the Issuer, as illustrated below:



(e) Prospects for the development of the corporate finance activity

Each of the areas of development of corporate finance aims to strengthen the social utility of the group Action Logement. This is within a market driven by the growing need for affordable housing solutions for low-income households.

(i) Social housing

The Five-Year Agreement and the PIV set the Issuer an investment objective of €10.7 billion in the field of social housing. It will take place over five years between 2018 and 2022, across several major areas of development affecting corporate finance activity:

- support for the production of social housing, through equity and subsidised loans for social housing landlords;
- housing financing for young people;
- the revitalisation of the centres of medium-sized cities, through the programme “*Action Coeur de ville*” in French or, in English, “Heart of the City Action”;
- the support against substandard housing and the tackling of degraded co-ownership properties;
- supporting the restructuring of the social housing sector;
- renovation and restructuring of non-profit healthcare institutions;

- the development of social home ownership, through the development of the sale of HLMs and community land trust-like organisations;
- financing the demolition and reconstruction by social landlords adapted to the needs of the territories; and
- assistance to overseas territories social landlords.

(ii) Intermediate housing

The Five-Year Agreement and the PIV also devote €2.4 billion over the five years 2018-2022 for intermediate housing.

(f) The HLM National Sales Operator

Subsidiary of the Issuer established under Act no. 2018-1021 of 23 November 2018 on the evolution of housing, development, and digital ("**ELAN Act**"), the ONV aims to boost the sale of HLM housing, primarily to occupying tenants. It is a global operator, available to all social lessors, regardless of their status, responsible for developing social home ownership and enabling operators to reconstitute their equity. Its ambition, to increase the number of public housing units sold over five years to 40,000, is a major objective of the group Action Logement.

The Five-Year Agreement provides for a contribution of one billion euros over three years to capitalise the ONV. Officially created in February 2019, ONV received an initial capital contribution of €333 million fully subscribed by the Issuer.

In July 2018, a call for an indication of interest was made to social housing organisations to initiate the first acquisitions planned for 2019. This first call for a show of interest identified a potential of 11,000 housings likely to be offered for home-ownership. This represents 447 buildings spread over the entire territory, belonging to 71 landlords - 28% OPH and 69% ESH.

(g) Loans guarantee

The Issuer guaranteed loans from credit institutions subscribed by the AFL, which belongs to the group Action Logement. Commitments amounted to €700 million as of 31 December 2018.

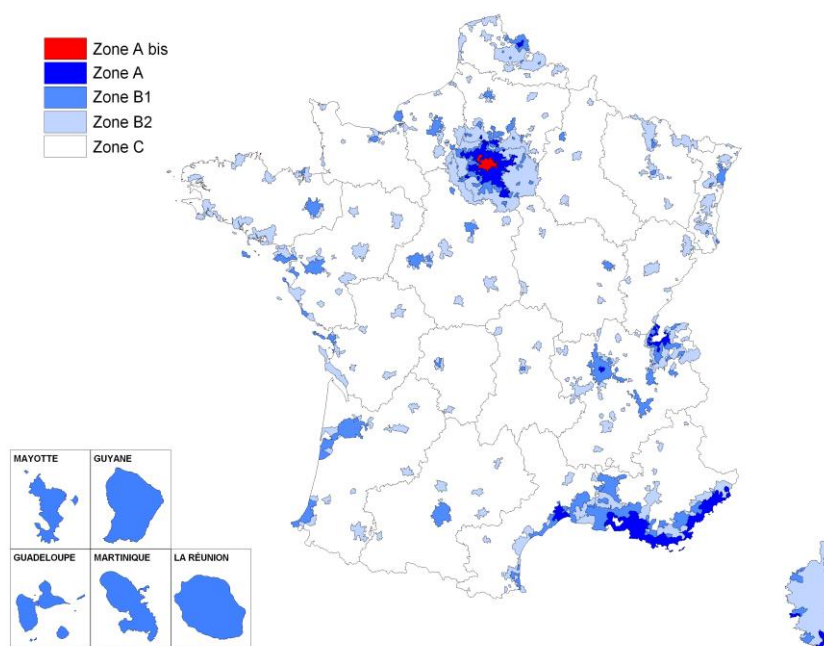
(h) Social impact of the corporate finance activity

The loans to legal entities granted by the Issuer contribute to the production of a new offer of affordable housing as a result of the highly favourable credit terms. The distribution of loans granted in 2018 for a total amount of €794 million shows that these loans were oriented to the benefit of the most social housing operations:

- 53.3% were amortising loans for transactions approved as PLUS;
- 31.1% for PLAI transactions;
- 7.2% for Social Rental Loan ("**PLS**") transactions;
- 6.4% for intermediate housing;
- the balance, 2%, was mainly for housing in the overseas departments ("**DOM**").

The geographic distribution of loans also follows a strategic orientation. It favours the production of a new supply in the most marginalized areas, where imbalances between supply and demand, often driven by employment dynamics, are the strongest. Namely: 63% of the

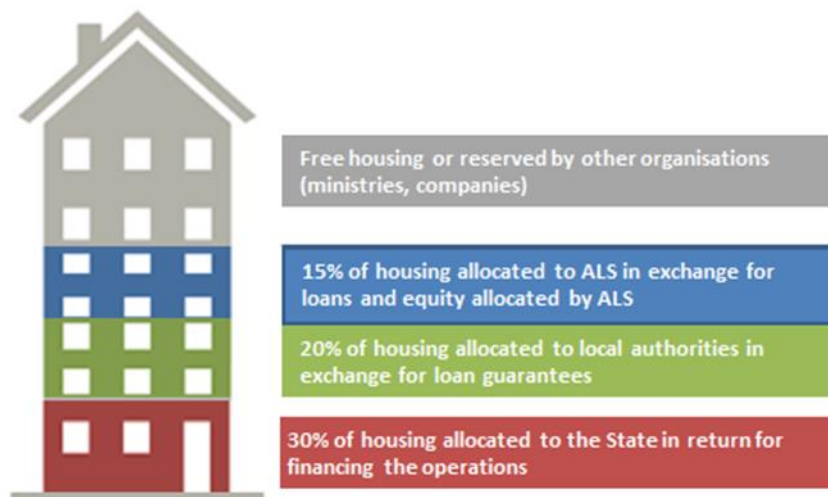
financing concerns operations in zones A *bis* and A, 25% in zone B1, and 12% in the unstressed zones B2 and C.



## 2.3 Housing allocations

The Issuer's social and intermediate housing financing activity is closely linked to its employee assistance and services activities. Indeed, the credit conditions granted by the Issuer to social and intermediate landlords for the production and rehabilitation of social and intermediate housing are very favourable. They present very attractive rates, a lack of demand for guarantees or of mortgage taken by the Issuer. In return, the Issuer receives rental reservation rights from them that allow it to nominate tenants who are employees for the allocation of social, intermediate, or free housing.

This rental counterparty mechanism for the benefit of the Issuer is usual practice for financing social housing. The State, local authorities, and some direct organisations can negotiate this type of mechanism with the operators. Schematically, on a conventional social housing operation, the Issuer estimates that the dwellings are reserved for the benefit of these various reserving parties according to the following distribution:



This rental allocation service for employees directly contributes to strengthening the link with companies providing the PEEC. As of 31 December 2018, the Issuer had 705,951 reservation rights on existing homes or those pending delivery.

(a) Overview of needs covered and existing solutions

Since the "ALUR" Act no. 2014-366 of 24 March 2014, applications for social housing must be integrated into the SNE. As of 31 December 2018, the SNE recorded 2,113,590<sup>29</sup> requests. Applicants can register directly online in this system. Registration can also be made via application filed in person or, if the applicant is eligible for the Issuer's allocation criteria, from the Issuer's regional offices. In the latter case, if an available housing offer is compatible with the request made, it can be transmitted to the allocation commissions of the social and intermediate landlords to be taken into account on the quota of housing reserved by the Issuer. This arrangement generally makes it possible to obtain social housing within a shorter period of time than the common law processes outside the reservation quota.

The second largest provider of social housing after the State<sup>30</sup>, the Issuer thus contributes to public policies of social diversity. It does so while strengthening the capacity of social landlords to produce a new supply of quality affordable housing through improved financing conditions.

(b) Social impact of the rental allocation activity

In France, 96,901 households accessed housing through the Issuer in 2018, including 30.3% in the Greater Paris Region. This result is up 14% year-on-year. It is to be compared to total households in the social housing stock of 461,651<sup>31</sup> in 2018, of which 74,540 (or 16.1%) were in the Greater Paris Region.

<sup>29</sup> Source SNE - <https://www.demande-logement-social.gouv.fr/statistiques>

<sup>30</sup> Estimate made on the basis of data available in the Directory of Social Housing provided by the Ministry of Ecological and Solidarity Transition - <https://www.statistiques.developpement-durable.gouv.fr/repertoire-des-logements-locatifs-des-bailleurs-sociaux-rpls>

<sup>31</sup> Source SNE - <https://www.demande-logement-social.gouv.fr/statistiques>

This result shows the effectiveness of the Issuer's booking and rental allocation system. This makes it possible for beneficiaries of this service to obtain accelerated access to social or intermediate housing.

In addition, the Issuer is active in certain allocation categories like priority applicants and applicants with an enforceable right to housing ("**DALO**"). Act no. 2007-290 of 5 March 2007 allows people who are poorly housed, or who have waited in vain for social housing for an abnormally long period of time, to assert their right to decent housing or accommodation (as the case may be), if they cannot obtain it by their own means.

Every year, several thousand households recognised as DALO are relocated by prefectures and reserving parties such as local authorities, Action Logement, and landlords.

In 2018, 4,389 households were lodged by the Issuer under the DALO scheme, of which 4,095 were in the Greater Paris Region alone.

## **2.4 The distribution of financial support and services to individuals**

The distribution of financial aid and services to employees adapted to their residential needs and professional career is one of the Issuer's essential missions. The Issuer aims to facilitate access and maintenance in housing and thus promote employment. Indeed, the existence of the group Action Logement is based on a consensus recognised for several decades by the Social Partners and by the State: Housing is a powerful driver towards supporting access to and maintenance of jobs and the economic dynamism of the regions. Although having a home does not mechanically guarantee access to a job, conversely, not having a home is an absolute barrier to inclusion in the working world.

In response to the issue of securing career paths, the Issuer offers companies a range of products and services for employees. These covers a wide number of solutions sought for employees' residential requirements.

This assistance can take several forms: grants, advances, loans, guarantees, security deposits, and social support services.

