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ARCHER OBLIGATIONS

(a *société anonyme* incorporated in France)

€375,000,000 zero per cent. Non-Dilutive Cash-Settled Bonds due 2023

exchangeable for existing ordinary shares of Kering
with the guarantee of Artémis

Issue price: €102,250 per Bond corresponding to 102.25% of the principal amount.

The €375,000,000 zero per cent. non-dilutive cash-settled bonds exchangeable for ordinary shares (the "**Shares**") of Kering (the "**Company**") (the "**Bonds**") due 2023 will be issued by Archer Obligations (the "**Issuer**" or "**Archer Obligations**") on 22 September 2017 (the "**Issue Date**") at 102.25% of their nominal value (the "**Issue Price**"). The nominal value of each Bond will be €100,000. No periodic interest will be payable in respect of the Bonds.

The Issuer is a 98.38%-subsidiary of Artémis, a French société anonyme ("**Artémis**" or the "**Guarantor**"). Certain payment obligations of the Issuer under the Bonds will be unconditionally and irrevocably guaranteed by Artémis, pursuant to the terms of a separate guarantee agreement (the "**Guarantee**").

Application has been made to the Luxembourg Stock Exchange (the "**LuxSE**") in its capacity as competent authority under Part IV of the Luxembourg Law dated 10 July 2005 relating to prospectuses for securities, as amended (the "**Prospectuses Law**") and the rules and regulations of the LuxSE (the "**LuxSE Rules**") to approve this document as a prospectus]. Application has also been made for the Bonds to be admitted to trading on the Euro MTF market (the "**Euro MTF Market**"), which is a market operated by the Luxembourg Stock Exchange (the "**LuxSE**"), and listed on the official list of the LuxSE (the "**Official List**"). The Euro MTF Market is not a regulated market pursuant to the provisions of the Directive 2004/39/EC. References in this prospectus (the "**Prospectus**") to Bonds being "listed" (and all related references) shall mean that the Bonds have been admitted to trading on the Euro MTF Market and are listed on the Official List.

This document does not constitute a prospectus for the purposes of article 5.3 of Directive 2003/71/EC (as amended and together with any applicable implementing measures in any EU Member State, the "**Prospectus Directive**"). This Prospectus constitutes a prospectus for the purposes of Prospectuses Law. This Prospectus may only be used for the purposes for which it has been published.

The Bonds may not be offered to the public directly or indirectly unless the requirements of the Prospectus Law have been satisfied.

The LuxSE assumes no responsibility on the correctness of any of the statements made or opinions expressed or reports contained in this Prospectus. Admission to trading on the Euro MTF Market and listing on the Official List of the LuxSE is not to be taken as an indication of the merits of the Issuer or the Bonds. The Issuer accepts responsibility for the information contained in the Prospectus. To the best knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer and Crédit Agricole Corporate and Investment Bank ("**CACIB**" or the "**Delegated Debtor**") have entered into a delegation agreement (*délégation parfaite*), pursuant to which the Issuer has delegated to CACIB for the benefit of the holders of the Bonds (the "**Bondholders**") (collectively represented by the Masse (as defined herein)), in respect of the Issuer's obligation to pay the Performance Cash Amount (if any) in accordance with the terms and conditions of the Bonds herein (the "**Terms and Conditions of the Bonds**").

During the Exchange Period (as defined in Condition 7(a)(ii) of the Terms and Conditions of the Bonds herein), the Bondholders will have the right to exchange their Bonds (the "Exchange Right") and to receive the payment of the Cash Amount, the Early Redemption amount or the Early Cash Redemption Amount (being specified, for the avoidance of doubt, that the Perfomance Cash Amount, if any, will be paid by CACIB).

Unless previously repaid or purchased (including upon an exchange) and cancelled and subject to the exercise of the Exchange Right, the Bonds will be repaid in cash at a repayment price of €100,000 corresponding to a yield to maturity of -0.40 per cent. on 31 March 2023 (or the following Business Day if such date is not a Business Day) (the "**Maturity Date**").

The Bonds and the Guarantee will constitute direct, unconditional, unsecured (subject to the provisions of Condition 2 (*Status of the Bonds*) and Condition 3 (*Negative Pledge*) of the Terms and Conditions of the Bonds) and unsubordinated obligations of the Issuer and the Guarantor, respectively, and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor, respectively, from time to time outstanding.

The Bonds will, upon the Issue Date, be inscribed in the books of Euroclear France S.A. ("**Euroclear France**"), which shall credit the accounts of the Accounts Holders (as defined in Condition 1 (*Form, denomination and Title*) of the Terms and Conditions of the Bonds) including Euroclear Bank SA/NV ("**Euroclear**") and the depositary bank for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

The Bonds will be issued in dematerialised bearer form (*dématerialisé au porteur*) and will at all times be represented in book entry form (*inscription en compte*) in the books of the Account Holders in compliance with articles L. 211-3 and R. 211-1 of the French *Code monétaire et financier*. No physical document of title will be issued in respect of the Bonds.

Neither the Bonds nor the Shares, nor the Guarantee have been or will be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any other jurisdiction. The Bonds are being offered and sold in offshore transactions outside the United States of America in reliance on Regulation S ("**Regulation S**") under the Securities Act and subject to certain exceptions, the Bonds and the Shares may not be offered, sold or delivered within the United States.

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An investment in the Bonds involves certain risks. Prospective investors should have regard to the information contained or incorporated by reference in this document and, in particular, the factors described under heading “Risk Factors” beginning on page 15 of this Prospectus.

Crédit Agricole CIB	**Natixis**	**Société Générale**
BNP Paribas		**CM-CIC Market Solutions**

The date of this prospectus is 21 September 2017

All the documents which are incorporated herein by reference (as defined in the section "*Documents Incorporated by Reference*" below) form a part of this Prospectus. This Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of the Prospectus.

The Issuer, having made all reasonable enquiries, confirms that this Prospectus contains all information with respect to the Issuer, the Guarantor and the Bonds (at the express exclusion of information relating to Kering, the Kering Group, the Shares as well as to the Delegated Debtor) which is material in the context of the issue and offering of the Bonds; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions or intentions expressed in this Prospectus with regard to the Issuer are honestly held or made, have been reached after considering all relevant circumstances and are based on reasonable assumptions; there are no other facts in relation to the Issuer, the Guarantor or the Bonds the omission of which would, in the context of the issue and the offering of the Bonds, make any statement in this Prospectus misleading in any material respect; and all reasonable enquiries have been made to ascertain and verify the foregoing. The Issuer accepts responsibility accordingly.

This prospectus does not constitute an offer of, an invitation by or on behalf of the Issuer, the Guarantor, the Delegated Debtor or the Managers (as defined in the section "*Subscription and Sale*" below) to subscribe or purchase, any of the Bonds. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. The Issuer, the Guarantor, the Delegated Debtor and the Managers do not represent that this Prospectus may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Delegated Debtor or the Managers that is intended to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor, the Delegated Debtor and the Managers (as defined in the section "*Subscription and Sale*" below) to inform themselves about and to observe any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. Any investor purchasing the Bonds is solely responsible for ensuring that any offer or resale of the Bonds it purchased occurs in compliance with applicable laws and regulations.

For a description of further restrictions on offers and sales of Bonds and distribution of this Prospectus, see the section "*Subscription and Sale*" below.

The Managers (as defined in the section "*Subscription and Sale*" below) have not separately verified the information contained in this Prospectus with respect to the Issuer, the Guarantor, Kering, the Kering Group and the Shares or the Delegated Debtor. To the fullest extent permitted by law, the Managers make no representation, express or implied, nor accept any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus with respect to the Issuer, the Guarantor, Kering, the Kering Group and the Shares or the Delegated Debtor or any other information provided by the Issuer in connection with the offering of the Bonds. To the fullest extent permitted by law, the Managers do not accept any liability in relation to the information contained in or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the offering of the Bonds or their distribution.

This Prospectus incorporates by reference or includes publicly available information with respect to the Guarantor, Kering, Kering and its consolidated subsidiaries taken as a whole (the "**Kering Group**" or the "**Company's Group**") and the Shares as well as the Delegated Debtor. The information relating to the Guarantor, Kering, the Kering Group and the Shares as well as the Delegated Debtor has not been prepared in connection with the offering of the Bonds. In connection with the offering of the Bonds, the Managers have not made any investigation of or inquiry into such publicly available information concerning the Guarantor, Kering, the Kering Group or the Shares or the Delegated Debtor. The Managers do not make any representation, express or implied, that such publicly available information is accurate or complete, and the Managers do not accept any responsibility with respect to the accuracy or completeness of any such information.

Kering has not participated in the preparation of this Prospectus or in establishing the Terms and Conditions of the Bonds. Consequently, the Issuer, the Guarantor, the Delegated Debtor and the Managers cannot provide any assurance that all events occurring prior to the date hereof that may affect the trading price of the Shares, and therefore the price of the Bonds, have been disclosed (this includes events that would affect the accuracy or completeness of either the information described above or the section "*Description of the Company and the Shares*" below). In addition, the Managers have not as of the date hereof or will not have any control over subsequent disclosure of or failure to disclose material future events concerning the Issuer, the Guarantor, Kering, the Kering Group and the Shares as well as the Delegated Debtor, which disclosure could affect the trading price of the Shares deliverable upon exchange of Bonds or the trading price of the Bonds.

Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Guarantor, Kering or the Kering Group or the Delegated Debtor since the date hereof or that there has been no adverse change in the financial position of the Issuer, the Guarantor, Kering or the Kering Group or the Delegated Debtor since the date hereof, nor shall it imply that any information supplied in connection with the offering of the Bonds is correct as of any time subsequent to the date hereof or, if different, the date indicated in the document containing such information.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Bonds and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or the Managers.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Delegated Debtor or the Managers that any recipient of this Prospectus or any other financial statements should purchase, subscribe for or invest in any Bonds or the Shares or exercise any rights conferred by the Bonds or the Shares. Each potential investor of Bonds should base its investment decision upon such investigation as it deems necessary. No advice is given in respect of the tax treatment of investors in connection with any investment in the Bonds and each investor is advised to consult its own professional advisers. The Managers expressly do not undertake to review the financial condition or affairs of the Issuer, the Guarantor, Kering or the Kering's Group or the Delegated Debtor during the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention.

Notice relating to the United States

None of the Bonds or the Shares have been or will be registered under the Securities Act or with any securities regulatory authority of any other jurisdiction. The Bonds are being offered and sold in offshore transactions outside the United States of America in reliance on Regulation S under the Securities Act and, except in a transaction exempt from the registration requirements of the Securities Act, may not be offered, sold or delivered within the United States of America.