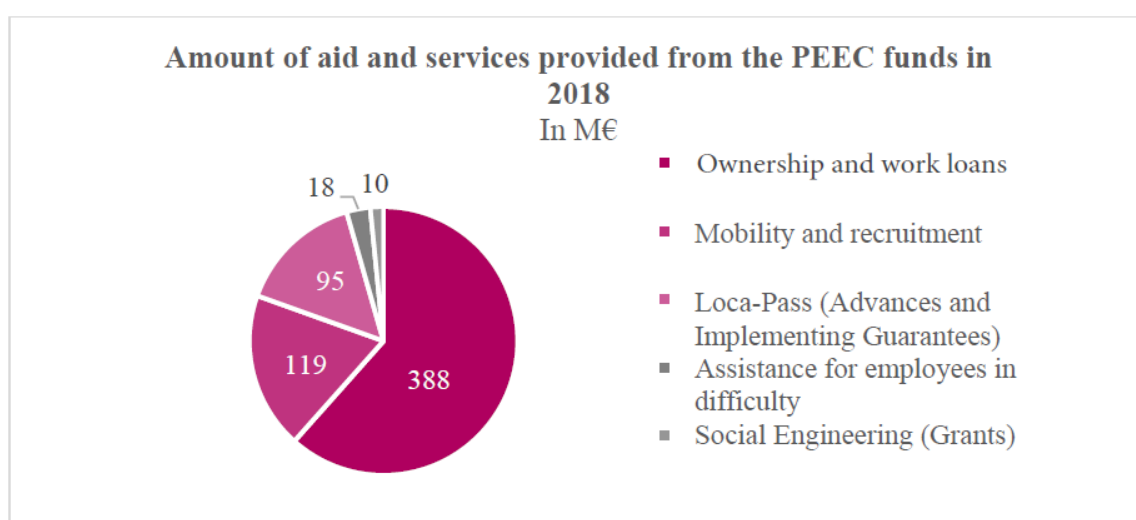
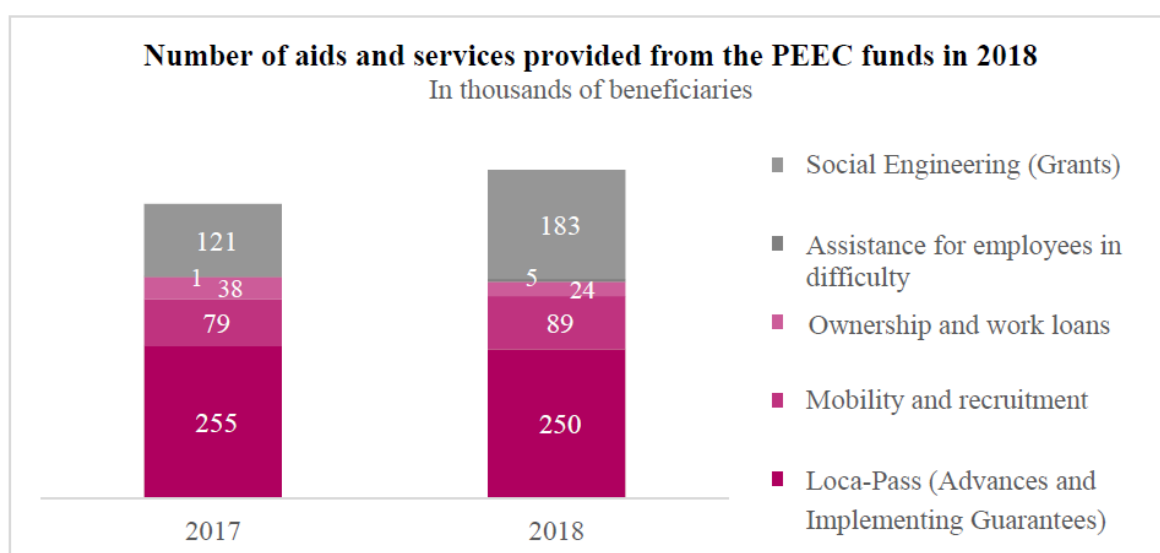
They meet various needs:

- facilitate access to rental housing in the private housing stock as well as in the social or intermediate pool;
- provide assistance for home ownership;
- financing works to improve housing, and to adapt housing for senior citizens or for energy renovation;
- facilitate professional mobility;
- to confront life's difficulties.

The Issuer focuses its efforts on supporting priority cases such as precarious workers or mobile employees, and young people with access to employment and training.

The number of beneficiaries of the Issuer's aid and services was over 550,000 in 2018 for €641 million in financial commitments granted over the year, including €630 million from PEEC funds.





The number of aid increased by 11.6% between 2017 and 2018, due in particular to the increase in signed VISALE contracts, as described below, aid for employees in difficulty, and support for mobility. While total amount of aids was down by 29.3%, amounting to €891 million in 2017, in particular because of the reduction in the amounts allocated in the Five-Year Agreement to the lines of aid allocated for home ownership and to carry out works for the owner occupants, referred to as "Ownership and Works".

- (a) Overview of the context of the Issuer's services and financial assistance related to individuals and housing

The Issuer's activities for individuals ranges between home financing and non-profit services.

The Issuer's services are positioned more precisely as follows:

- credit solutions for the financing of home-ownership and work target a population under a certain means threshold. At least 80% of the beneficiary households must have a reference tax income lower than the intermediate housing resource ceilings defined in Article R.302-27 of the Code.

The Issuer's Ownership and Works loans are generally granted without collateral at a rate of 1%. They are in addition to a principal real estate loan granted by a commercial bank.

To facilitate social ownership, the Issuer developed the "Ownership Plus" loan. This is a loan granted for the financing of home purchases, in the context of the sale of HLM dwellings or the exercise of an option for operations carried out for social loans for rental-ownership ("PSLA") of a dwelling allocated as the principal residence of the beneficiary, spouse, ascendants, or descendants. This loan provides conditions of an amount and duration that are relaxed in order to satisfy a salaried population whose resources are often too low to be eligible for bank financing without this support.

- The young professional segment is particularly targeted. The entry into working life is occurring under conditions of employment that have become more often hybrid and precarious. They are hired as interns, under professional contracts, apprenticeships, and fixed-term contracts. Young people under the age of 30 have long been at the heart of the Social Partners' concerns. Special solutions are designed for them, such as Mobili-Jeunes®, Mobili-Pass®, and the VISALE guarantee deposit.
- Workers in precarious situations are particularly targeted by the Issuer's general interest mission. Housing emergencies, managing over-indebtedness, and reducing rental charges or monthly mortgage payments require solutions and social support essential to social cohesion.

The group Action Logement's commitment is reflected in the deployment of the Issuer's service dedicated to helping employees in difficulty. It is in charge of establishing a social diagnosis of the situations of precarity encountered, of guiding towards internal social support systems or in partnership with local associations and organisations, and of distributing emergency aid. These services are also based on the Soli'AL association created by the group Action Logement in April 2019. The purpose is notably to grant financial aid and implement social support measures.

Some of the assistance offered by the Issuer, such as the VISALE deposit guarantee or the Mobili-Jeunes® assistance for example, are known as "open entitlement". This means that anyone who meets the eligibility criteria can benefit without the intervention of an employer subject to the PEEC. These open entitlement products are distributed within the annual amount defined in the Five-Year Agreement.

(b) Market environment

The Issuer is the only player offering the comprehensive management of issues related to employment and housing. It is one of the leading operators of non-profit housing services. It does not do business in a competitive market. The systems proposed by the Issuer make it possible to provide access to solutions proposed by commercial banks in competitive markets and to support employees who are weakened by certain employment situations, such as the need for job mobility, or by life accidents. The Issuer relies on partnerships established with certain banking or associative networks to strengthen its action.

(c) Deployment of the VISALE deposit guarantee system

As part of the group Action Logement, the Association for Access to Security Deposits ("APAGL") organises the distribution of the VISALE system in the form of security deposits to help young people under 30 years old and precarious contract employees who have been hired

for less than six months without confirmed permanent contracts ("**CDI**"). This helps them to secure housing - an assistance that complements the range of services distributed by the Issuer.

Since 1 January 2016, the VISALE security deposit therefore offers a free and dematerialised guarantee covering unpaid rents for the entire period of occupancy in the dwelling, within the limit of 36 defaulted payments. For the private housing stock, VISALE also covers rental damage.

Designed to facilitate the housing of young people, precarious, or mobile employees, VISALE is aimed at an estimated 1.5 million households. Namely:

- young people up to 30 years of age entering a private dwelling or social residence;
- students and work/study candidates of up to 30 years of age accommodated in private housing, social housing, or student residences;
- employees over 30 years of age entering a non-permanent employment, or on a job transfer for permanent contracts (private and agricultural companies), and entering a private rental unit;
- households residing in private rentals via an approved rental intermediation organisation;
- employees and jobseekers over 30, facing an exceptional event undermining their access to employment and housing;
- households residing under a mobility lease.

70,303 VISALE contracts were signed in 2018, of which 33,249 were related to the regional centres of student social services (CROUS), compared to 22,659 in 2017 and 8,589 in 2016, the year of launch. The Issuer estimates that students represent 45% of the beneficiaries since inception, with employees also representing a 45% share. 86% of VISALE beneficiaries are under 30 years old.

The frequency with which the guarantee comes into play from the outset is 4.8%, for a EUR 15 million outflow.

(d) Portfolio of loans to individuals

The portfolio of loans to individuals amounted to €4,032 million as of 31 December 2018 (excluding receivables from the guarantee fund).

The volume of Ownership and Works loans reached 24,352 loans granted in 2018 for a global commitment of €388 million. This activity comes after the 29% decline in the forecasted volumes in the Five-Year Agreement between 2017 and 2018 accompanied by a decrease in demand in a macroeconomic backdrop of low mortgage rates making less competitive the 1% rate granted by the Issuer.

The average amount of "Ownership loans" was €21,123 in 2018. To further support social inclusion, the Social Partners decided to generalise the "Ownership Plus loan" following the positive results of the experiment launched in the second half of 2017. This loan is intended to promote social home-ownership. More than 1,500 loans with more flexible terms and larger unit amounts were put in place to promote access under the PSLA and the sale of low-rent housing to reinforce the social utility of the Issuer's intervention.

The amount of default payments, excluding security deposits, is €70 million. This concerns an exposure of €130 million, i.e. an NPL rate of the Issuer's individual loan portfolio of 3.2% as of 31 December 2018. The cost of risk of the loan portfolio for individuals (excluding receivables from the guarantee fund) is €7 million, or 0.2% of the outstanding loans. The reasonable provisioning rate amounted to 71.0%.

(e) Prospects for the development of the financing activity for individuals

The PIV significantly strengthened the uses forecasted in the Five-Year Agreement for individuals. In this context, the Issuer should allocate €6.9 billion over the period 2018-2022 for individuals, especially employees, by targeting several major axes:

- energy renovation of private housing;
- private housing adjustments for seniors and dependants;
- social home ownership, particularly in the overseas departments;
- occupational and residential mobility;
- securing access to private rental housing;
- assistance to employees in difficulty.

This aid will be primarily intended for people subject to a means test. The setting of these ceilings, the attention given by the Issuer to supporting beneficiaries by trusted service providers, and the geographical targeting of these mechanisms show its intention to have a significant social impact.

(f) Social impact of activities and services provided to individuals

Assistance to employees in difficulty involved 15,513 people in 2018 with whom a reciprocal commitment was signed, to resolve the issues identified during the diagnosis.

## 2.5 Participation in public housing and city policies

The Issuer and, prior to its creation in 2016, the UESL, whose commitments it took over, have been involved for twenty years in the national policy of urban renewal. The ambition is to reduce development discrepancies between territories and to promote social cohesion. As such, the Issuer contributes to the budgets of the ANRU and FNAP. In addition, the Issuer initiates and implements social utility policies in coordination with the State and its agencies, such as the "Heart of the City Action" programme ("*Action Cœur de Ville*").

The Issuer is also in charge of coordinating 13 regional committees in mainland France and 5 territorial committees in the overseas departments and regions (the "**CRAL**"). Their mission is to identify with housing stakeholders the specific needs of the territories to propose new constructions, renovations, and adapted services.

€635 million were committed in FY 2018 for the financing of public policies. The ANRU represents 75% of these commitments, the AFL 16%, the FNAP 8%, and the National Agency for Housing Information ("**ANIL**") / Departmental Housing Information Agencies ("**ADIL**") 1%.

(a) Contribution of the Issuer towards the financing of the National Programme for Urban Renovation and the New National Programme for Urban Renewal

(i) Presentation of the ANRU and urban renewal programmes<sup>32</sup>

ANRU is a public industrial and commercial organisation ("**EPIC**") (Decree No. 2004-123 of 9 February 2004). It was created to finance and lead the National Urban Renewal Programme ("**PNRU**"). As part of this programme, it provides financial support to local authorities, public institutions, and private or public bodies contracting for urban restructuring operations. It provides support in terms of construction, demolition, rehabilitation of social housing, public facilities, and the development of priority neighbourhoods according to city policy.

Act no. 2014-173 of 21 February 2014 for the programming of city and urban cohesion sets the framework, the objectives, and means of the new urban renewal programme ("**NPNRU**") to transform priority neighbourhoods according to city policy ("**QPV**"). The projects financed are intended to improve the living conditions and the safety of the inhabitants, to participate in economic development, integrate isolated areas, and promote social mixing. The implementation is entrusted to the ANRU.

(ii) The Issuer's financing of urban renewal public policy

ANRU pools the financial contributions of the State, the Issuer, the CDC, the Social Housing Rental Guarantee Fund ("**CGLLS**"), and the social landlords.

Given the challenges of the urban renewal policy, since 2001 supporting this policy has become a major focus of PEEC Uses. The majority of ANRU's resources are provided by the Issuer by allocating a significant portion of the PEEC.

The first ANRU-led PNRU programme mobilised €11,550 million in funding for the city's neighbourhood policies. The Issuer contributed €9,467 million in subsidies. This programme is in the process of being completed.

The following NPNRU programme, under the Act of February 2014, provided for a € 5 billion investment. The Finance Law for 2018 doubled the budget to €10 billion in grant equivalents, including €1 billion from state subsidies, €2 billion from social landlords, and the balance from the Issuer, partly as a grant and partly as low interest loans. The conditions of this contribution are defined by the State-ANRU-ALG Agreement dated 11 July 2018.

Over the term of the Five-Year Agreement, the Issuer's total financial support for the financing of ANRU's urban renewal programmes will be €3,380 million. Over the total term of these programmes, the Issuer will have financed 81.5% of the PNRU and 70% of the NPNRU.

(iii) Contributions granted by the ANRU to the group Action Logement

An agreement was signed on 1 October 2009 and renewed in 2012 between the ANRU and UESL. This agreement defines the contributions to the financing of the ANRU by the Issuer pursuant to Article L.313-3 (d) and (e) of the Code. The preamble to this agreement recalls that the State grants to the shareholders of Action Logement (now the Issuer) a reservation quota of 10% of social rental housing rebuilt or rehabilitated under the PNRU taken from the prefectural quota.

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<sup>32</sup> Source: Annex to the Draft Finance Law for 2018, Report on the use programming of employers' participation in the construction effort

The State-UESL-ANRU agreement of 2 October 2015 on the financing of the NPNRU set the contributions allocated to the group Action Logement under the NPNRU. In view of the doubling of the budget, a new tripartite agreement between the State, ANRU and ALG on the financing of the PNRU and the NPNRU was signed on 11 July 2018. It sets out the contributions allocated to the group Action Logement. They take the form of land or construction rights from the land development of QPV benefiting from a multi-year urban renewal agreement signed with the ANRU. These land and free construction rights for the benefit of AFL or ALI's real estate subsidiaries were increased with the doubling of the NPNRU to approximately 17,500 housing units. Contributions include reservation rights for social rental housing in and outside the QPVs that benefit from a multi-year agreement with the ANRU. The number of these reservation rights, benefiting the Issuer for the housing of employees, is estimated at 32,700.

(b) Heart of the City Action: loans and subsidies to fight territorial division

The national "Heart of the City Action" programme ("*Action Cœur de Ville*") enables 222 medium-sized cities across the country to develop ambitious plans to recapture their downtown centre. This programme is formalised as part of a multi-year revitalisation agreement.

The fight against territorial divisions is a major concern of Social Partners. It led the latter to actively engage in support of this public policy alongside the territorial operators. As such, the Issuer is financing the housing component of the programme by offering a renewed offer of housing accessible to salaried households. This is done through the rehabilitation of buildings considered strategic for the success of communal revitalisation projects.

In this programme, with a total of €5 billion from various players, the Issuer is committing €1.5 billion over 5 years in the form of loans and grants. They are paid directly to social housing operators and private investors to conduct identified transactions in connection with municipalities.

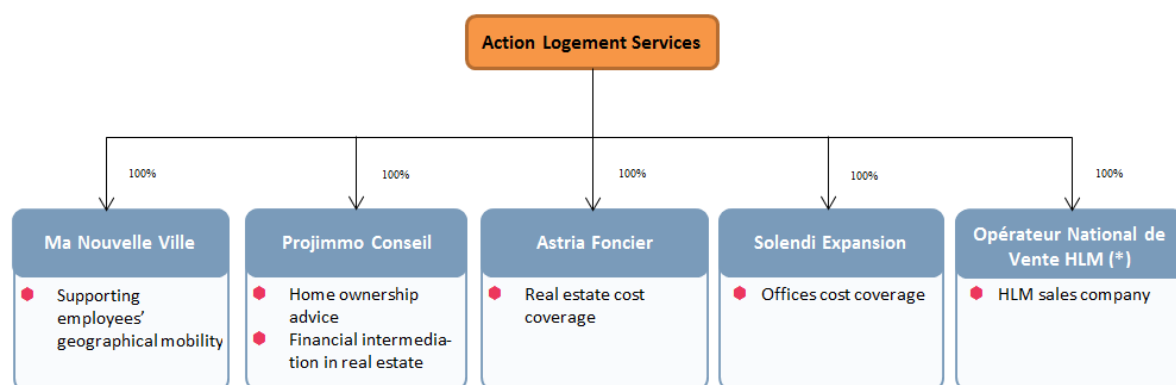
The first cases were committed at the end of 2018 for an amount of €14 million, of which 40.2% in grants, 20.9% in pre-financing, and 38.9% in long-term loans.

(c) Public policy development prospects

The PIV and the Five-Year Agreement provide for an investment of €3.4 billion dedicated to financing the ANRU. Added to this are €44 million for the financing of the ANIL and ADIL, €1,150 million for the FNAP, and €1,500 million for the "Heart of the City Action" programme ("*Action Cœur de Ville*") for the period 2018-2022.

### 3 ORGANISATIONAL CHART

As of the date of this Information Memorandum, the Issuer has five consolidated subsidiaries that appear in the following organisational chart:



(\*) The ONV was not included in the scope of the Issuer until 31 December 2018.

### 4 INFORMATION CONCERNING TRENDS

The State would consider an exceptional contribution from the Issuer of €500 million. This will be presented to Parliament as part of the preparation of the 2020 Finance Law, frequency and conditions of this contribution are not set as of the date of this Offering Circular.

### 5 ADMINISTRATIVE AND MANAGEMENT BODIES

#### Description and composition of the Issuer's administrative and management bodies

The Issuer is a joint body with equal representation within its management bodies between representatives of national inter-professional representative organisations of employers and representatives of national inter-professional representative organisations of employees. The incumbent representatives, "**Incumbent Representatives**", and the alternate representatives, "**Alternate Representatives**", together the "**Representatives**". It is administered by a board of directors (the "**Board of Directors**"). The Issuer's Executive Board is managed by a Chief Executive Officer.

#### 5.1 Composition of the Issuer's administrative and management bodies

##### (a) Composition of the Issuer's Board of Directors

The composition of the Board of Directors as of the date of this Information Memorandum is detailed below:

	First name, Surname	Duties performed, and if applicable specific responsibilities	Date of first appointment and expiry date of the mandate	Other mandates held and duties performed within the group Action Logement	Mandates held and duties performed outside the group Action Logement
1.	<b>Representatives of employer organisations making up the Board of Directors</b>				
1.1	<b>Movement of French Companies (MEDEF)</b>				
1.1.1	Incumbent Representatives				

	<b>First name, Surname</b>	<b>Duties performed, and if applicable specific responsibilities</b>	<b>Date of first appointment and expiry date of the mandate</b>	<b>Other mandates held and duties performed within the group Action Logement</b>	<b>Mandates held and duties performed outside the group Action Logement</b>
	Joël Cheritel, born 18/02/1955	Chairman of the Board of Directors	29/11/2018 and until the decision approving the financial statements for the year ending 31/12/2019		President MEDEF Brittany  Director of Caisse locale Haute Bretagne Crédit Agricole  President of Estran Développement (Family Holding)  Advisor Banque de France Rennes-Brittany
	Hubert Chappotteau, born 24/02/1973	Director	02/10/2017 and until the decision approving the financial statements for the year ending 31/12/2019		PSA Automobiles SA: Director of Health and Safety, Working conditions  Member of the National Technical Committee for Metallurgy at the National Health Insurance Fund  Director of the Supplementary Pension Management Institution for the engineers and managers of the PSA Group
	Joséphine Estéban Le Hir, born 19/03/1952	Director	10/12/2016 and until the decision approving the financial statements for the	Director of Ma nouvelle ville Director of Action Logement	President of the Association of Enterprises for Housing (AEPL)



	<b>First name, Surname</b>	<b>Duties performed, and if applicable specific responsibilities</b>	<b>Date of first appointment and expiry date of the mandate</b>	<b>Other mandates held and duties performed within the group Action Logement</b>	<b>Mandates held and duties performed outside the group Action Logement</b>
			year ending 31/12/2019	Formation	
	André Her, born on 08/04/1963	Director	10/12/2016 and until the decision approving the financial statements for the year ending 31/12/2019		
1.1.2	Alternate Representatives				
	Yacine L’Kassimi, born on 06/06/1989	Director	29/11/2018 and until the decision approving the financial statements for the year ending 31/12/2019	Director of Soli’AL  Director of Action Logement Formation	MEDEF housing Project Manager  Member of CNH
	Magali Munoz, born 21/05/1965	Director	10/12/2016 and until the decision approving the financial statements for the year ending 31/12/2019		For Prism'emploi: Fastt  Gesat Network
	Hervé Meller, born 03/03/1962	Director	10/12/2016 and until the decision approving the financial statements for the year ending 31/12/2019		Director of MUTUELLE MIEUX-ETRE
	Yves Harauchamps, born on 13/08/1949	Director	10/12/2016 and until the decision approving the financial statements for the year ending 31/12/2019		Consular Judge at the Commercial Court of Bobigny re-elected until 2022
1.2	<b>Confederation of Small and Medium Enterprises (CPME)</b>				
1.2.1	Incumbent Representative				
	Stéphane Malchow, born	Director	10/12/2016 and until the decision		