Each person acquiring Bonds offered pursuant to this Prospectus is deemed to have declared, guaranteed, and acknowledged, when accepting the Prospectus and the delivery of the Bonds, (1) that it is located outside the United States of America, as defined in Regulation S; and (2) that it acquired the Bonds in an offshore transaction in accordance with Regulation S.

Notice relating to the United Kingdom

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) those persons falling within the definition of investment professionals (persons having professional experience in matters relating to investments) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth entities, and other persons falling within Article 49(2)(a) to (d) of the Order to whom this offering memorandum may lawfully be communicated, or (iv) persons to whom this Prospectus may otherwise be lawfully communicated, (the "**Relevant Persons**"). The Bonds are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Bonds will be engaged only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

Notice relating to the EEA

With respect to any member state of the European Economic Area which has implemented the Prospectus Directive (the "**Relevant Member States**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, no offer of the Bonds which are the subject of the offering contemplated by this Prospectus may be made to the public in any Relevant Member State other than:

(a) to qualified investors as defined in the Prospectus Directive;

(a) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers; or

(b) in any other circumstances that do not require the publication by the Issuer of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

As used in this paragraph, the expression "offer to the public of Bonds" in relation to any Bonds in a given Relevant Member State means any communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the Bonds to be offered, so as to enable an investor to decide to purchase or subscribe for these Bonds, as this definition be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

These restrictions on sale concerning Relevant Member States are in addition to any other restrictions on sale applicable in the Relevant Member States having transposed the Prospectus Directive

Notice relating to France

This Prospectus has not been prepared and is not being distributed in the context of a public offering of securities in France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and, therefore, this Prospectus or any other offering material relating to the Bonds have not been and will not be filed with the French *Autorité des Marchés Financiers* (the "**AMF**") for prior approval or submitted for clearance to the AMF and, more generally, no prospectus has been prepared in connection with the offering of the Bonds that has been approved by the AMF or by the competent authority of another state that is a contracting party to the agreement on the European Economic Area and notified to the AMF; no Bonds have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; this Prospectus and any other offering material relating to the Bonds have not been distributed or caused to be distributed and will not be distributed or caused to be distributed, directly or indirectly, to the public in France; offers, sales and distributions of the Bonds have been and shall only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) or qualified investors (*investisseurs qualifiés*) investing for their own account or a closed circle of investors (*cercle restreint d'investisseurs*), acting for its own account, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 and D. 411-4, D. 744-1, D. 754-1, and D. 764-1 of the French *Code monétaire et financier* and applicable regulations thereunder. The direct or indirect distribution to the public in France of any Bonds so acquired may be made only as provided by Articles L. 411-1 to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

Notice relating to Canada, South Africa, Australia and Japan

The Bonds are not being offered or sold in Canada, South Africa, Australia or Japan.

Presentation of information

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

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IMPORTANT NOTICE

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements regarding the Issuer, the Guarantor, Kering and the Kering Group or the Delegated Debtor. These forward-looking statements are usually identified by words such as “believe”, “estimate”, “anticipate,” “expect”, “plan”, “intend”, “goal”, “target” or, in each case, their negative, other variations or comparable terminology. All statements included in this Prospectus, other than statements of historical facts, are forward-looking statements if they address activities, events or developments that the Issuer, the Guarantor, Kering or the Kering Group or the Delegated Debtor intends, expects, projects, believes, anticipates, aims, plans, will or may occur in the future, including, without limitation, statements regarding the Issuer’s, the Guarantor’s, the Kering’s or the Kering Group’s or the Delegated Debtor’s business strategy, plans and objectives, or future conditions that may influence the Issuer’s, the Guarantor’s, the Kering’s or the Kering Group’s or the Delegated Debtor’s revenues, financial condition, results of operations or performance, statements concerning future growth and expansion into new markets or activities and other similar matters. Such statements are based on assumptions and analyses made by the management of the Issuer, the Guarantor, or of the Kering Group or of the Delegated Debtor in light of its experience and its perception of trends, current conditions, expected future developments and other factors.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Issuer’s, the Guarantor, the Kering’s and the Kering Group’s and the Delegated Debtor’s actual financial condition, actual results of operations, actual cash flows, or the development of the industry in which it operates may differ materially from those suggested by the forward-looking statements contained in this Prospectus. In addition, even if the Issuer’s, the Guarantor’s, the Kering’s or the Kering Group’s or the Delegated Debtor’s financial conditions, results of operations and cash flows, and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this Prospectus, that is not indicative of results or developments in subsequent periods.

Important factors that could cause actual results to differ materially from the Issuer’s, Guarantor’s, Kering’s or Kering Group’s or the Delegated Debtor’s expectations and risks related to the financial condition, results of operations and liquidity position of the Issuer and the Guarantor are discussed in the section “*Risk Factors*” and, with respect to Kering and the Kering Group, the Kering DR 2016, as updated by the Kering HY 2017, as indicated under the section “*Documents Incorporated by Reference*” below, and, with respect to the Delegated Debtor, the CACIB DR 2016, as updated by the CACIB DR 2016 Update, as indicated under the section “*Documents Incorporated by Reference*” below. Kering and the Kering Group operate in a very competitive and rapidly changing environment. New risks, uncertainties and other factors emerge from time to time and it is not possible for the Issuer, the Guarantor, Kering or the Kering Group or the Delegated Debtor to predict all such risks, nor can it assess the impact of any single risk or the extent to which any risk, or combination of risks, may cause actual results to differ materially from those contained in any forward-looking.

The Issuer has no obligation to publicly update or revise any forward-looking statements contained in this Prospectus.

Data from third parties

Throughout this Prospectus certain information has been sourced and obtained from external sources, including data produced by external regulators, research firms and industry experts (the "**Sourced Data**"). While the Issuer believes that the Sourced Data is reliable, the Issuer has not independently verified the Sourced Data. Accordingly, the Issuer makes no representation, warranty or undertaking, express or implied and assumes no responsibility or liability with regard to the accuracy or completeness of the Sourced Data. The Issuer has taken reasonable care in the extraction and reproduction of the Sourced Data in this Prospectus and is not aware of any misstatements regarding the Sourced Data contained in this Prospectus.

None of the Issuer, the Guarantor, the Delegated Debtor or the Managers have made any investigation or inquiry in connection with the offer of the Bonds with respect to such public sources or the information concerning Kering or the Kering Group contained herein. None of the Issuer, the Guarantor, the Delegated Debtor and the Managers makes any representation that such publicly available documents are accurate or complete, and the Issuer, the Guarantor, the Delegated Debtor and the Managers disclaim any liability with respect to the accuracy or completeness of any such information. Kering has not participated in the preparation of this Prospectus or in establishing the terms of the Bonds. Consequently, there can be no assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or completeness of the publicly available documents) that would affect the trading price of the Shares (and therefore the price of the Bonds) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the Company, the Kering Group and the Shares could affect the trading price of the Shares and therefore the trading price of the Bonds.

None of the Issuer or the Guarantor or the Delegated Debtor or the Managers have made any investigation or inquiry in connection with the offer of the Bonds with respect to such public sources. None of the Issuer or the Guarantor or the Delegated Debtor or the Managers makes any representation that such publicly available documents are accurate or complete, and the Issuer and the Guarantor and the Delegated Debtor and the Managers disclaim any liability with respect to the accuracy or completeness of any such information.

Website addresses in this Prospectus are included for reference only and the contents of any such websites are not incorporated by reference into, and do not form part of, this Prospectus.

SUMMARY

The following summary is qualified in its entirety by, and should be read in connection with, the detailed information and financial data included elsewhere in this Prospectus or incorporated herein by reference. Capitalized terms used and not defined herein are defined in the Terms and Conditions of the Bonds.

THE ISSUER

Archer Obligations is a *société anonyme* incorporated under French law.

The company's corporate purpose is to acquire equity stakes or interests, directly or indirectly and by all possible means, in French or foreign companies or groups, whatever their corporate purpose or business activity, as well as the management and potentially the disposal of stakes and interests; more generally, all commercial, industrial and financial operations, involving moveable and immoveable property, directly or indirectly related to the company's purpose or liable to contribute to its development, whether in France or abroad.

Archer Obligations has no business activity at the date of this Prospectus.

THE GUARANTOR

Artémis is a *société anonyme* incorporated under French law.

Groupe Artémis (i.e. the Guarantor and all its consolidated subsidiaries) is composed of companies with a wide range of business activities and a strong international presence. Groupe Artémis' strategy is to invest in businesses with high growth potential and which are expected to become the most successful in their sectors. Groupe Artémis supports its investments with a view to creating long-term value, while actively managing its assets and demonstrating a high level of responsiveness to new opportunities.

THE DELEGATED DEBTOR

The Delegated Debtor, Crédit Agricole Corporate and Investment Bank, is a limited liability company incorporated in France as a "*société anonyme*" and having its domicile in France.

The principal activities of Crédit Agricole CIB are mainly:

Financing: The financing business combines structured financing and commercial banking in France and abroad. Banking syndication is involved in both of these activities.

Capital markets and investment banking: This business includes capital markets, as well as investment banking.

Wealth Management: The Wealth Management offers a tailored approach allowing each individual customer to manage, protect and transfer their assets in a manner which best fits their aspirations. Teams offer expert and first class services for the management of both private and business assets.

THE COMPANY

The Company, Kering, is a French listed *société anonyme*. As global Luxury group, Kering develops an ensemble of luxury houses in fashion, leather goods, jewellery and watches: Gucci, Bottega Veneta, Saint-Laurent, Alexander McQueen, Balenciaga, Brioni, Christopher Kane, McQ, Stella McCartney, Tomas Maier, Boucheron, Dodo, Girard-Perregaux, Pomellato, Qeelin and Ulysse Nardin. Kering is also developing the Sport & Lifestyle brands Puma, Volcom and Cobra.

By ‘empowering imagination’, Kering encourages its brands to reach their potential, in the most sustainable manner.