	<b>First name, Surname</b>	<b>Duties performed, and if applicable specific responsibilities</b>	<b>Date of first appointment and expiry date of the mandate</b>	<b>Other mandates held and duties performed within the group Action Logement</b>	<b>Mandates held and duties performed outside the group Action Logement</b>
	05/06/1967		approving the financial statements for the year ending 31/12/2019		
1.2.2	Alternate Representative				
	Jean-Louis Poinsignon, born 02/03/1960	Director	26/09/2018 and until the decision approving the financial statements for the year ending 31/12/2019	Director of Action Logement Formation	President, Acacia Conseil Invest  Vice-President, ANIL (Action Logement Representative)
2	<b>Representatives of employee organisations making up the Board of Directors</b>				
2.1	<b>French Democratic Confederation of Labour (CFDT)</b>				
2.1.1	Representative Incumbent				
	Alain Reymbaut, born 28/11/1960	Director	10/12/2016 and until the decision approving the financial statements for the year ending 31/12/2019		59- PARTENORD HABITAT - Board Member  62 - COOPARTOIS - Board Member
2.1.2	Alternate Representative				
	Muriel Scappini, born 16/02/1967	Director	10/12/2016 and until the decision approving the financial statements for the year ending 31/12/2019	Director of Ma nouvelle ville	Deputy Secretary General CFDT Public Service  Mandated to the interdepartmental committee of social action  Mandated to the Fund for the Inclusion of Persons with Disabilities in Public Service (FIPHFP)
2.2	<b>Confédération Française de l'Encadrement/CGC (CFE-CGC)</b>				
2.2.1	Incumbent Representative				
	Diego Alarcon, born 04/05/1954	Director	10/12/2016 and until the decision approving the financial	Director National Sales Operator	Director of the OPH Vendée Habitat Representative AL

	First name, Surname	Duties performed, and if applicable specific responsibilities	Date of first appointment and expiry date of the mandate	Other mandates held and duties performed within the group Action Logement	Mandates held and duties performed outside the group Action Logement
			statements for the year ending 31/12/2019		
2.2.2	Alternate Representative				
	Yann Sévin, born 13/06/1973	Director	17/10/2017 and until the decision approving the financial statements for the year ending 31/12/2019		Regional Delegate (Midi-Pyrénées) to the CFE-CGC FIECI trade union activity Member of the Trade Union Council CFE-CGC FIECI SNEPI Trade Union Delegate CFE-CGC Expleo (formerly Assystem) South West Representative of CFE-CGC FIECI to the CPREFP ATLAS (ex-FAFIEC) Occitanie
2.3	<b>French Confederation of Christian Workers (CFTC)</b>				
2.3.1	Incumbent Representative				
	Alain Kauffmann, born 24/04/1961	Vice-Chairman of the Board of Directors	10/12/2016 and until the decision approving the financial statements for the year ending 31/12/2019	Director of the National Sales Operator	Director of the Pole Habitat Centre Alsace
2.3.2	Alternate Representative				
	Constance Adinsi, born 16/09/1966	Director	20/12/2017 and until the decision approving the financial statements for the year ending 31/12/2019	Director of Ma nouvelle ville	Trade Union Representative - Employment tribunal advisor  Negotiator of the neighbourhood association branch  Integration and training manager - Neighbourhood association of Créteil  Secretary of the Board - company VARSORIO
2.4	<b>General Confederation of Labour (CGT)</b>				
2.4.1	Incumbent Representative				
	Nathalie Simon, born 11/03/1967	Director	10/12/2016 and until the decision	Chairman of the Board of	Board member of Union Departmental CGT 33

	First name, Surname	Duties performed, and if applicable specific responsibilities	Date of first appointment and expiry date of the mandate	Other mandates held and duties performed within the group Action Logement	Mandates held and duties performed outside the group Action Logement
			approving the financial statements for the year ending 31/12/2019	Soli'AL	
2.4.2	Alternate Representative				
	Pascal Parapel, born 18/03/1960	Director	29/04/2019 and until the decision approving the financial statements for the year ending 31/12/2019		<p>Director of the professional pension alliance AGIRC/ARRCO</p> <p>Member of the professional section PRO BTP Retirement AGIRC/ARRCO</p> <p>Director of the association CFA BTP MIDI-PYRENEES</p> <p>Director of the association CFA BTP OCCITANIE</p> <p>Director of the occupational health association BTP: SRAS MIDI PYRENEES</p> <p>Member of the regional commission for employment and training BTP OCCITANIA</p> <p>Employee Delegate CEGELEC TOULOUSE SAS</p> <p>Secretary of the CEGELEC TOULOUSE SAS Works Council</p> <p>Secretary of CHSCT CEGELEC TOULOUSE SAS</p>
2.5	<b>General Confederation of Labour Force Ouvrière (FO)</b>				
2.5.1	Incumbent Representative				
	Michel-Ange	Director	10/12/2016 and	Vice-Chairman	OPH ACM Montpellier

	<b>First name, Surname</b>	<b>Duties performed, and if applicable specific responsibilities</b>	<b>Date of first appointment and expiry date of the mandate</b>	<b>Other mandates held and duties performed within the group Action Logement</b>	<b>Mandates held and duties performed outside the group Action Logement</b>
	Parra, born 16/05/1952		until the decision approving the financial statements for the year ending 31/12/2019	of the Board of Directors of the ONV  Vice-Chairman of the Board of Directors of Ma nouvelle ville	Méditerranée Métropole: Director of Action Logement, Housing allocation Commission, Call for Tenders Commission  OPH Hérault Habitat Département of Hérault: Director of Action Logement, Call for Tenders Commission, Finance Commission, and Social Commission
2.5.2	Alternate Representative				
	Annie Eveilleau, born 12/08/1950	Director	10/12/2016 and until the decision approving the financial statements for the year ending 31/12/2019	Director of Soli'AL	Director of Proletazur AL Representative Director of Terres Sud Habitat AL Representative

The professional address for service of the members of the Board of Directors of the Issuer is at the Issuer's registered office, 19/21 Quai d'Austerlitz, 75013 Paris, France.

(b) Executive management

The Issuer is headed by Mr Olivier Rico, Interim Chief Executive Officer, in office since 10 July 2019. As of the date of this Offering Circular, the Chief Executive Officer hiring process is being finalised.

The Chief Executive Officer is assisted by Mr David Delage, Deputy Chief Executive Officer of the Issuer.

The professional address for service of the Issuer's Executive management is at the Issuer's registered office, 19/21 Quai d'Austerlitz, 75013 Paris, France.

## 5.2 Conflicts of interest

To the best of the Issuer's knowledge, there are no actual or potential conflicts of interest between the duties, in respect of the company, of the persons referred to in paragraph 6.1 of this Section "Description of the Issuer", and their private interests and other duties.

## **6 ADMINISTRATIVE BODIES AND HOW THEY OPERATE**

### **6.1 Board of Directors**

#### **(a) Composition of the Board of Directors**

##### **(i) Composition and terms of appointment (Article 10.1 of the Articles of Association)**

Pursuant to Article L.313-19-3 of the Code, the Issuer is administered by a Board of Directors made up of Incumbent Representatives of employer organisations, members of ALG and the same number of Incumbent Representatives of employee organisations also members of the ALG association. The number of Incumbent Representatives for each of these categories of organisations is the same as that for the Board of Directors of ALG.

These Incumbent Representatives are appointed by ALG upon proposal of employee and employer organisations members of ALG. An Alternate Representative of each of these Incumbent Representatives is appointed under the same conditions. These appointments are notified to the ACPR which has the right to object.

##### **(ii) Term of office of the members of the Board of Directors**

The members of the Board of Directors are appointed for a period of three (3) years. Their mandate expires at the time of ALG's approval of the accounts of the past financial year held in the year during which their mandate expires. Their mandates are renewable twice.

By way of exception, the mandates of the first Incumbent Representatives and Alternate Representatives will expire at the time of ALG's approval of the accounts for the 2019 financial year, in 2020.

#### **(b) Powers of the Board of Directors (Article 10.6 of the Articles of Association)**

The Board of Directors determines the orientations of the Issuer's activity and oversees their implementation, in accordance with the strategic guidelines defined by ALG, pursuant to Article L.313-18-1 of the Code. Subject to the powers expressly attributed to ALG and within the limits of the corporate purpose, it deals with all matters relating to the smooth running of the company and regulates by its deliberations such matters that concern it.

The Board of Directors performs the missions and duties incumbent upon it as a supervisory body within the meaning of the legislation applicable to finance companies.

### **6.2 Committees of the Board of Directors**

The work and deliberations of the Board of Directors are prepared, in certain areas, by specialised committees composed of members of the Board of Directors. All committee members are appointed for the duration of their term as Representative. They deliberate on matters falling within their duties or, where appropriate, those assigned to them by the Board of Directors. They report regularly to the Board of Directors on their work and submit their observations, opinions, proposals, and recommendations.

The Board of Directors relies on work carried out by five specialised committees:

- the Audit and Accounts Committee;
- the Risk Committee;

- the Appointments Committee;
- the Remuneration Committee; and
- the Commitments Committee.

(c) Audit and Accounts Committee

(i) Presentation of the Audit and Accounts Committee

The Audit and Accounts Committee is composed of up to four members that are appointed by the Board of Directors among the Representatives while respecting parity principles. At least one of its members is appointed from among the incumbent representatives of employee organisations. Similarly, at least one of its members has special skills in finance or accounting.

The Chairman of the Audit and Accounts Committee is appointed by the Board of Directors from among its members who are Incumbent Representatives of ALG employee organisations.

If invited by the Chairman of the Audit and Accounts Committee or any other member of the Committee, the Chief Executive Officer and the Deputy Chief Executive Officer attend the meetings of the Audit and Accounts Committee.

As of the date of this Information Memorandum, the Audit and Accounts Committee is composed as follows:

- Mr Alain Reymbaut, CFDT Representative and member of the Board of Directors, Chairman of the Audit and Accounts Committee. He was appointed by the Board of Directors on 8 February 2017;
- Mrs Nathalie Simon, CGT Representative, member of the Board of Directors. She was appointed by the Board of Directors on 8 February 2017;
- Mr Yves Harauchamps, MEDEF Representative, member of the Board of Directors. He was appointed by the Board of Directors on 8 February 2017; and
- Mr Jean-Louis Poinsignon, CPME Representative, member of the Board of Directors. He was appointed by the Board of Directors on 26 September 2018.