THE OFFERING

The Issuer	Archer Obligations, a French limited liability company (*société anonyme*), with registered office at 12 rue François 1er, 75008 Paris, registered under number 799 037 999 RCS Paris.
The Guarantor	Artémis, a French limited liability company (*société anonyme*), with registered office at 12 rue François 1er, 75008 Paris, registered under number 378 648 992 RCS Paris.
The Delegated Debtor	CACIB, a French limited liability company (*société anonyme*), with registered office at 12, place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, registered under number 304 187 701 RCS Nanterre.
The Company	Kering, a French limited liability company (*société anonyme*), with registered office at 40, rue de Sèvres, 75007 Paris, registered under number 552 075 020 RCS Paris.
The Bonds	€375,000,000 of zero per cent. non-dilutive cash settled bonds exchangeable for ordinary shares of Kering due 31 March 2023.
Issue Price	102.25%
Issue Date	22 September 2017
Maturity Date	31 March 2023
The Shares	Existing ordinary shares of Kering of €4 nominal value each admitted to trading on Euronext Paris (ISIN FR0000121485).
Form and denomination	The Bonds will be issued in dematerialised bearer form in the denomination of Euro 100,000 each.
Status of the Bonds and the Guarantee	The Bonds and the Guarantee will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and the Guarantor, respectively, and will rank *pari passu* and without any preference among themselves and equally and rateably with all other unsecured and unsubordinated, present and future, indebtedness and monetary obligations of the Issuer and the Guarantor, save for such exceptions as may be provided by applicable legislation and subject to the Conditions 2 and 3 (*Status and Negative Pledge*) of the Terms and Conditions of the Bonds.
Delegation	The Issuer has delegated to CACIB for the benefit of the Bondholders (collectively represented by the Masse), in respect of the Issuer’s obligation to pay the Performance Cash Amount (if any) in accordance with the terms and conditions of the Bonds herein (the “Terms and Conditions of the Bonds”).
Interest	Zero per cent.
Exchange Rights	During the Exchange Period (as defined in Condition 7(a)(ii) of the Terms and Conditions of the Bonds), the Bondholders will have the

	right to exchange their Bonds
Redemption at the Option of the Issuer	The Issuer may, at its option, redeem the Bonds outstanding: - if a Change in Law (as defined in Condition 10) occurs; - at any time prior to the Final Maturity Date, the aggregate principal amount of the Bonds outstanding is equal or less than 15 per cent. of the aggregate principal amount of the Bonds originally issued, in accordance with Condition 11(b)(i); - if, by reason of any change in French law or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer, the Delegated Debtor or the Guarantor would on the occasion of the next payment of principal or any other amount due in respect of the Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 13(b); - if the Issuer, the Delegated Debtor or the Guarantor would on the next payment of principal or any other payment in respect of the Bonds be prevented by French law or by any official application or interpretation of such law from making payment to the Bondholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 13(b).
Event of Default, Change of Control, Large Distribution Event, Parity Event and II	The Bondholders will have the right to require the Issuer to redeem their Bonds at their Cash Amount.
Event of Default	The Terms and Conditions of the Bonds contain provisions entitling the Representative of the Masse (as defined in the Terms and Conditions), upon the occurrence of an Event of Default, all set ou in Condition 14, to cause the Bonds to become due and payable at their principal amount.
Principal Paying, Transfer and Exchange Agent	CACEIS Corporate Trust
Calculation Agent	Conv-Ex Advisors Limited
Risk Factors	Prospective investors should consider, among other things, the Risk Factors set out herein (see "**Risk Factors**")
Listing	Application has been made for the Bonds to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange.
Selling Restrictions	See "Subscription and Sale"
Governing Law	French law

Clearing	Euroclear France, Euroclear and Clearstream, Luxembourg
Clearing Codes	ISIN Code: FR0013284130 Common Code: 168920334

RISK FACTORS

*Investors should consider the risks set out in this section "Risk Factors" together with all other information contained in this Prospectus (including any Documents Incorporated by Reference in this Prospectus – see the section "*Documents Incorporated by Reference*" below). Each investor should consult its own financial, tax and legal advisers, as to the risks and investment considerations arising from an investment in the Bonds, the appropriate tools to analyse such an investment and its suitability in the particular circumstances of such investor.*

This section contains a description of what the Issuer considers to be the principal risk factors that are material to an investment in the Bonds. They are not the only risks that the Issuer, the Guarantor, the Company or the Delegated Debtor faces, but are risks the Issuer considers may affect its ability to fulfil its obligations under, or in respect of, the Bonds. The Issuer may not be aware of all current risks or risks that it does not currently consider to be material become material or prevent it from fulfilling its obligations under the Bonds.

These risk factors may not materialise and the Issuer is not in a position to express any view on the likelihood of any one of these risks materializing. However, if any of these or other risks were to materialise, it could result in an investor losing all or part of the value of its investment in the Bonds.

In this section, defined terms have the meaning given to them in other sections of this Prospectus, unless otherwise defined in this section.

Risk relating to the Company

Risks identified in the Company's 2016 Document de Référence and the 2017 Half-Year Activity Report

Investors should carefully read the risk factors relating to Kering appearing notably on pages 254 to 260 and 316 to 325 of Kering DR 2016 and on page 42 of Kering HY 2017 (both as defined in "*Documents Incorporated by Reference*") which are incorporated by reference in this Prospectus and available on the website of Kering (www. kering.com).

The Issuer has not verified the information relating to the Company and the Shares set out in this Prospectus

Included or incorporated by reference in this Prospectus is certain publicly available information relating to the Company. The Issuer has not verified the accuracy or completeness of such information. The Company has not participated in the preparation of this Prospectus. Consequently, there can be no assurance that all events occurring prior to the date hereof (including events that would affect the accuracy or the completeness of the information relating to the Company) that would affect the trading value of the Shares (and therefore the value of the Bonds) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of, or failure to disclose, material future events affecting the Company and/or the Shares, including corporate events, such as shares sales or reorganizations, and/or material future events in the industry in which the Company operates and/or in the capital markets generally could affect the trading value of the Shares deliverable to investors and, therefore, the trading value of the Bonds.

Risk relating to the Delegated Debtor

Risks identified in the Delegated Debtor's 2016 Document de Référence and its update

Investors should carefully read the risk factors relating to CACIB appearing notably on pages 165 to 195 and 258 to 260 of CACIB DR 2016 as updated in the CACIB DR 2016 Update on pages 11 to 21 (both as defined in "*Documents Incorporated by Reference*") which are incorporated by reference in this Prospectus and available on the website of CACIB (www.ca-cib.com).

Risk relating to the Delegation

The Performance Cash Amount (if any) is exclusively payable by the Delegated Debtor, without any recourse against the Issuer or the Guarantor in case of failure of the Delegated Debtor. In addition, a failure of the Delegated Debtor shall not, in any circumstance, constitute an Event of Default under the Bonds.

Risks relating to the Guarantor

Due to the structure of its assets, the potential risk factors relating to the Guarantor are mainly those relative to its principal subsidiaries, notably its listed subsidiaries, including Kering.

The risk factors relating to Kering are described, notably, on pages 254 to 260 and 316 to 325 of Kering DR 2016 and on page 42 of Kering HY 2017 (both as defined in "*Documents Incorporated by Reference*"). A drop in Kering's share price or in the value of its other investments would automatically have a bearish effect on the value of the Guarantor's asset.

Risks relating to the Issuer and the Guarantor

The Issuer and the Guarantor are shell or holding companies that have no revenue generating operations of their own and will depend on cash from their operating subsidiaries to be able to make payments on the Bonds or the Guarantee

The Issuer and the Guarantor are shell or holding companies with no business operations and no assets other than intercompany receivables and the equity interests they hold in each of their subsidiaries. The Issuer and the Guarantors will therefore be dependent upon the cash flow from their operating subsidiaries in the form of dividends, interest payments on intercompany loans or other distributions or payments to meet their obligations, including their obligations under the Bonds and the Guarantee.

If the subsidiaries of the Guarantor do not fulfil their obligations under the intercompany loans and do not distribute cash to the Issuer to make scheduled payments on the Bonds, the Issuer will not have any source of funds that would allow it to make payments to the Bondholders. The amounts of dividends and distributions available to the Issuer and the Guarantor will depend on the profitability and cash flows of the companies comprising the Group and on decisions to distribute dividends. The subsidiaries of the Guarantor may not, however, be able to, or may not be permitted under applicable law to make dividends, distributions or otherwise make upstream payments or advance upstream loans to their shareholders (including the Issuer and the Guarantor) to make payment in respect of the Bonds and the Guarantee.

The Issuer has limited operating history

The Issuer has been in existence since end of 2013 and has no operating activities.

The historical financial statements included in this Prospectus are not necessarily representative of the Issuer's future activity, business, financial position, results of operations, prospects, and future operations and their results may be materially different.

Risks relating to litigation and investigations in progress

In the ordinary course of business, the Issuer and the Guarantor may be involved in a certain number of legal, administrative, criminal or arbitration proceedings relating in particular to civil liability, competition, intellectual and industrial property, taxation, environmental matters and discrimination. The most significant on-going disputes for which the Issuer and the Guarantor have received notice are detailed in Sections "Description of the Issuer – 6. Litigation and Disputes" and "Description of the Guarantor – 7. Litigation and Disputes" of this Prospectus. In connection with some of these proceedings, monetary claims of a significant amount have been or could be made against the Issuer or the Guarantor. The corresponding provisions that the Issuer and the Guarantor could be required to record in their accounts could prove insufficient. Moreover, the possibility cannot be excluded that in the future, new proceedings, whether or not related to current proceedings, relating to the risks identified by the Issuer or the Guarantor or to new risks, could be brought against the Issuer or the Guarantor. Finally, although the Issuer and the Guarantor believe that many of these ongoing proceedings are covered by existing liability guarantees, there can be no assurance that such liability guarantees will not be challenged or that any resulting indemnity payments made thereunder, either in their timing or amount, will be sufficient to avoid a negative impact on the Issuer or the Guarantor.

These proceedings, if their outcome were unfavourable, could thus have a material adverse effect on the Issuer's or the Guarantor's business, results of operations, financial situation and prospects

Risks relating to the Bonds

The Bonds are complex securities that may not be necessarily a suitable investment for all investors

Investors must have sufficient knowledge and experience with respect to financial markets, the Issuer, the Guarantor, the Delegated Debtor and Kering to assess the benefits and risks of investing in the Bonds, as well as an understanding of, and access to, analytical tools to assess the possible risks and returns in light of their financial situation. Investors should be able to understand in which cases and under which conditions the exchange of the Bonds may be advantageous for them. The Bonds are unsuitable for investors who are not familiar with concepts such as redemption at or before maturity at the Issuer's or the Bondholders' option, event of default, or other financial terms, such as the Exchange Right that apply to these types of securities.

Investors must also ensure that they have adequate financial resources to bear the risks associated with an investment in the Bonds, and that this type of security is suitable for their individual situation.

The Terms and Conditions of the Bonds could be amended without the consent of all Bondholders

The Terms and Conditions of the Bonds allow the general meeting of Bondholders to amend the Terms and Conditions of the Bonds, with the agreement of the Issuer, if a majority of Bondholders present or represented at the general meeting of Bondholders approves such amendment. Any such approved amendment will be binding on all Bondholders.

The Terms and Conditions of the Bonds are based on the laws in force in France on the date of this Prospectus. Changes in such laws may result in the modification of the Terms and Conditions of the Bonds, which may impact their value. No assurance can be given with respect to the likelihood or the impact of any possible change in French law, or its application or interpretation after the date of this Prospectus.

Bondholders have no shareholder rights in the Company

An investor in the Bonds, even upon exercise of his Exchange Right, will not be an holder of the Shares and will therefore not have any voting rights, any right to receive dividends or other distributions or any other rights with respect to the Company.

Upon valid exercise of his Exchange Right, a Bondholder will receive whether (i) a Cash Amount pursuant to Condition 7(c), (ii) an Early Redemption Cash Amount pursuant to Condition 7(d) or (iii) an Early Redemption Amount pursuant to Condition 10 or Condition 11(d).

The Bonds may not have an active trading market

Application for listing has been made to the Euro MTF Market of the Luxembourg Stock Exchange. Accordingly, the Bonds may not be admitted to trading before settlement.

Although the Issuer will agree to use its commercially reasonable efforts to have the Bonds listed on the Euro MTF Market of the Luxembourg Stock Exchange and to maintain a listing on that stock exchange or another internationally recognized stock exchange as long as the Bonds are outstanding, no assurance can be given that the Bonds will become, or remain listed. Although no assurance is made as to the liquidity of the Bonds as a result of listing on the Official List of the Luxembourg Stock Exchange or another internationally recognized stock exchange, failure to be approved for listing or the delisting of the Bonds from the Official List of the Luxembourg Stock Exchange or another stock exchange may have a material adverse effect on a holder's ability to resell Bonds in the secondary market.

No assurance can be given that an active trading market for the Bonds will develop or that Bondholders will be able to trade their Bonds on this market at satisfactory price and liquidity conditions. Furthermore, were such a market to develop, the Bonds could be subject to considerable volatility. In addition, trading in large quantities of Bonds between institutional investors often takes place over-the-counter. Consequently, not all investors may have access to this type of transaction and in particular, may not enjoy similar financial terms and conditions. There is no obligation for the Issuer or the Managers to create a market for the Bonds.

The market price of the Bonds will depend on numerous factors

The market price of the Bonds will depend on numerous factors that could be subject to significant fluctuations such as, prevailing interest rates, prevailing inflation rates, variations in the Issuer's performance or in the performance of the Guarantor and Kering, fluctuations in and/or changes in the volatility of the market price of the Shares, or changes in dividend payments made by Kering. Depending on the evolution of the global economy, particularly in case of a recession or a long-term depression or a significantly slowdown in economic growth, the market price of the Shares and/or their volatility might be adversely affected. Developments and changes in securities analysts' recommendations regarding the sectors in which the Issuer and/or the Guarantor and Kering operate may also influence and or increase the volatility to the market price of the Bonds and/or the Shares.

The value of the Bonds can go down as well as up and an investor may not be able to sell the Bonds for the amount invested in them.

Bondholders have limited anti-dilution protection

The Exchange Ratio applicable in the event of the exercise of the Exchange Right will be adjusted upon the occurrence of certain events but only in the situations and only to the extent provided in Condition 8 (*Adjustment of Exchange Price and the Shares)* of the Terms and Conditions of the Bonds. There is no requirement to adjust the Exchange Ratio for every corporate or other event that may affect the value of the Shares. Events for which no adjustment is provided could have an adverse effect on the value of the Shares and, consequently, on the value of the Bonds.

The negative pledge condition allows the Issuer and the Guarantor (and its subsidiaries) to dispose freely of their assets or grant any and all security interest in such assets

The Bonds and the Guarantee will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and the Guarantor, respectively, and will rank *pari passu* and without any preference among themselves and equally and rateably with all other unsecured and unsubordinated, present and future, indebtedness and monetary obligations of the Issuer and the Guarantor, save for such exceptions as may be provided by applicable legislation and subject to the Conditions 2 and 3 (*Status and Negative Pledge*) of the Terms and Conditions of the Bonds.

The negative pledge condition applicable to the Bonds and the Guarantee states that, so long as any of the Bonds and the Guarantee remains outstanding (as defined in the Terms and Conditions of the Bonds), the Issuer and the Guarantor, respectively, will not create or permit to subsist any mortgage, charge, pledge, lien (other than a lien arising by operation of law) or other form of encumbrance or security interest (*sûreté réelle*) upon the whole or any part of their respective assets or revenues, present or future, to secure any Capital Market Indebtedness (as defined in Condition 3 (*Negative Pledge*) of the Terms and Conditions of the Bonds) or any guarantee of or indemnity in respect of any Capital Market Indebtedness unless, at the same time or prior thereto, the Issuer's and the Guarantor's obligations under the Bonds (A) are secured equally and rateably therewith or (B) have the benefit of such other security or other arrangement as shall be approved by the *Masse* pursuant to Condition 16 (*Representation of Bondholders*) of the Terms and Conditions of the Bonds.

This undertaking is given only with respect to issuances of debt securities referred to above, and does not in any way affect the right of the Issuer to otherwise dispose of the ownership of its assets or to permit to subsist any existing, or to grant any additional, security in respect of such assets in any other circumstances.

The Bonds are subject to limited financial restrictions only

The Issuer reserves the right to issue other securities, including other bonds, that may represent significant amounts, increase the Issuer's indebtedness and decrease the Issuer's credit quality.

The Terms and Conditions of the Bonds do not require the Issuer or the Guarantor to maintain specific levels of shareholder's equity, revenues, cash flows or liquidity and, accordingly do not protect Bondholders in all cases of deterioration of the Issuer's financial condition.

The Issuer has the option to redeem the Bonds prior to maturity

The Terms and Conditions of the Bonds contemplate that the Bonds may be redeemed prior to maturity at the option of the Issuer in certain circumstances. In such circumstances, investors may not be able to reinvest the redemption proceeds for the Bonds in a comparable security. Prospective investors should consider the risk of reinvestment in light of other investment options available to them.

The Issuer or the Guarantor may not be able to repay the Bonds and the Delegated Debtor may not be able to pay the Performance Cash Amount

The Issuer or the Guarantor may not be able to repay the Bonds, including at maturity or upon the occurrence of an Event of Default or upon a Change of Control, as defined and in accordance with Condition 14 (*Events of Default*) or Condition 11(c) (*Redemption at the Option of Bondholders* *following a Change of Control of the Issuer and/or a Change of Control of the Guarantor and/or a Change of Control of the Company*) of the Terms and Conditions of the Bonds, respectively.

The Delegated Debtor may not be able to pay the Performance Cash Amount when due pursuant to Condition 7(e).

If the Bondholders were to require the early repayment of the Bonds, there can be no assurance that the Issuer or the Guarantor will be able to pay the full amount due, nor that the Delegated Debtor will be able to pay the Performance Cash Amount. The Issuer's or the Guarantor's ability to repay the Bonds and the Delegated Debtor's ability to pay the Performance Cash Amount will depend on their financial situations on the relevant repayment date and may be restricted by applicable laws or by the terms of their indebtedness or other agreements in force at this time, which may replace, supplement or amend its existing or future indebtedness.

The Issuer's or the Guarantor's failure to repay its respective pecuniary obligations under the Bonds may constitute an event of default pursuant to the terms of other indebtedness of the Issuer.

Risks relating to the exercise of the Exchange Right

During the Exchange Period (as defined in Condition 7(a)(ii) (*Exchange Right*) of the Terms and Conditions of the Bonds), Bondholders may exercise their Exchange Right.

The relevant Bond(s) will be redeemed at the amount specified below:

- at their Cash Amount (including, as the case may be, the Performance Cash Amount) upon the valid exercise of its Exchange Right by a Bondholder;
- at their Early Redemption Cash Amount (including, as the case may be, the Performance Cash Amount), if following the valid exercise by a Bondholder of its Exchange Right and prior to the last Averaging Date in relation to the Cash Amount Calculation Period (as defined in Condition 7(c)) a notice of redemption is published by the Issuer pursuant to Condition 10 or Condition 11(d) following the occurrence of an event as a result of which the Bonds in respect of which the relevant Bondholder has exercised Exchange Rights would otherwise fall to be redeemed in accordance with such Condition had the Bondholder not exercised its Exchange Right; or
- at their Early Redemption Amount, if (i) a Nationalisation, Delisting or Illiquidity Event occurs in accordance with Condition 10, (ii) a Change in Law (other than in the circumstances the subject of Condition 11(b)(ii)(A) or 11(b)(ii)(B)) or (iii) settlement of option contracts occurs in accordance with Condition 11(d).

A downgrade in the Company's rating or the Bonds may affect the price of the Bonds and/or marketability

No assurance can be given that the term of the Bonds, the Company's rating or the rating of the Bonds will not be lowered. A downgrade in credit ratings may have an impact on the price of the Bonds and/or their marketability.

If the European Monetary Union ceases to exist or one or more countries leave the European Monetary Union, the Company's margins and results of operations and financial condition may be materially adversely affected

Recent economic events affecting the European economies, including the anticipated exit of the United Kingdom from the European Union or sovereign debt and other economic crises in certain EU countries, have raised a number of questions regarding the overall stability of the European Monetary Union and the European Union. Despite measures taken by countries in the European

Monetary Union and the European Central Bank to alleviate credit risk, concerns persist with respect to the ability of certain European Monetary Union countries to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual European Monetary Union member states.

Governments and regulators have implemented austerity programs and other remedial measures to respond to the Eurozone debt crisis and stabilize the financial system, but the actual impact of such programs and measures are difficult to predict. If the Eurozone debt crisis is not resolved, it is possible that one or more countries may default on their debt obligations and/or cease using the euro and re-establish their own national currency or that the Eurozone may collapse. If such an event were to occur, it is possible that there would be significant, extended and generalized market dislocation, which may have a material adverse effect on the Company's business, results of operations and financial condition. In addition, the departure of one or more countries from the Eurozone may lead to the imposition of, among others, exchange rate control laws.