The Audit and Accounts Committee meets as often as necessary, at the initiative of its chairman. It meets at least once every six months, in particular to comment on the individual and consolidated financial statements, as well as on internal procedures, prior to the Board of Directors' review of the individual and consolidated financial statements.

(ii) Duties of the Audit and Accounts Committee

The Audit and Accounts Committee is responsible for:

- examining the proposed consolidation scope, prior to submitting it to the Board of Directors;
- ensuring that the methods used to prepare the consolidated financial statements comply with the accounting standards of the Issuer and its consolidated subsidiaries;

- examining the draft individual and, where appropriate, consolidated accounts prior to submitting them to the Board of Directors, and reviewing any significant off-balance sheet commitments;
- ensuring the relevance of the accounting methods adopted for preparing the individual and consolidated accounts;
- reviewing the Issuer's business model and the balance of funds after ensuring compliance with ALG's defined guidelines;
- monitoring the process of preparing the financial information;
- reviewing the proposed budget of the Issuer and its subsidiaries, including their operating budget, and their progress;
- monitoring the choice and work of the statutory auditors and ensuring their independence;
- monitoring the reports of the permanent control and the audit reports; and
- drawing up the annual report of the Audit and Accounts Committee.

(d) The Risk Committee

The Risk Committee is governed by Articles L.511-92 *et seq.* of the French Monetary and Financial Code.

(i) Presentation of the Risk Committee

The Risk Committee is composed of up to four members that are appointed by the Board of Directors from among the Representatives, while respecting parity principles. At least one of the Risk Committee members is appointed from among the Incumbent Representatives of the employee organisations. Similarly, at least one of the Risk Committee members has specific skills in finance or accounting.

The Chairman of the Risk Committee is appointed by the Board of Directors from among its members who are Incumbent Representatives of employee organisations.

If invited by the Chairman of the Risk Committee or any other member of the Committee, the Chief Executive Officer and the Deputy Chief Executive Officer attend the meetings of the Risk Committee.

As of the date of this Information Memorandum, the Risk Committee is composed as follows:

- Mr Michel-Ange Parra, FO Representative and member of the Board of Directors, Chairman of the Risk Committee. He was appointed by the Board of Directors on 8 February 2017;
- Mrs Magali Munoz, MEDEF Representative, member of the Board of Directors. She was appointed by the Board of Directors on 8 February 2017;
- Mrs Constance Adinsi, CFTC Representative, member of the Board of Directors. She was appointed by the Board of Directors on 23 February 2018; and



- Mrs Joséphine Estéban Le Hir, MEDEF Representative, member of the Board of Directors. She was appointed by the Board of Directors on 26 April 2018.

The Risk Committee meets whenever necessary at the behest of its chairman, and at least once a month.

(ii) Duties of the Risk Committee

The Risk Committee is responsible for:

- advising the Board of Directors on the Issuer's overall strategy in terms of risk, both current and future;
- assisting the Board of Directors in controlling the implementation of the strategy by the Chief Executive Officer and the Deputy Chief Executive Officer, assisted by the Head of Risk Management;
- examining:
  - the compatibility of the prices of products and services with the Issuer's risk strategy. If these prices do not correctly reflect the risks, it informs the Board of Directors and presents an action plan to remedy them;
  - without prejudice to the tasks of the Remuneration Committee, ensure that any incentives provided by the Issuer's remuneration policy and practices are compatible with the Issuer's position with regard to the risks to which it is exposed, its capital, its liquidity, as well as the probability and timing of the expected benefits;
  - regularly assess the strategies, policies, procedures, and systems for detecting, managing, and monitoring the risks incurred by the Issuer;
- to monitor:
  - the ratios for measuring prudential risks and their impact, particularly in terms of capital requirements;
  - the assets and liabilities, alert procedures, business continuity plans, and stress tests;
  - the implementation of corrective action plans put in place following permanent controls and audits;
- to review the measures taken to ensure the supervision of outsourced activities (Section 253);
- to examine the reports to be sent to the ACPR;
- the Committee ensures that the necessary resources are allocated to the functions of risk management, permanent control, periodic control, and compliance control to enable them to carry out their mission;
- it examines and validates the plans of the periodic control missions of the company's audit and examines the results of the audit.

(e) The Appointments Committee

(i) Presentation of the Appointments Committee

The Appointments Committee is composed of up to four members that are appointed by the Board of Directors from among the Representatives, while respecting parity principles. At least one of the Appointments Committee members is appointed from among the Incumbent Representatives of the ALG employer organisations.

The Chairman of the Board of Directors and the Vice-Chairman are members of this Committee.

The Chairman of the Appointments Committee is appointed by the Board of Directors from among its members who are incumbent representatives of employer organisations.

The CEO and the Deputy CEO are invited to attend all meetings of the Appointments Committee, except for those that relate to matters concerning either of them.

As of the date of this Information Memorandum, the Appointments Committee is composed as follows:

- Mr Joël Cheritel, MEDEF Representative and member of the Board of Directors, Chairman of the Appointments Committee. He was appointed by the Board of Directors on 17 December 2018;
- Mr André Her, MEDEF Representative of MEDEF, member of the Board of Directors. He was appointed by the Board of Directors on 8 February 2017;
- Mr Alain Kauffmann, CFTC Representative, member of the Board of Directors. He was appointed by the Board of Directors on 8 February 2017; and
- Mrs Nathalie Simon, CGT Representative, member of the Board of Directors. She was appointed by the Board of Directors on 8 February 2017.

The Risk Committee meets as often as necessary at the behest of its chairman, and at least once a quarter.

(ii) Duties of the Appointments Committee

The Appointments Committee is responsible for:

- identifying and recommending suitable candidates to serve as Representatives, with a view towards nominating them to ALG;
- specifying the missions and qualifications necessary for the duties performed by the Representatives and evaluating the time devoted to these duties;
- assessing the applications for the roles of members of the specialised committees;
- setting a goal to be achieved with regard to the balanced representation of women and men on the Board of Directors. Developing a policy aimed at achieving this objective to be made public in accordance with regulations;
- assessing the balance and diversity of the knowledge, skills, and experience of the Representatives individually and collectively;

- evaluating periodically and at least once a year the structure, size, composition, and efficiency of the Board of Directors, in light of the missions assigned to it and submit to it any useful recommendations;
- assessing periodically and at least annually the knowledge, skills, and experience of the Representatives. This will be done both individually and collectively, and reporting it to the Board of Directors;
- reviewing periodically the Board of Directors' policies for the selection and appointment of the Chief Executive Officer, the Deputy Chief Executive Officer, the Head of Risk Management, and make recommendations in this regard;
- preparing recommendations and opinions concerning the appointment or succession of the Chairman of the Board of Directors, the Chief Executive Officer, and the Deputy Chief Executive Officer;
- evaluating management's proposals for the appointment and replacement of the principal directors and the appointment of the Chief Executive Officer, Deputy Chief Executive Officer, members of the Executive Board, and the legal representatives of the entities over which the Issuer exercises control as defined by Article L.233-3 of the French Commercial Code;
- ensuring the Board of Directors is not dominated by one person or a small group of people creating conditions prejudicial to the interests of the Issuer; and
- preparing the decisions the Board of Directors have to make makes on appointments.

(f) The Remuneration Committee

(i) Presentation of the Remuneration Committee

The Remuneration Committee is composed of up to four members that are appointed by the Board of Directors from among the Representatives, while respecting parity principles. At least one of the Remuneration Committee members is appointed from among the incumbent representatives of ALG employer organisations.

The Chairman of the Board of Directors and the Vice-Chairman are members of this Committee.

The Chairman of the Remuneration Committee is appointed by the Board of Directors from among its members who are incumbent representatives of employer organisations.

The CEO and Deputy CEO are invited to attend all meetings of the Remuneration Committee, except for those that relate to matters concerning either of them.

As of the date of this Information Memorandum, the Remuneration Committee is composed as follows:

- Mr Joël Cheritel, MEDEF Representative and member of the Board of Directors, Chairman of the Remuneration Committee. He was appointed by the Board of Directors on 17 December 2018;
- Mr André Her, MEDEF Representative, member of the Board of Directors. He was appointed by the Board of Directors on 8 February 2017;

- Mr Alain Kauffmann, CFTC Representative, member of the Board of Directors. He was appointed by the Board of Directors on 8 February 2017; and
- Mrs Nathalie Simon, CGT Representative, member of the Board of Directors. She was appointed by the Board of Directors on 8 February 2017.

The Remuneration Committee meets as often as necessary at the behest of its chairman, and at least once a quarter.

(ii) Duties of the Remuneration Committee

The Remuneration Committee is responsible for:

- preparing the decisions the Board of Directors has to make as regards remuneration, in particular any remuneration having an impact on the company's risk and management of risks;
- conducting an annual review
  - of the principles of the company's remuneration policy in application of that adopted by ALG;
  - of the compensation, indemnities, and benefits of any kind granted to the Issuer's corporate officers;
- assessing the remuneration of the person responsible for the risk management function and, if applicable, the compliance officer;
- preparing the information relative to:
  - the total remuneration policy applying to the persons referred to in Article L.511-71 of the French Monetary and Financial Code;
  - the approval of this policy by the Board of Directors with an annual independent internal review;
  - consulting ALG on the overall remuneration of all kinds paid during the past financial year to the persons referred to in Article L.511-71 of the French Monetary and Financial Code.

(g) The Commitments Committee

(i) Presentation of the Commitments Committee

The Commitments Committee is composed of up to four members that are appointed by the Board of Directors from among the Representatives, while respecting parity principles. At least one of the Commitments Committee members is appointed from among the Incumbent Representatives of employee organisations.

The Chairman of the Commitments Committee is appointed by the Board of Directors from among its members who are Incumbent Representatives of the ALG employee organisations.

As of the date of this Information Memorandum, the Commitments Committee is composed as follows:

- Mr Diego Alarcon, CFE-CGC Representative and member of the Board of Directors, Chairman of the Commitments Committee. He was appointed by the Board of Directors on 8 February 2017;
- Mrs Annie Eveilleau, FO Representative, member of the Board of Directors. She was appointed by the Board of Directors on 8 February 2017;
- Mr Stéphane Malchow, CPME Representative, member of the Board of Directors. He was appointed by the Board of Directors on 8 February 2017; and
- Mrs Joséphine Estéban Le Hir, MEDEF Representative, member of the Board of Directors. She was appointed by the Board of Directors on 08 February 2017.

The Commitments Committee meets as often as necessary at the behest of its chairman, and at least once a quarter.