Any of these developments, or a perception that any of these developments may be likely to occur, could have a material adverse effect on the economic development of the affected countries or lead to economic recession or depression that could jeopardize the stability of financial markets or the overall financial and monetary system. This, in turn, may have a material adverse effect on the Company's business, financial condition, and results of operations.

No obligation on the part of the Company with respect to the Bonds

The Company is not involved in the offering of the Bonds. The Company has no obligations with respect to the Bonds or amounts to be paid to the Bondholders, including any obligation to take into consideration the needs of the Issuer or the Bondholders, for any reason. Accordingly, a Bondholder will have no recourse against the Company.

Risk relating to BRRD

On 15 May 2014, Directive 2014/59/EU of the European Parliament and the Council establishing a framework for the recovery and resolution of credit institutions and investment firms (the **Bank Recovery and Resolution Directive** or **BRRD**) was adopted.

The BRRD, as implemented into French law, contains in particular the bail-in tool, which gives resolution authorities the power to write-down the claims of unsecured creditors of a failing institution (such as the Delegated Debtor, assuming that it is placed into resolution) and to convert certain unsecured debt claims (including the Delegation) to equity (the "**general bail-in tool"**), such equity being potentially subject to future cancellation, transfer or dilution by application of the general bail-in tool.

Further issues or sales of the Shares

There can be no certainty as to the effect, if any, that future sales of Shares, or the availability of such Shares for future sale, would have on the market price of the Shares and therefore on the price of the Bonds. Sales of substantial numbers of Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the Shares and the Bonds.

Certain Bondholders may be exposed to exchange rate risk

The Issuer will make all payments due under the Bonds in euros. Bondholders whose financial operations are conducted primarily in a currency other than the euro should take into consideration the risk of exchange rate fluctuations against the euro or changes in exchange control regulations.

An appreciation of the Bondholder's currency relative to the euro would decrease the value, in the Bondholder's currency, of payments received in connection with the Bonds at repayment and, therefore, their yield for the Bondholder. Furthermore, governments and monetary authorities could impose, as some have done in the past, exchange control regulations that could affect the applicable exchange rates. In this case, Bondholders could receive lower principal and premium than expected at repayment.

Bondholders do not have any security interest (sûreté) over the Bonds and no right over the Shares

The Bondholders do not have any security interest (*sûreté*) with respect to the payment obligations under the Bonds. Accordingly, in the event of any insolvency of the Issuer, the Delegated Debtor or the Guarantor (as the case may be) the Bondholders' claims will rank *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, the Guarantor and the Delegated Debtor.

In addition, the Bondholders will have no rights over the Shares.

Terms and Conditions of the Bonds may not be applicable in the event of pre-insolvency or insolvency proceedings (**procédures collectives)** ***of any of the Issuer, Guarantor, Delegated Debtor or Principal Paying, Transfer and Exchange Agent under French law***

As a preliminary comment, and in addition to the specific provisions of French insolvency law discussed below, Bondholders may be subject to Article 1343-5 of the French *Code Civil* pursuant to which French courts may defer or otherwise reschedule over a maximum period of two years (grace period) the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the legal rate as published annually by decree) or that payments made shall first be allocated to repayment of principal. Such a court order will suspend any pending enforcement measures, and any contractual interest or penalty for late payment will not accrue or be due during the grace period.

The following only addresses the main legal considerations of French insolvency law as amended by Ordinance No. 2014-326 dated 12 March 2014 and in force from 1 July 2014 that may be relevant to Bondholders. In the event of a conflict between the terms relating to the representation of the Bonds and the law that applies to these procedures, the latter prevails.

Should the Issuer or the Guarantor become subject to French court-assisted proceedings of *mandat ad hoc* or *conciliation,* contractual provisions modifying the terms of an outstanding contract by diminishing the rights or increasing the obligations of the debtor solely by reason of the appointment of a *mandataire ad hoc* or the opening of conciliation proceedings or any request made to this end are deemed null and void.

Should the Issuer, the Guarantor and/or the Delegated Debtor, if applicable, become subject to a safeguard procedure (*procédure de sauvegarde*), an accelerated safeguard procedure (*procédure de sauvegarde accélérée)*, an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée)* or a judicial reorganization procedure (*redressement judiciaire*), all of the creditors holding bonds issued in France or in a foreign country (including the Bondholders) will be grouped into a single general meeting.

Pursuant to French insolvency law, the single general meeting is consulted on a safeguard or reorganization plan proposed by the debtor with the judicial administrator. Each member of the creditors' committee (financial institutions committee and suppliers committee if any; but not the bondholders) may propose an alternative plan.

The safeguard or reorganisation plan may lead to (i) an increase of the liabilities (*charges*) of bondholders (including those of the Bondholders) by lengthening payment schedules and/or by granting a total or partial release (*un abandon total ou partiel*) of the bond claims (*créances obligataires*), (ii) treat bondholders (including the Bondholders) differently if differences in their situation so justify; and/or (iii) a conversion of the bonds (including those of the Bondholders) giving or potentially giving access to the share capital.

A safeguard or reorganisation plan will need to obtain the support of each of the creditors' committees and the single general meeting by a two-thirds majority of the amount of the claims held by the members of the committee or bondholders who have voted, notwithstanding any provision to the contrary contained in contracts applicable to the debt (including the Bonds) and irrespective of the law governing such contracts. No quorum requirements apply to such meetings.

Each member of the single general meeting of bondholders must, if applicable, inform the judicial administrator of the existence of any agreement relating to the exercise of its vote or providing for the full or partial payment of its claim by a third party, as well as of any subordination agreement. The judicial administrator shall then submit to the concerned bondholder a proposal for the computation methods of its voting rights in the single general meeting. In the event of a disagreement, the concerned bondholder or the judicial administrator may request that the matter be decided by the president of the relevant court in summary proceedings.

Bondholders whose repayment terms are not affected by the draft safeguard or reorganisation plan, or for which the draft plan provides for full repayment in cash upon approval of the plan or admission of their claims, will not be consulted on the safeguard or reorganisation plan.

Following approval by the creditors' committees and the bondholders' general assembly, and once sanctioned by the court, the safeguard or reorganization plan will be binding on all the members of the creditors' committees and the single general meeting of bondholders (including those who voted against the adoption of the plan).

In the event that any of the committees or the bondholders' general assembly has refused to give its consent to the plan within six months from the opening of regular safeguard or reorganisation proceedings (period which may be extended by the court at the request of the judicial administrator, to the extent it does not exceed the duration of the observation period), the plan will not be approved by the court and a consultation of the creditors on an individual basis will take place. The court has the right to impose uniform debt deferrals for a maximum period of ten years (it being noted that debts whose maturity dates exceed the duration of the plan are not concerned and their maturity dates shall remain the same), but the court may not impose debt write-offs or debt-to-equity swaps. The first payment must be made within a year of judgment adopting the plan (in the third and subsequent years, the amount of each annual instalment must be of at least 5% of the admitted claims).

Contractual provisions pursuant to which the opening of the proceedings constitutes an event of default, as well as, according to a decision of the French Supreme Court dated 14 January 2014, n°12-22.909, "contractual provisions modifying the conditions of continuation of an ongoing contract, diminishing the rights or increasing the obligations of the debtor solely upon the opening of reorganization proceedings" (which should also apply in case of safeguard, accelerated safeguard or accelerated financial safeguard) are not enforceable against the debtor.

In addition, during the observation period, the debtor is prohibited from paying debts incurred prior to the date of the court decision commencing the proceedings, subject to specific exceptions, and creditors may not pursue any individual legal action against the debtor with respect to any such claim or enforce any security interest except where such asset - whether tangible or intangible, movable or immovable - is located in another Member State within the European Union, in which case the rights in rem of creditors thereon would not be affected by the insolvency proceeding, in accordance with the terms of Article 5 EU 1346/2000 Regulation.

French insolvency law assigns priority to the payment of certain preferred creditors, including employees, post-petition legal costs (essentially, fees of the officials appointed by the insolvency court), creditors who, as part of the sanctioned conciliation agreement, have provided new money or goods or services (the "new money privilege"), certain pre-petition secured creditors in judicial liquidation proceedings only, post-petition creditors, the French State (taxes and social charges), other pre-petition secured creditors and pre-petition unsecured creditors.

Investors in the Bonds may be required to pay taxes or other charges or duties

Prospective purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Bonds are transferred or other jurisdictions. Prospective investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, disposal and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the prospective investor. This paragraph has to be read in conjunction with the taxation section of this Prospectus.

Payments in respect of the bonds may be subject to a deduction or withholding for taxes

If any deduction or withholding for any taxes were to be required on any payment with respect to the Bonds, the relevant payment would be made subject to and after any such deduction or withholding. The Issuer will only be required to pay such additional amounts as may be necessary in order that the holder of a Bond, after a deduction or withholding by France, will receive the full amount then due and payable thereon in the absence of such deduction or withholding, under the conditions described in Condition 13 of the Terms and Conditions.

Transactions on the Bonds and Shares could be subject to the European financial transaction tax, if adopted (the "FTT")

On 14 February 2013, the European Commission adopted a proposal (the "Commission's Proposal") for a directive for a common financial transaction tax (the "FTT") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain) (the "Participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain transactions relating to the Bonds (including secondary market transactions) in certain circumstances. Noteholders or beneficial owners of Notes may therefore be exposed to increased transaction costs.

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

The FTT proposal remains subject to negotiation between the participating Member States and may therefore be altered prior to any implementation, the timing of which remains unclear. Member States may join or leave the Participating Member States at later stages.

Prospective investors are advised to seek their own professional advice in relation to the FTT.

The tax burden of the Issuer could increase due to changes in tax law or their application or interpretation, or as a result of current or future tax audits

The tax burden of the Issuer could increase due to changes in tax law or their application or interpretation, or as a result of current or future tax audits.

Its tax burden is dependent on certain aspects of tax laws in France and abroad and their application and interpretation. Changes in tax laws or their interpretation or application, *potentially with a retroactive effect,* could increase the Issuer's tax burden. As a result of future tax audits or other review actions of the relevant financial or tax authorities, additional taxes could be identified, which could lead to an increase in its tax obligations, either as a result of the relevant tax payment being levied directly on the Issuer or as result of the Issuer becoming liable for tax as a secondary obligor due to a primary obligor's failure to pay.

The occurrence of any of the foregoing tax risks could have a material adverse effect on the Issuer's business, financial condition and results of operations.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been previously published or are being published simultaneously with the Prospectus:

- the English language version of the *Document de référence* 2016 of Kering filed with the *Autorité des Marchés Financiers* (the "**AMF**") on 30 March 2017 under No. D.17-0256 (the "**Kering DR 2016**"). The Kering DR 2016 includes the audited consolidated annual financial statements of Kering for the financial year ended 31 December 2016 and the related notes and statutory auditor's reports, excluding the responsibility statement on page 383;
- the English language version of the 2017 Half-Year Activity Report of Kering (the "**Kering HY 2017**") published on 27 July 2017 and available in the "Regulated information" section of Kering's website (www.kering.com);
- the English language version of the *Document de référence* 2016 of Crédit Agricole Corporate and Investment Bank filed with the AMF on 22 March 2017 under No. D.17-0208 (the "**CACIB DR 2016**"). The CACIB DR 2016 includes the audited consolidated annual financial statements of CACIB for the financial year ended 31 December 2016 and the related notes and statutory auditor's reports;
- the English language version of the update of the CACIB DR 2016 filed with the AMF on 17 August 2017 under No. D.17-0208-A01 (the "**CACIB DR 2016 Update**"). The CACIB DR 2016 Update includes the interim condensed consolidated financial statements as of 30 June 2017; and
- The English language version of the press release published by Crédit Agricole SA on 12 September 2017 (the "**Crédit Agricole Group Press release**").

This Prospectus should be read and construed in conjunction only with the sections of the above-mentioned documents, which are incorporated herein by reference, as described in the tables below ("**Documents Incorporated by Reference**"). Information contained in the documents listed above, other than that contained in the sections indicated in the tables below, is for information purposes only.

The sections indicated in the tables below shall be incorporated in and form part of this Prospectus, save that any statement contained in any such section shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The Documents Incorporated by Reference relating to Kering are available free of charge on Kering's website (www.kering.com).

The Documents Incorporated by Reference relating to CACIB are available free of charge on CACIB' website (www.ca-cib.com).

This Prospectus and the Documents Incorporated by Reference are available on the Luxembourg Stock Exchange's website (www.bourse.lu).

Further, all of the Documents Incorporated by Reference will be available according to paragraph 11 of the section "*General Information*".

Sections of the Documents Incorporated by Reference incorporated by reference

Document de Référence of the Company

The information relating to the Company, in accordance with the LuxSE Rules, can be found in the documents incorporated by reference in this Prospectus in accordance with the following cross-reference table.

Schedule B of Appendix III of the LuxSE Rules relating to Kering		**Page no. in the relevant Documents Incorporated by Reference**
CHAPTER 1		
Information concerning those responsible for the prospectus and the auditing of accounts		
1.3	Names, addresses and qualifications of the official auditors who have audited the company's annual accounts for the preceding three financial years in accordance with national law. Statement that the annual accounts have been audited. If audit reports on the annual accounts have been refused by the official auditors or if they contain qualifications, such refusal or such qualifications must be reproduced in full and the reason given. Indication of other information in the prospectus which has been audited by the auditors.	Pages 344-345 ; 363-364 and 384 of DR 2016 Pages 303 and 321-322 of DR 2015
CHAPTER 3		
General information about Kering and its capital		
3.1	General information about Kering.	
3.1.0	Name, registered office and principal administrative establishment if different from the registered office.	Page 380 of DR 2016
3.1.1	Date of incorporation and length of life of Kering, except where indefinite.	Page 380 of DR 2016
3.1.2	Legislation under which Kering operates and legal form which it has adopted under that legislation.	Page 380 of DR 2016
3.1.3	Indication of Kering's objects and reference to the articles of association in which they are described	Page 380 of DR 2016
3.1.4	Indication of the register and of the entry number therein	Page 380 of DR 2016
3.1.5	Reference to the deposit of the updated statutory documents and indication where these may be inspected and where they are available to any interested person.	Page 380 of DR 2016
3.2	General information about capital.	
3.2.0	The amount of the issued capital and the number and classes of the shares of which it is composed with details of their principal characteristics.	Page 368 of DR 2016

3.2.1	If Kering belongs to a group of undertakings, a brief description of the group and of Kering's position within it.	Pages 4 to 56 of DR 2016
CHAPTER 4		
Information concerning Kering's activity		
4.1	Kering's principal activities.	
4.1.0	Description of Kering's principal activities, stating the main categories of products sold and/or services performed	Pages 17 to 56 of DR 2016
CHAPTER 5		
Information concerning Kering's assets and liabilities, financial position and profits and losses		
5.1	Accounts of Kering	Pages 221 to 345 of DR 2016 Pages 1 to 72 of HY 2017
5.4.1	Indication where annual or where appropriate interim reports can be obtained (indicate if and how often interim reports are published)	Pages 377, 380 and 385 of DR 2016
5.4.2	Indication where all financial notices concerning the company and intended for bondholders are published	Pages 377, 380 and 385 of DR 2016
CHAPTER 6		
Information concerning administration, management and supervision		
6.1	Names, addresses and functions in Kering of the administration, management and supervision persons, and an indication of the principal activities performed by them outside Kering, where these are significant with respect to that undertaking.	Pages 146 to 160 of DR 2016
CHAPTER 7		
Information concerning the recent development and prospects of Kering		
7.1	Include a statement that there has been no material adverse change in the prospects of Kering since the date of its last published audited financial statements. In the event that Kering is unable to make such a statement, provide details of this material adverse change.	Page 249 of DR 2016
7.2	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on Kering's prospects for at least the current financial year.	Page 249 of DR 2016

Document de Référence of the Delegated Debtor

The information relating to the Delegated Debtor, in accordance with the LuxSE Rules, can be found in such documents incorporated by reference of this Prospectus in accordance with the following cross-reference table.

Schedule B of Appendix III of the LuxSE Rules relating to CACIB		Page no. in the relevant Documents Incorporated by Reference
CHAPTER 1		
Information concerning those responsible for the prospectus and the auditing of accounts		
1.3	Names, addresses and qualifications of the official auditors who have audited the company's annual accounts for the preceding three financial years in accordance with national law. Statement that the annual accounts have been audited. If audit reports on the annual accounts have been refused by the official auditors or if they contain qualifications, such refusal or such qualifications must be reproduced in full and the reason given. Indication of other information in the prospectus which has been audited by the auditors.	Pages 354-355, 388-389 and 400 of CACIB DR 2016
CHAPTER 3		
General information about CACIB and its capital		
3.1	General information about CACIB.	
3.1.0	Name, registered office and principal administrative establishment if different from the registered office.	Page 392 of CACIB DR 2016
3.1.1	Date of incorporation and length of life of CACIB, except where indefinite.	Page 392 of CACIB DR 2016
3.1.2	Legislation under which CACIB operates and legal form which it has adopted under that legislation.	Page 392 of CACIB DR 2016
3.1.3	Indication of CACIB's objects and reference to the articles of association in which they are described	Page 392 of CACIB DR 2016
3.1.4	Indication of the register and of the entry number therein	Page 392 of CACIB DR 2016
3.1.5	Reference to the deposit of the updated statutory documents and indication where these may be inspected and where they are available to any interested person.	Page 392 of CACIB DR 2016
3.2	General information about capital.	
3.2.0	The amount of the issued capital and the number and classes of the shares of which it is composed with details of their principal characteristics.	Page 323 of CACIB DR 2016
3.2.1	If CACIB belongs to a group of undertakings, a brief description of the group and of the issuer's position within it.	Page 266 of CACIB DR 2016
CHAPTER 4		
Information concerning CACIB's activity		
4.1	CACIB's principal activities.	
4.1.0	Description of CACIB's principal activities, stating the main categories of products sold and/or services performed	Pages 10 to 13 of CACIB DR 2016
4.3	Information on any legal or arbitration proceedings which may have or have had a significant effect on CACIB's financial position in the recent past	Pages 193-194 of CACIB DR 2016 Pages 20-21 of

		CACIB DR 2016 Update
CHAPTER 5		
Information concerning CACIB's assets and liabilities, financial position and profits and losses		
5.1	Accounts of CACIB	
5.1.0	The last two balance sheets and profit and loss accounts drawn up by CACIB set out as a comparative table. The notes on the annual accounts for the last financial year.	Pages 262-355 of CACIB DR 2016
5.1.1	If CACIB prepares both consolidated and non-consolidated annual accounts, include at least the consolidated annual accounts in accordance with heading 5.1.0	Pages 267-355 of CACIB DR 2016
5.1.2	Where more than nine months have elapsed since the end of the financial year to which the last published consolidated annual or non-consolidated annual accounts relate, an interim financial statement covering at least the first six months shall be included in the Prospectus or appended to it. If the interim financial statement is unaudited, that fact must be stated. Any significant change occurred since the end of the last financial year or the preparation of the aforementioned interim financial statement must be described in a note inserted in or appended to the Prospectus.	Pages 53 to 103 of CACIB DR 2016 Update Crédit Agricole Group Press Release
5.4	Methods of debt security holders' information in relation to the company's financial position.	
5.4.1	Indication where annual or where appropriate interim reports can be obtained (indicate if and how often interim reports are published)	Page 392 of CACIB DR 2016
5.4.2	Indication where all financial notices concerning the company and intended for bondholders are published.	N/A
CHAPTER 6		
Information concerning administration, management and supervision		
6.1	Names, addresses and functions in CACIB of the administration, management and supervision persons, and an indication of the principal activities performed by them outside CACIB, where these are significant with respect to that undertaking.	Pages 59, 88 to 110 and 112 of CACIB DR 2016
CHAPTER 7		
Information concerning the recent development and prospects of CACIB		
7.2	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on CACIB's prospects for at least the current financial year.	Page 156 of CACIB DR 2016 Page 9 of CACIB DR 2016 Update

In the event of any ambiguity, discrepancy or conflict between the statements or other items contained or incorporated by reference in this Prospectus and the corresponding statements or items in the French versions of the documents incorporated by reference in this Prospectus, the French versions shall prevail. Neither the Issuer, nor the Guarantor, nor the Delegated Debtor nor the Managers assume any liability or responsibility with respect to the free translations into English of the documents incorporated by reference in this Prospectus.

TERMS AND CONDITIONS OF THE BONDS

These terms and conditions (the "**Conditions**") relate to the issue of Euro 375,000,000 (corresponding to 3,750 Bonds) of zero per cent. non-dilutive cash-settled bonds (the "**Bonds**") due 31 March 2023 of Archer Obligations, a French *société anonyme* (the "**Issuer**") and a 98.38%-subsidiary of Artémis, a French *société anonyme* ("**Artémis**"), exchangeable for ordinary shares of Kering, a French *société anonyme* (the "**Company**"), as authorised by the *Président / Directeur Général* of the Issuer on 19 September 2017, pursuant to a resolution of the *Conseil d'administration* adopted on 15 September 2017.