(ii) Duties of the Commitments Committee

The Commitments Committee is responsible for:

- establishing the 5-year strategic development plan and the financial trajectory of all its subsidiaries, in line with the strategy defined by ALG;
- examining the proposals of the Executive management for capital increases and restructurings of the Group's subsidiaries. Guiding the Board of Directors in validating these proposals;
- formulating an opinion on the target Use of the PEEC for each regional directorate of the Issuer;
- reviewing the achievement of these objectives by mid-year and advising on any necessary adjustments, priorities, or policy changes;
- formulating an opinion on the budgets of the regional directorates and the amounts to be allocated to them, as well as on the possible modifications of these amounts during the fiscal year;
- monitoring the Issuer's activity indicators;
- proposing for the company and its subsidiaries the procedures for the implementation of directives issued by ALG pursuant to subparagraph II of Article L.313-18-1 of the Code, and adopting, in particular, the characteristics of the products offered by the company;
- validating the interim report to ALG every six months; and
- reviewing the reports presented by the CRALs and proposing the annual summary to be handed to ALG.

### 6.3 The Chief Executive Officer and the Deputy Chief Executive Officer

The Chief Executive Officer and Deputy Chief Executive Officer of the Issuer, appointed by the Board of Directors after prior approval by ALG, are in charge of running the Issuer's services efficiently. They perform their duties and represent the Issuer within the framework of the delegations of powers entrusted to them by the Board of Directors.

## **7 JUDICIAL AND ARBITRATION PROCEEDINGS**

In the twelve (12) months preceding the date of this Information Memorandum, the Issuer is not presently and has not been involved in any governmental, judicial, or arbitration proceedings. The Issuer is not aware of any such outstanding or threatened proceedings that may have or recently had a significant impact on its financial situation.

## **8 ADDITIONAL INFORMATION**

### **8.1 Share capital**

As of the date of this Information Memorandum, the share capital of the Issuer amounts to €20,000,000, divided into 2,000 shares with a par value of €10,000 each, fully paid up and held by its sole shareholder ALG.

### **8.2 Incorporation and Articles of Association**

The Articles of Association of the Issuer were approved by Decree no. 2016-1769 of 19 December 2016 relating to the approval of the Articles of Association of the Issuer and published in the Official Journal of 20 December 2016. The Decree and the Articles of Association of the Issuer are freely available on the Légifrance website ([https://www.legifrance.gouv.fr/jo\\_pdf.do?id=JORFTEXT000033652104](https://www.legifrance.gouv.fr/jo_pdf.do?id=JORFTEXT000033652104)).

### **8.3 Company name and trading name**

The company name of the Issuer is "Action Logement Services".

### **8.4 Place and registration number**

The Issuer is listed in the Paris Trade and Companies Register under number 824 541 148.

Legal Entity Identifier (LEI): 969500O2QYH3YW92C551

### **8.5 Date of incorporation and duration of the Issuer**

The Issuer was incorporated on 22 December 2016, after approval of its Articles of Association by Decree no. 2016-1769 of 19 December 2016, in the form of a simplified joint-stock company with a sole shareholder called ALG.

The creation of the Issuer was made possible by Decree no. 2016-1408 of 20 October 2016 empowering the government to adopt measures within the scope of the law to simplify and streamline the collection of the PEEC and the distribution of the Uses of this participation that created the group Action Logement.

The Issuer will exist for 99 years from its listing in the Trade and Companies Register, i.e. for a period until 21 December 2115, except in case of extension or early dissolution.

In accordance with the provisions of Article L.313-19 of the Code, the Issuer is a simplified joint-stock company subject to the provisions of the French Commercial Code and the Code.

The Issuer is a member of the group Action Logement as defined in Article L.313-17 of the Code.

### **8.6 Registered office**

The address of the Issuer's registered office, telephone number and internet details are as follows:

Action Logement Services  
19/21 Quai d'Austerlitz, 75013 Paris, France

Tel.: +33 (0) 1 87 02 10 00  
Website: [www.actionlogement.fr](http://www.actionlogement.fr)  
Email: [investisseurs@actionlogement.fr](mailto:investisseurs@actionlogement.fr)

## **8.7 Legal form**

The Issuer is a French simplified joint-stock company. It is governed by the general provisions of the French Commercial Code, subject to the express provisions of the Code.

## **8.8 Applicable legislation**

The Issuer is authorised by the ACPR as a financing company approved to carry out credit transactions. As such, the Issuer is subject to compliance with the provisions of the French Monetary and Financial Code applicable to its business activities and its status as a finance company. The Issuer is under the supervision and control of the ACPR. In particular, it is subject to the prudential and organisational rules specific to finance companies.

The Issuer's business is also governed by the provisions of the Code (Articles L.313-19 *et seq.* of the Code).

## **8.9 Rating assigned to the Issuer**

The Issuer's long-term debt is rated Aa2, positive outlook, by Moody's and AA, stable outlook, by Fitch as of the date of this Information Memorandum. It could in the future be rated by other rating agencies. A rating is not a recommendation to buy, sell, or hold securities. It may, at any time, be suspended, modified, or withdrawn by the rating agency concerned.

# **9 SIGNIFICANT CONTRACTS**

The Code provides that the PEEC resources received by the Issuer and their Uses are set by the Five-Year Agreement.

The Five-Year Agreement was the subject of an amendment signed on 25 April 2019 concerning the PIV for the period 2019-2022. The PIV aims to mobilise additional resources to implement concrete measures to improve the energy performance of housing, access to and securing of housing, entry into employment, and ensure equality between different regions.

Pursuant to the Five-Year Agreement, an amendment to the tripartite agreement of 2 October 2015 on the financing of the PNRU and the NPNRU was signed on 11 July 2018 between the State, ALG, and ANRU.

Pursuant to the Five-Year Agreement, a tripartite agreement between the State, Action Logement (ALG and the Issuer), and the CDC was signed on 5 June 2018 in order to specify the operational terms for the implementation of subsidised equity loans in the Five-Year Agreement, including those of the State's guarantee on the Issuer's payments to the CDC. The PHB2.0 are loans distributed by the CDC to social landlords over the period 2018-2020 for a total amount of €2 billion with a term of 30 years or 40 years with a zero-interest differed amortisation period of 20 years. The very advantageous financing conditions of these PHB2.0 were made possible thanks to the subsidy paid to the CDC by the Issuer. This commitment represents a cumulative amount of €812.5million, the payment of which is spread from 2020 to 2043.

This agreement on the PHB2.0 was accompanied by a tripartite financial guarantee agreement signed on 5 June 2018 between the State, the Issuer, and the CDC. Its purpose is to define the procedures for setting up, monitoring, and bringing into play the financial guarantee constituted in the form of receivable pledges granted by the Issuer to the CDC as a guarantee or the payment of the PHB2.0 subsidy. This financial guarantee comes as a counter-guarantee to the guarantee granted by the State.

## **10 STATUTORY AUDITORS AND OTHER CONTROLS**

### **10.1 Statutory auditors and alternates**

The incumbent statutory auditors of the Issuer are:

- KPMG SA, Tour Eqho, 2 Avenue Gambetta, 92066 Paris La Défense Cédex
- PricewaterhouseCoopers Audit, Grand Hôtel Dieu, 3, Cour du Midi, CS 30 259, 69287 Lyon Cedex 02

The alternate statutory auditors of the Issuer are:

- Salustro Reydel, Tour Eqho, 2 Avenue Gambetta, 92066 Paris La Défense Cédex
- Jean-Baptiste DESCHRYVER, 63 Rue de Villiers, 92200 Neuilly-sur-Seine

### **10.2 Control of the ACPR**

The Issuer is authorised by the ACPR as a finance company approved to carry out credit transactions. As such, the Issuer is subject to compliance with the provisions of the Monetary and Financial Code applicable to its business activities and its status as a finance company. The Issuer is under the supervision of the ACPR. In particular, it is subject to the prudential and organisational rules specific to finance companies.

### **10.3 Control of the ANCOLS**

Pursuant to Article L.342-1 of the Code, ANCOLS is a public state body of an administrative nature. It has a monitoring and evaluation mission relating to social housing and the PEEC. One of ANCOLS' missions is to evaluate the efficiency with which the Issuer performs the tasks resulting from the exercise of its duties recognised by law and carries out its missions on the entities of the group Action Logement of which the Issuer is a member.

### **10.4 Control by the Court of Auditors**

Pursuant to Article L.111-12 of the French Code of Financial Jurisdictions, the Court of Auditors controls the member organisations of the group Action Logement to which the Issuer belongs.

### **10.5 Control by the General Finance Inspectorate**

The Issuer is subject to the control of the General Finance Inspectorate. To date, a control mission is underway within the umbrella structure, ALG.



## FORM OF FINAL TERMS

**[MIFID II product governance / Professional investors and ECPs only target market]** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five (5) categories referred to in item 18 of the Guidelines published by European Securities and Markets Authority ("ESMA") on 5 February 2018 has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU, (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.<sup>33</sup>

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** - The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU (as amended, "**MiFID II**")]/[MiFID II]; (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Final Terms dated [●]

[Logo]

**Action Logement Services SAS**  
Sustainable Euro Medium Term Note Programme  
of €6,200,000,000

Legal Entity Identifier (LEI):  
969500O2QYH3YW92C551

[Short description and nominal amount of the Notes]

Series no.: [●]

Tranche no.: [●]

Issue Price: [●]%

**[Names of the Dealers]**

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<sup>33</sup> Legend to be included following completion of the target market assessment in respect of the Notes, taking into account the five (5) categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018, in the event the target market is limited to professional investors and eligible counterparties only.

## PART A - CONTRACTUAL TERMS

The terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 27 September 2019 [and the supplement to the Information Memorandum dated [●]] which [together] constitute an information memorandum.

This document constitutes the Final Terms relating to the issue of the Notes described below and must be read in conjunction with such Information Memorandum [as so supplemented]. Full information on the Issuer, the Issuer and its consolidated subsidiaries, and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Information Memorandum [as so supplemented]. The Information Memorandum, [the supplement to the Information Memorandum,] and the Final Terms are available on the websites of (a) the Luxembourg Stock Exchange (www.bourse.lu), (b) Euronext Paris (www.euronext.fr), and (c) the Issuer (www.actionlogement.fr), [and] during normal business hours at the specified office of the Paying Agent(s) where copies may be obtained.

*(Include whichever of the following apply or specify as Not Applicable"(N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

*[(When completing final terms, it must be determined whether (i) they may be directly added in the relevant Final Terms or if (ii) they are subject to a supplement to the Information Memorandum.)]*

- |           |  |   |
|-----------|--|---|
| <b>1</b>  | (i) <b>Series Number:</b>                | [●]   |
|           | (ii) <b>Tranche Number:</b>              | [●]   |
|           |  | <i>(If the Series is fungible with an existing Series, indicate the characteristics of that Series, including the date on which the Notes became fungible.)</i> |
| <b>2</b>  | <b>Specified Currency or Currencies:</b> | [●]   |
| <b>3</b>  | <b>Aggregate Nominal Amount:</b>         |   |
|           | (i)      Series:                         | [●]   |
|           | (ii)     Tranche:                        | [●]   |
| <b>4</b>  | <b>Issue Price:</b>                      | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]  |
| <b>5</b>  | <b>Specified Denomination:</b>           | [●]   |
| <b>6</b>  | (i) <b>Issue Date:</b>                   | [●]   |
|           | (ii) <b>Interest Commencement Date:</b>  | [Specify/Issue Date/Not Applicable]   |
| <b>7</b>  | <b>Maturity Date:</b>                    | [Specify date/Not Applicable]   |
| <b>8</b>  | <b>Interest Basis:</b>                   | [●] per cent. Fixed Rate<br><i>(further particulars specified below)</i>  |
| <b>9</b>  | <b>Redemption Basis:</b>                 | [Subject to any early redemption or purchase and cancellation, the Notes will be redeemed on the Maturity Date at [100]% of their Specified Denomination.]      |
| <b>10</b> | <b>Call Option(s):</b>                   | [Residual Maturity Call Option]   |

[Clean-up Call Option]  
 [Make-Whole Redemption Option]  
*(further particulars specified below)*  
 [Not Applicable]

**11 Date of corporate authorisations for issuance of Notes:**

Decision of the Issuer's Board of Directors dated [●]

**12 Method of distribution:**

[Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST PAYABLE**

**13 Provisions relating to interest of the Notes:**

- (i) Interest Rate: [●] per cent. per annum [payable [annually / semi-annually / quarterly / monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [unadjusted/adjusted in accordance with *[Specify the Business Day Convention and any applicable Business Centres for the definition of Business Day]*]
- (iii) Fixed Coupon Amount(s): [●] per [●] in Specified Denomination
- (iv) Broken Amount(s): *[Insert information on initial or final long/short coupons that do not correspond to the Fixed Coupon Amount(s) and the Interest Payment Dates to which they refer / Not Applicable]*
- (v) Day Count Fraction: [Actual/Actual - ICMA]  
 [Actual/365 (Fixed)]  
 [Actual/360]  
 [30/360]  
 [360/360]  
 [Bond Basis]
- (vi) Determination Date(s): [●] in each year *(Indicate the normal Interest Payment Dates, ignoring the Issue Date and the Maturity Date in the case of a long or short first or last coupon. NB: only applicable if the Day Count Fraction is Actual/Actual-ICMA)*

**PROVISIONS RELATING TO REDEMPTION**

**14 Residual Maturity Call Option:**

[Applicable/Not Applicable]  
*(If not applicable, delete the following subparagraphs)*

Residual Maturity Redemption Date:

[●]

**15 Clean-up Call Option:**

[Applicable/Not Applicable]

- 16 Make-Whole Redemption Option:** [Applicable/Not Applicable]  
*(If not applicable, delete the following subparagraphs)*
- (i) Make-Whole Redemption Margin: [●]
  - (ii) Make-Whole Redemption Rate: [Reference Dealers Quotation/ Reference Screen Rate]
  - (iii) Reference Security: [●]
  - (iv) Reference Screen Rate: [●]/[Not Applicable]
  - (v) Reference Dealers: [Not applicable/As set out in the Conditions]
  - (vi) If the Notes are redeemable in part:
    - (a) Minimum Redemption Amount: [[●] per Note of [●] Specified Denomination / Not Applicable]
    - (b) Maximum Redemption Amount: [[●] per Note of [●] Specified Denomination / Not Applicable]
- 17 Final Redemption Amount of each Note:** [●] per Note of [●] Specified Denomination
- 18 Early Redemption Amount:**  
 Early Redemption Amount(s) of each Note payable on redemption provided for in paragraphs 14, 15, and 16 above and for taxation reasons:  
 [●] per Note of [●] Specified Denomination

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 19 Form of Notes:** Dematerialised bearer Notes
- 20 Financial Centre(s) or other special provisions relating to payment dates for the purposes of Condition 7(d):** [Not Applicable/Specify]
- 21 Redenomination, renominalisation and conventioning provisions:** [Not Applicable / The provisions in [ Condition 1 (d)] apply]
- 22 Consolidation provisions:** [Not Applicable / The provisions in [of Condition 12(b)] apply]
- 23 Masse (Condition 11):** Name and address of the Representative: [●]  
 [Name and address of the alternate Representative: [●]]  
 [The Representative will receive no remuneration / The Representative will receive a remuneration of EUR[●].  
 [Fill in]]

## GENERAL INFORMATION

The total nominal amount of the Notes issued has been converted into Euros at the rate of [●], i.e. an amount of (only for Notes not denominated in Euros): [●]

Signed on behalf of Action Logement Services SAS:

By: \_\_\_\_\_

Duly authorised

## PART B - OTHER INFORMATION

### 1 [RISK FACTORS

[Not Applicable/*insert any risk factors relating to the Issuer and/or the Notes not be covered in the "Risk Factors" section of the Information Memorandum*]

### 2 LISTING AND ADMISSION TO TRADING:

- (i) Listing: [Euro MTF market of the Luxembourg Stock Exchange] [and]  
[Euronext Growth Market of Euronext Paris]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange with effect from [●].]  
[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Euronext Growth Market of Euronext Paris with effect from [●].]  
*(In case of a fungible issue, indicate that the original Notes are already admitted for trading.)*  
[Not applicable]
- (iii) Estimate of total expenses related to admission to trading: [●]/[Not Applicable]

### 3 RATINGS

- Ratings: [The Notes to be issued have been rated:  
[[*names of rating agencies*]: [●]  
[*names of rating agencies*]: [●]]  
[[[●]/[Each of the above credit rating agencies] is a credit rating agency established in the European Union and registered under Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "CRA Regulation") and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.]

**4 THIRD PARTY INFORMATION, EXPERT STATEMENTS, AND DECLARATIONS OF ANY INTEREST**

*[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, the Issuer shall identify the source(s) of the information.]*

**5 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

*Need to include a description of any interest, including conflicting ones, that is material to the issue, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement: With the exception of the commissions payable to the Dealers in accordance with the Subscription and Sale"section of the Information Memorandum, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."*

**6 [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

The net proceeds from the issue of the Notes will be used by the Issuer to finance or refinance, in whole or in part, a portfolio of social and/or environmental projects.

*(To be completed if necessary)]*

**7 YIELD**

Yield:

[●] per cent. per year

The yield is calculated on the [Issue Date] on the basis of the [Issue Price]. It is not an indication of future yield.]

**8 OPERATIONAL INFORMATION**

ISIN Code:

FR[●]

Common code:

[●]

Depositories:

(a) Euroclear France to act as Central Depository:

[Yes/No]

(b) Common Depository for Euroclear Bank SA/NV and Clearstream Banking, S.A.:

[Yes/No]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A., and corresponding identification numbers:

[Not Applicable/specify names, numbers, and addresses]

Delivery:

[Delivery [against/free of] payment]

Names and addresses of the initial Paying Agents appointed for the Notes (if different from the Programme):

[●]

Names and addresses of the additional  
Paying Agents appointed for the Notes (if  
any): [●]

**8 DISTRIBUTION**

Distribution method: [Syndicated/Non-syndicated]

(i) If syndicated, names of the  
Managers: [Not Applicable / *Indicate names*]

(ii) Date of the subscription  
agreement: [●]

(iii) Stabilising Manager(s) if any: [Not Applicable / *Indicate names*]

If non-syndicated, name of the Dealer: [Not Applicable / *Indicate names*]

Selling Restrictions: [Not Applicable/*Indicate any additional selling  
restrictions not covered under the Subscription and  
Sale"section of the Information Memorandum)*]

**9 OTHER INFORMATION**

[●]

*(Insert any additional information)*



## SUBSCRIPTION AND SALE

Subject to the terms of the dealer agreement dated 27 September 2019 between the Issuer, the Permanent Dealers, and the Arrangers (as may be amended, the "**Dealer Agreement**"), the Notes will be offered by the Issuer to the Permanent Dealers. The Issuer, however, reserves the right to sell Notes directly on its own behalf to Dealers who are not Permanent Dealers. The Notes may be resold at market price or at a similar price prevailing on the date of said resale which will be determined by the relevant Dealer. The Notes may also be sold by the Issuer through Dealers acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches jointly and severally subscribed by two or more Dealers.

The Issuer will pay each relevant Dealer a commission (if any) as agreed with the said Dealer in respect of the Notes subscribed by the latter. The Issuer has agreed to reimburse the Arrangers for the expenses incurred in connection with the establishment of the Programme, and the Dealers for some of the expenses associated with their intervention under this Programme.

The Issuer has agreed to indemnify the Dealers in respect of certain liabilities incurred in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

### **Selling restrictions**

#### **General**

These selling restrictions may be supplemented by mutual agreement between the Issuer and the Dealers notably but not exclusively as a result of a change in the applicable legislation, regulation, or directive. Such a modification will be set out in a supplement to this Information Memorandum or in the Final Terms.

Each Dealer has agreed that it will, to the extent practicable, comply with all applicable laws, regulations, and directives in each country in which it purchases, offers, sells, or delivers the Notes or in which it holds or distributes the Information Memorandum, any other offering material, or any Final Terms and neither the Issuer nor any of the other Dealers will incur any liability in this respect.

#### **Prohibition to offer and sell to retail investors established in the European Economic Area**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); and/or
- (b) a customer within the meaning of Directive 2016/97/EU on insurance distribution, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

#### **United States**

The Notes have not, and will not, be registered under the Securities Act and may not be offered or sold, directly or indirectly, in the United States other than in transactions exempt from registration requirements under the Securities Act. Terms used in this paragraph have the meanings given to them under Regulation S.

The Notes will be offered and sold outside the United States as part of offshore transactions in accordance with Regulation S.

In addition, until forty (40) days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act.

This Information Memorandum has been prepared by the Issuer for use in connection with the offer or sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to refuse the purchase of the Notes, in whole or in part, for any reason whatsoever. This Information Memorandum does not constitute an offer to any person in the United States. Distribution of this Information Memorandum to any person in the United States by anyone is prohibited, as is disclosure of any of the materials contained therein to any person in the United States without the prior written consent of the Issuer.

### **United Kingdom**

Each Dealer has represented and guaranteed, and each Dealer subsequently designated under the Programme shall represent and guarantee that:

- (a) for Notes with a maturity of less than one (1) year, (a) the Dealer is a person whose usual business is to intervene to acquire, hold, manage, or make investments (as principal or as agent) for the purposes of its activities and (b) the Dealer has not offered, sold, and will not offer or sell any Notes other than to persons whose ordinary business involves the acquisition, holding, management, or execution of investments (as principal or as agent) for the purposes of their activities or for which it is reasonable to assume that the acquisition or execution of an investment (as principal or as agent) for the purposes of their business does not constitute a contravention of the provisions of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA");
- (b) the Dealer 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 the provisions of Section 21 of the FSMA) that the Dealer received, in relation with the issue or sale of Notes in circumstances where the provisions of Section 21 (1) of the FSMA do not apply or will not apply to the Issuer; and
- (c) the Dealer complies and will comply with all applicable provisions of the FSMA concerning everything that it has done in relation to the Notes in the United Kingdom, from the United Kingdom, or in any other way involving the United Kingdom.

### **France**

Each of the Dealers and the Issuer 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 Information Memorandum, the relevant Final Terms, or any other offering material relating to the Notes and such offer, sale, or distribution has been and will be made in France only to qualified investors within the meaning of the Prospectus Regulation and any applicable French laws and regulations implementing the Prospectus Regulation as well as the resulting rules in France.