The Bonds are linked to the performance of the ordinary shares of the Company and replicate the functioning of exchangeable bonds. The Bonds are only redeemable in cash.

Application has been made to have the Bonds admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.

An agency agreement (the "**Agency Agreement**") relating to the Bonds will be entered into on or about 22 September 2017 between the Issuer and CACEIS Corporate Trust as the principal paying, transfer and exchange agent (the "**Principal Paying, Transfer and Exchange Agent**", which expression shall include any successor as Principal Paying, Transfer and Exchange Agent under the Agency Agreement) and any other Paying, Transfer and Exchange Agents for the time being named in the Agency Agreement (such persons, together with the Principal Paying, Transfer and Exchange Agent, being referred to below as the "**Paying, Transfer and Exchange Agents**", which expression shall include their successors as Paying, Transfer and Exchange Agents under the Agency Agreement).

A calculation agency agreement (the "**Calculation Agency Agreement**") relating to the Bonds will be entered into on or about 22 September 2017 between the Issuer and Conv-Ex Advisors Limited (the "**Calculation Agent**", which expression shall include any successor as calculation agent under the Calculation Agency Agreement), whereby the Calculation Agent will be appointed to make certain calculations in relation to the Bonds.

Copies of the Agency Agreement and the Calculation Agency Agreement are available for inspection during normal business hours at the specified offices for the time being of each of the Paying, Transfer and Exchange Agents. "**Agents**" means the Principal Paying, Transfer and Exchange Agent, the Calculation Agent and any other Paying, Transfer and Exchange Agents or Calculations Agents.

1 Form, Denomination and Title

(a) *Form and Denomination*

The Bonds will be issued on 22 September 2017 (the "**Issue Date**") in dematerialised (*dématerialisé*) bearer form (*au porteur*) in the denomination of Euro 100,000 each.

Title to the Bonds will be evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 of the French *Code monétaire et financier* by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Bonds.

The Bonds will, upon issue, be inscribed in book entry form in the books of Euroclear France ("**Euroclear France**") (acting as central depositary) which shall credit the accounts of Account Holders.

For the purpose of these Conditions, "**Account Holder**" means any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

(b) *Title*

Titles to the Bonds will pass upon, and transfer of Bonds may only be effected through, registration of the transfer in the accounts of Account Holders.

2 Status of the Bonds

The Bonds will constitute direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated 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 present or future unsecured and unsubordinated indebtedness and monetary obligations of the Issuer or guaranteed by the Issuer, from time to time outstanding.

3 Negative Pledge

Until all amounts due by the Issuer under the Bonds are fully paid, the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien (other than a lien arising by operation of law) or other form of encumbrance or security interest (*sûreté réelle*) ("**Security**"), upon the whole or any part of its assets or revenues, present or future, to secure any Capital Markets Indebtedness (as defined below), or any guarantee of or indemnity in respect of any Capital Markets Indebtedness unless, at the same time or prior thereto, its obligations under the Bonds (A) are secured equally and rateably therewith or (B) have the benefit of such other security or other arrangement as shall be approved by the *Masse* (as defined in Condition 16) pursuant to Condition 16.

For the purposes of these Conditions:

"**Capital Markets Indebtedness**" means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*) which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market.

4 Guarantee

The payment obligations of the Issuer under the Bonds are unconditionally and irrevocably guaranteed by Artémis (the "**Guarantor**"), in accordance with the terms of the guarantee attached as Schedule 1 to these Conditions. The original copy of the guarantee (the "**Guarantee**") will be held on behalf of the Bondholders by the Principal Paying, Transfer and Exchange Agent.

The Guarantee will constitute an unsecured, direct, general, unconditional, unsubordinated obligation of the Guarantor of equal rank (subject to such exceptions as are from time to time mandatory under French law) with all of the other present or future unsecured obligations and guarantees of the Guarantor.

The Guarantor undertakes, until all amounts due by the Issuer under the Bonds are fully paid, not to grant any Security upon the whole or any part of its assets or revenues, present or future, to secure any Capital Markets Indebtedness, or any guarantee of or indemnity in respect of any Capital Markets Indebtedness unless, at the same time or prior thereto, its obligations under the Bonds (A) are secured equally and rateably therewith or (B) have the benefit of such other security or other arrangement as shall be approved by the *Masse* (as defined in Condition 16) pursuant to Condition 16.

5 Definitions

In these Conditions, unless otherwise provided:

"**Account Holder**" has the meaning given to it in Condition 1(a);

“**acting in concert with others**” has the meaning given to such terms in Article L.233-10 of the French *Code de Commerce*;

“**Additional Amounts Tax Redemption Date**” has the meaning given to it in Condition 11(b)(ii);

“**Additional Amounts Tax Redemption Notice**” has the meaning given to it in Condition 11(b)(ii);

“**Adjusted Fair Value per Bond**” means an amount determined in good faith by the Independent Adviser, being the mid-market fair value per EUR 100,000 in principal amount of the Bonds as at the last Averaging Date in relation to the Early Redemption Amount Calculation Period (or the last Averaging Date comprised in such shorter period as is referred to in sub-paragraph (ii) below), taking into account:

(i) Market parameters the Independent Adviser deems to be relevant for the valuation of the Bonds, including, inter alia, the Bond Market Price on the Relevant Date, the yield to maturity of any senior unsecured bonds of the Issuer or the Guarantor, or guaranteed by the Issuer or the Guarantor, on the Relevant Date, the volatility of the Share on the Relevant Date, expected dividends regarding the Shares on the Relevant Date, stock borrow costs on the Relevant Date and prevailing interest rates on the Relevant Date;

(ii) the Early Redemption Amount Reference Equity Price as the price of a Share, provided that if the Early Redemption Amount Reference Equity Price cannot be determined due to prices being available for a shorter period of time as a result of a Change in Law, a price determined based on the definition of Early Redemption Amount Reference Equity Price but construing references in the definition of Early Redemption Amount Calculation Period to (i) 30 Scheduled Trading Days as references to such shorter period of time for which prices are available as a result of a Change in Law, in the case of a publication by the Issuer of a notice of early redemption pursuant to Condition 10 or 11(d) or (ii) “N minus D” Scheduled Trading Days as references to such shorter period of time for which prices are available as a result of a Change in Law, in the case of publication of a notice of early redemption pursuant to Condition 10 or 11(d) following the valid exercise by a Bondholder of its Exchange Right; and

(iii) any amounts in respect of the termination of any Hedge Position of the Issuer;

“**Adjusted FMV Date**” has the meaning given to it in the definition of Fair Market Value;

“**Affected Scheduled Trading Day**” has the meaning given to it in the definition of VWAP;

“**Affiliate**” has the meaning given to it in Condition 10(b);

“**Alternate Representative**” has the meaning given to it in Condition 16(b);

“**Alternative Option Exchange**” has the meaning given to it in Condition 8(a)(i);

“**Averaging Date**” has the meaning given to it in Condition 9;

“**Bondholder**” and “**holder**” means the person whose name appears in the account of the relevant Account Holder as being entitled to such Bonds;

“**Bond Market Price**” means, in respect of any Scheduled Trading Day, the mid-market price per Euro 100,000 in principal amount of the Bonds at the close of business on such Scheduled Trading Day, being (A) the Bloomberg Generic Price per Euro 100,000 in principal amount of the Bonds (i) as derived from Bloomberg page: KER FP Corp HP (setting “Last Price” or any successor setting, and using the pricing source “Bloomberg Generic Price (mid)” or any successor thereto) as at the close of business on such Scheduled Trading Day, as determined in good faith by the Calculation Agent, or (ii) if such Bloomberg page is not available on such day, as derived by the Calculation Agent from any substitute Bloomberg page or from any successor to Bloomberg, as determined in good faith by the

Calculation Agent, or (B) if the Bond Market Price cannot be determined as provided in (A) above, as derived from such other public source (if any) providing substantially similar market data to such Bloomberg page as the Independent Adviser shall consider appropriate, or (C) if the Bond Market Price cannot be determined as provided in (B) above, as derived from such other source (if any) displaying trading prices in respect of the Bonds provided by at least three leading institutions as the Independent Adviser shall consider appropriate; *provided that* if, in the opinion of the Issuer, the relevant quotation of the Bloomberg Generic Price (mid) or, as the case may be, the quotation on any successor page or service or other public source is materially different from the reality of traded prices, the Independent Adviser will determine the Bond Market Price in such other commercially reasonable manner as the Issuer and such Independent Adviser may agree or, in the absence of agreement, in such manner as may be determined in good faith by the Independent Adviser;

"**Business Day**" means, in relation to any place, a day (other than a Saturday or Sunday) (i) on which commercial banks and foreign exchange markets are open for business in that place (which shall be deemed to be Paris where no such place is specified) and on which Euroclear France is operating, and (ii) if it relates to a payment in Euro, which is a TARGET Business Day;

"**Cash Amount**" has the meaning given to it in Condition 7(c);

"**Cash Amount Calculation Period**" has the meaning given to it in Condition 7(c);

"**Cash Dividend**" has the meaning given to it in Condition 8(a)(ii);

"**Change in Law**" has the meaning given to it in Condition 10(b);

"**Change of Control**" means the fact, for one or more person(s), acting individually or in concert, of acquiring control of another person, it being specified that the notion of "control" means, for the purposes of this definition, the fact of holding (directly or indirectly through the intermediary of companies that are in turn controlled by the person or persons concerned) (x) the majority of the voting rights attached to the shares of the relevant person or (y) more than 40 per cent. of these voting rights if no other shareholder of the relevant person, acting individually or in concert, holds (directly or indirectly through the intermediary of companies that are controlled by such shareholders) a higher percentage of voting rights;

"**Change of Control Event**" has the meaning given to it in Condition 11(c);

"**Change of Control Notice**" has the meaning given to it in Condition 11(c);

"**Change of Control Period**" means the period commencing on the date on which a Change of Control Notice is given to Bondholders as required by Condition 11(c) and ending 45 Business Days following the date on which such Change of Control Notice is given to Bondholders;

"**Change of Control Put Date**" has the meaning given to it in Condition 11(c);

"**Change of Control Put Notice**" has the meaning given to it in Condition 11(c);

"**Clean-up Call Redemption Date**" has the meaning given to it in Condition 11(b)(i);

"**Clean-up Call Redemption Notice**" has the meaning given to it in Condition 11(b)(i);