This Information Memorandum has not been subject to a visa procedure of the French *Autorité des marchés financiers*.

## GENERAL INFORMATION

- (1) The Legal Entity Identifier (LEI) of the Issuer is 969500O2QYH3YW92C551.
- (2) The Issuer's website is [www.actionlogement.fr](http://www.actionlogement.fr). The information found on [www.actionlogement.fr](http://www.actionlogement.fr) does not form part of the Information Memorandum, except for the information contained in the Documents Incorporated by Reference.
- (3) The Issuer has obtained all necessary consents, approvals, and authorisations in France in connection with the establishment of the Programme.

Any issuance of Notes under the Programme requires the prior authorisation of the Board of Directors of the Action Logement Group and the Board of Directors of the Issuer which may delegate its authority to the *Directeur général*.

- (4) There has been no significant change in the financial or trading position and/or performance of the Issuer and its consolidated subsidiaries since 31 December 2018.
- (5) There has been no material adverse change in the prospects of the Issuer and its consolidated subsidiaries since 31 December 2018.
- (6) In the twelve (12) months preceding the date of this Information Memorandum, neither the Issuer nor any of its consolidated subsidiaries is or has been involved in any governmental, judicial, or arbitration proceedings and is not aware of any such outstanding or threatened proceedings that may have or recently had a significant impact on the financial position or profitability of the Issuer and its consolidated subsidiaries.
- (7) There is no material contract that was entered into outside the ordinary course of the Issuer's business and that could grant any of the members of the group composed of the Issuer and its consolidated subsidiaries a right or obligation that materially affects the Issuer's ability to meet its obligations to Noteholders under the Notes being issued.
- (8) Certain information contained in the "*Description of the Issuer*" Section comes from a third-party source. The Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain, no fact was omitted that would make the information reproduced inaccurate or misleading.
- (9) An application may be made for the admission of the Notes to the clearing systems Euroclear France (66 rue de la Victoire, 75009 Paris, France), Euroclear (boulevard du Roi Albert II, 1210 Brussels, Belgium), and Clearstream (42 Avenue JF Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg). The Common Code and the ISIN code (International Securities Identification Number) or the identification number of any other relevant clearing system for each Series of Notes will be indicated in the relevant Final Terms.
- (10) PricewaterhouseCoopers Audit, Grand Hôtel Dieu, 3, Cour du Midi, CS 30 259, 69287 Lyon Cedex 02, France and KPMG SA Tour EQHO, 2 avenue Gambetta CS 60055, 92066 Paris La Défense, France have audited and rendered audit reports that do not contain any reserves on the Issuer's consolidated financial statements for the financial year ended 31 December 2018 and on the annual accounts of the Issuer for the years ended 31 December 2017 and 31 December 2018. The Issuer does not establish interim financial statements. PricewaterhouseCoopers Audit and KPMG SA are members of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

- (11) This Information Memorandum will be published on the websites of (i) the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), Euronext Paris ([www.euronext.fr](http://www.euronext.fr)), and (ii) the Issuer ([www.actionlogement.fr](http://www.actionlogement.fr)).
- (12) As long as the Notes are outstanding under the Programme, copies of the following documents will be available, as soon as they are published, during regular business hours, on any day of the week (except Saturdays, Sundays, and public holidays) at the Issuer's registered office and at the designated offices of the Paying Agents:
- (i) the *statuts* of the Issuer;
  - (ii) the audited financial statements of the Issuer for the financial years ended 31 December 2017 and 31 December 2018;
  - (iii) a copy of this Information Memorandum, any supplements to the Information Memorandum, as well as any new Information Memorandum; and
  - (iv) any reports, letters and other documents, historical financial information, valuations, and statements prepared by an expert at the request of the Issuer for which any part would be included or referred to in this Information Memorandum.

As long as Notes are outstanding under the Programme, the Agency Agreement will be available during regular business hours, on any day of the week (except Saturdays, Sundays, and holidays) in the offices of the Issuer or of the Paying Agent(s).

- (13) The price and amount of the Notes issued under this Programme will be determined by the Issuer and each of the relevant Dealers at the time of issue in accordance with market conditions.
- (14) Some Dealers and their affiliates are engaged and may in the future engage in lending, investment banking and/or commercial banking business and may provide services to the Issuer and its affiliates in the ordinary course of business. As such, if there is a lender-to-borrower relationship between the Issuer and one or more Dealers, it cannot be excluded that all or part of the proceeds of any issue of Notes will be used to repay all or part of these loans. In addition, in the ordinary course of business, the Dealers and their affiliates may take or hold a wide range of investments and actively trade debt and equity securities (or derivative securities linked to them) and financial instruments (including bank loans) for their own account and on behalf of their clients. These investments and activities relating to these financial securities may relate to the financial securities and/or instruments of the Issuer. Some of the Dealers or their affiliates who have a credit relationship with the Issuer systematically hedge their credit exposure to the Issuer in accordance with their usual risk management policies.

The Issuer may appoint a Dealer as Calculation Agent in respect of an issue of Notes. In this case, the Calculation Agent may potentially be a member of an international financial group involved, in the normal course of the Issuer's business, in a wide range of banking activities in which conflicts of interest may arise. While having, where appropriate, set up information barriers and procedures for managing conflicts of interest, the Calculation Agent may, in its other banking activities, sometimes be involved in transactions involving an index or related derivatives which may have an effect on the holders' receivables during the holding period and at maturity of the Notes or on the market price, liquidity, or the value of the Notes and which may be adverse to the interests of the Noteholders.

- (15) In connection with the issue of any Tranche, the Dealer or one of the Dealers (as the case may be) may act as the entity responsible for stabilisation transactions (the "**Stabilising Manager**"). The identity of the Stabilising Manager will be indicated in the relevant Final Terms. For the purposes of any issue, the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) may over-allot

Notes or carry out transactions with a view to supporting the price of the Notes at a higher level than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or anyone acting on behalf of the Stabilising Manager) will undertake stabilisation action.

- (16) In this Information Memorandum, unless otherwise specified or the context otherwise requires, any reference to "€", "**Euro**", "**EUR**" and "**euro**" refers to the lawful currency of the Member States of the European Union that adopted the single currency introduced in accordance with the Treaty establishing the European Economic Community. Any reference to "£", "pound sterling", and "**Sterling**" refers to the lawful currency of the United Kingdom. Any reference to "\$", "**USD**", and "**US Dollar**" refers to the lawful currency in the United States. Any reference to "¥", "**JPY**", and "**yen**" refers to the lawful currency in Japan.
- (17) The Issuer assumes responsibility for the information contained or incorporated by reference in this Information Memorandum.

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## GLOSSARY

ACPR	French Prudential Supervisory and Resolution Authority
AFL	Association Foncière Logement
ALG	Action Logement Groupe
ALI	Action Logement Immobilier
ANCOLS	Agence Nationale de Contrôle du Logement Social (National Agency for the Control of Social Housing)
ANRU	Agence Nationale pour la Rénovation Urbaine (National Agency for Urban Renovation)
APAGL	Association Pour l'Accès aux Garanties Locatives (Association for Access to Security Deposits)
CDC	Caisse des Dépôts et Consignations
CDI	Permanent contract
CET 1	<i>Core Equity Tier 1</i>
CFDT	Confédération Française Démocratique du Travail (French Democratic Confederation of Labour)
CFE-CGC	Confédération Française de l'Encadrement/CGC
CFTC	Confédération Française des Travailleurs Chrétiens (French Confederation of Christian Workers)
CGLLS	Caisse de Garantie du Logement Locatif Social (Social Housing Rental Guarantee Fund)
CGT	Confédération Générale du Travail (General Confederation of Labour)
CIL	Comités Interprofessionnels du Logement (Inter-professional Housing Committees)
Coop'HLM	HLM cooperatives
CPME	Confédération des Petites et Moyennes Entreprises (Confederation of Small and Medium Enterprises)
CRAL	Comités Régionaux d'Action Logement (Regional Committee of Action Logement)
CROUS	Centre Régional des Œuvres Universitaires et Scolaires (Regional centres of student social services)
DALO	Droit au Logement Opposable (Opposable Housing Entitlement)
DOM	French Overseas Departments
EPIC	Etablissement Public à caractère Industriel et Commercial (Public industrial and commercial establishment)
ESH	Entreprises Sociales pour l'Habitat (Social Housing Companies)
FNAP	Fonds National des Aides à la Pierre (National Fund of Construction Aid)
FO	Confédération Générale du Travail Force Ouvrière (General Confederation of Labour Force Ouvrière)
HLM	Habitations à Loyers Modérés (Low-Rent Housing)

MEDEF	Mouvement des Entreprises de France (Movement of French Companies)
MOI	Maîtrise d’Ouvrage d’Insertion (Infill housing projects)
NPL	<i>Non-Performing Loans</i>
NPNRU	New National Programme for Urban Renewal
OLS	Organismes de Logement Social (Social Housing Organisations)
ONV	Organisme National de Vente (National Sales Organisation)
OPH	Offices Publics de l’Habitat (Public Housing Offices)
PACS	Pacte Civil de Solidarité (French civil partnership)
PEAEC	(Participation des Employeurs Agricoles à l’Effort de Construction) Agricultural Employers' Participation in the Construction Effort
PEC	(Participation à l’Effort de Construction) Participation in the Construction Effort
PEEC	(Participation des Employeurs à l’Effort de Construction) Employers' Participation in the Construction Effort
PHB2.0	Prêts de Haut de Bilan (Subsidised Equity Loans through a grant to the CDC)
PHBB	Subsidised Equity Loans
PIV	Plan d’Investissement Volontaire (Voluntary Investment Plan)
PLAI	Prêt Locatif Aidé d’Intégration (Assisted Rental Investment Loan)
PLS	Prêt Locatif Social (Social Rental Loan)
PLUS	Prêt Locatif à Usage Social (Rental Loan for Social Use)
PNRU	Programme National de Rénovation Urbaine (National Urban Renewal Programme)
PSEEC	Participation Supplémentaire des Employeurs à l’Effort de Construction (Additional Employers' Participation in the Construction Effort)
QPV	Quartiers Prioritaires de la Politique de la Ville (Priority Neighbourhoods According to City Policy)
SEM	Sociétés d’Economie Mixte (Semi-Public Companies)
SICF	Société Immobilière des Chemins de Fer (Railways Real Estate Company)
SIEG	Services d’Intérêt Economique Général (Services of General Economic Interest)
SNCF	(Société Nationale des Chemins de Fer Français) French National Railway Company
SNE	Système National d’Enregistrement (National Registration System)
TFPB	Taxe Foncière sur les Propriétés Bâties (Property Tax on Existing Built Properties)
VAT	Value-Added Tax
UESL	Union des Entreprises et des Salariés pour le Logement (Housing Union of Employers and Employees)
USH	Union Sociale pour l’Habitat (Social Housing Union)
VISALE	Visa pour le Logement et l’Emploi (Visa for Housing and Employment)