"**Clearstream, Luxembourg**" has the meaning given to it in Condition 1(a);

"**Closing Price**" means, in respect of any Securities, options, warrants or other rights or assets, on any Scheduled Trading Day, the official closing price on the Relevant Stock Exchange on such Scheduled Trading Day of such Securities, options, warrants or other rights or assets as published by or derived from Bloomberg page HP (or any successor page) (using the setting labelled "Last Price" or any equivalent successor label to this setting) for such Securities, options, warrants or other rights or assets in respect of the Relevant Stock Exchange and on such Scheduled Trading Day, or, if such Bloomberg page is not available such other source as shall be determined to be appropriate by the Independent Adviser on such Scheduled Trading Day; provided that, if on any such Scheduled Trading Day such price is not available or cannot otherwise be determined as provided above, the Closing Price of a Security, option, warrant or other right or asset in respect of such day shall be the Closing Price, determined as provided above, on the immediately succeeding day on which the same can be so determined as aforesaid (provided that, for the purpose of Condition 8(a)(ii), where such Closing Price on such immediately succeeding Scheduled Trading Day is "ex-" the Relevant Cash Dividend, such Closing Price shall be increased by an amount equal to the Fair Market Value of such Relevant Cash Dividend as at the Ex-Date thereof) or, if such price cannot be so determined on any of the two Scheduled Trading Days immediately succeeding the relevant Scheduled Trading Day, as determined in good faith by the Independent Adviser, all as determined in good faith by the Calculation Agent unless otherwise specified;

"**Daily Cash Amount**" or "**DCA**", has the meaning given to it in Condition 7(c);

"**Daily Value Traded on the Relevant Stock Exchange and on Relevant Multilateral Trading Facilities**" has the meaning given to it in Condition 10(b);

"**day**" means, in relation to any place, a calendar day;

"**Delegated Debtor**" has the meaning given to it in Condition 7(e)(ii);

"**Delegation**" has the meaning given to it in Condition 7(e)(ii);

"**Delegation Agreement**" has the meaning given to it in Condition 7(e)(ii);

"**Delisting**" has the meaning given to it in Condition 10(b);

"**Disrupted Day**" has the meaning given to it in Condition 9;

"**Dividend**" has the meaning given to it in Condition 8(a)(ii);

"**Dividend Threshold**" has the meaning given to it in Condition 8(a)(ii);

"**Early Closure**" has the meaning given to it in Condition 9;

"**Early Redemption Amount**" means, in respect of each EUR 100,000 in principal amount of the Bonds, the higher of:

(a) EUR 100,000; and

(b) the Adjusted Fair Value per Bond;

"**Early Redemption Amount Calculation Period**" means (i) for the purpose of determining the Early Redemption Amount, the period of 30 Scheduled Trading Days commencing on the Scheduled Trading Day following the date on which the Issuer publishes a notice of early redemption pursuant to Condition 10 or 11(d) or (ii) for the purpose of determining the Early Redemption Cash Amount, the period of "N minus D" (in each case as defined in Condition 7(d)) Scheduled Trading Days commencing on the Scheduled Trading Day following the date on which a notice of redemption is published;

"**Early Redemption Amount Reference Equity Price**" means the arithmetic average of the Share Price in respect of each Averaging Date in relation to the relevant Early Redemption Amount Calculation Period;

"**Early Redemption Cash Amount**" or "**ERCA**" has the meaning given to it in Condition 7(d);

“**Early Redemption Date**” means in the case of a redemption of the Bonds pursuant to Condition 10 or Condition 11(d), the third Business Day following the last Averaging Date in relation to the relevant Early Redemption Amount Calculation Period;

“**EUREX**” has the meaning given to it in Condition 8(a)(i);

“**Euro**” denotes the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;

“**Euroclear**” has the meaning given to it in Condition 1(a);

“**Euroclear France**” has the meaning given to it in Condition 1(a);

“**Euronext**” means Euronext or its successor or any substitute exchange to which trading in option contracts relating to the Shares has temporarily or permanently relocated, as determined in good faith by the Calculation Agent;

“**Euronext Derivatives Corporate Actions Policy**” means the standard corporate actions policy of Euronext, in effect from time to time;

“**Euronext Paris**” means Euronext in Paris;

“**Event of Default**” has the meaning given to it in Condition 14;

“**Exchange Date**” has the meaning provided in Condition 7(b);

“**Exchange Disruption**” has the meaning given to it in Condition 9;

“**Exchange Notice**” has the meaning given to it in Condition 7(b);

“**Exchange Notice Delivery Date**” has the meaning given to it in Condition 7(b);

“**Exchange Period**” has the meaning given to it in Condition 7(a)(ii);

“**Exchange Premium**” means 35% per cent.;

“**Exchange Price**” per Share is initially equal to the product (rounded to four decimal places, with 0.00005 being rounded upwards), as determined by the Calculation Agent, of (x) Share Reference Price and (y) the sum of (i) one and (ii) the Exchange Premium expressed as a decimal. The Exchange Price will be adjusted from time to time in accordance with these Conditions;

“**Exchange Ratio**” means, on any day, the result (rounded to four decimal places, with 0.00005 being rounded upwards) , as determined by the Calculation Agent, of the division of each Euro 100,000 in principal amount of the Bonds by the Exchange Price in effect on such day;

“**Exchange Right**” has the meaning given to it in Condition 7(a)(i);

“**Ex-Date**” has the meaning given to it in Condition 8(a)(ii);

“**Failure to Open**” has the meaning given to it in Condition 9;

“**Fair Market Value**” means with respect to any property on any date (the “**FMV Date**”):

(i) in the case of any cash, the amount of such cash;

(ii) in the case of Securities, options, warrants or other rights or assets that are, or are intended to be, publicly traded on a Relevant Stock Exchange of adequate liquidity (as determined in good faith by the Calculation Agent or the Independent Adviser), the arithmetic mean of the daily VWAPs or, where there is generally no VWAP available (in any such case, disregarding for this purpose, the provisos to the definition of VWAP) for such Securities, options, warrants or other rights or assets, the daily Closing Prices, of such Securities, options, warrants or other rights or assets during the period of five Scheduled Trading Days on the Relevant Stock Exchange for such Securities, options, warrants or other rights or assets commencing on such FMV Date (or, if later, the first such Scheduled Trading Day (the "**Adjusted FMV Date**") on which such Securities, options, warrants or other rights or assets are publicly traded) or such shorter period as such Securities, options, warrants or other rights or assets are publicly traded;

(iii) in the case of Securities, options, warrants or other rights or assets that are not publicly traded on a Relevant Stock Exchange of adequate liquidity (as determined in good faith by the Calculation Agent or the Independent Adviser), the fair market value of such Securities, options, warrants or other rights or assets as determined in good faith by the Independent Adviser on the basis of a commonly accepted market valuation method and taking account such factors as it considers appropriate, including the market price per Share, the dividend yield of a Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, options, warrants or other rights or assets, including as to the expiry date and exercise price (if any) thereof;

Such amounts shall be translated by the Calculation Agent or, as the case may be, the Independent Adviser into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date. In addition, the Fair Market Value shall be determined by the Calculation Agent or, as the case may be, the Independent Adviser on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

"**Final Maturity Date**" means 31 March 2023;

"**FMV Date**" has the meaning given to it in the definition of Fair Market Value;

"**General Meeting**" has the meaning given to it in Condition 16(a);

"**Guarantee**" has the meaning given to it in Condition 4;

"**Guarantor**" has the meaning given to it in Condition 4;

"**Hedge Position**" has the meaning given to it in Condition 10(b);

"**Hedging Activities**" has the meaning given to it in Condition 10(b);

"**Hedging Counterparty**" has the meaning given to it in Condition 10(b);

"**Illiquidity Event**" has the meaning given to it in Condition 10(b);

"**Independent Adviser**" means any independent financial institution of international repute or adviser with appropriate expertise, which may be the Calculation Agent acting for this purpose in such Independent Adviser capacity (as may be agreed at the relevant time between the Issuer and the Calculation Agent), appointed from time to time by the Issuer at its own expense. The Independent Advisor shall make any determination in good faith after consultation with the Issuer and such determination will be final and binding on the Issuer, the Guarantor, the Delegated Debtor, the Paying, Transfer and Exchange Agent, the Calculation Agent and the Bondholders, except in case of manifest error;

"**Initial Averaging Date**" has the meaning given to it in the definition of Share Reference Price;

"**Issue Date**" has the meaning given to it in Condition 1(a);

"**Mandatory Redemption Notice**" has the meaning given to it in Condition 11(b)(ii)(B);

"**Mandatory Tax Redemption Date**" has the meaning given to it in Condition 11(b)(ii)(B);

"**Market Disruption Event**" has the meaning given to it in Condition 9;

"**Nationalisation**" has the meaning given to it in Condition 10(b);

"**Non-Cash Dividend**" means any ordinary dividend or distribution other than a Cash Dividend;

"**Non-Redemption Election Notice**" has the meaning given to it in Condition 11(b)(ii)(C);

"**Notification Date**" has the meaning given to it in Condition 7(a)(iii);

"**Ordinary Dividend**" has the meaning given to it in Condition 8(a)(ii);

"**Original Underlying Shares**" has the meaning given to it in the definition of Shares;

"**outstanding**" means, in relation to the Bonds, all the Bonds issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys have been duly paid as provided in Condition 12(a), (c) those which have become void or in respect of which claims have become prescribed and (d) those which have been purchased by the Issuer and have been cancelled as provided in these Conditions;

"**Parity Event**" has the meaning given to it in Condition 7(a)(iii);

"**Parity Event Notification Date**" has the meaning given to it in Condition 7(a)(iii);

"**Parity Value**" has the meaning given to it in Condition 7(a)(iii);

"**Performance Cash Amount**" has the meaning given to it in Condition 7(e)(i);

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

"**Prevailing Rate**" means, in respect of a pair of currencies on any day, the spot rate (setting "Mid price") of exchange between the relevant currencies prevailing as at 1 p.m. (London time) on that date as appearing on or derived from the Relevant Page (using, where the Relevant Page is a Bloomberg page, the time zone "London") or, if such a rate cannot be so determined at such time, the rate prevailing as at 1 p.m. (London time) on the immediately preceding day on which such rate can be so determined or if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as the Independent Adviser shall deem in good faith appropriate;

"**Reference Period**" has the meaning given to it in Condition 7(a)(iii);

"**Related Exchange**" has the meaning given to it in Condition 9;

"**Relevant Adjustment Date**" has the meaning given to it in Condition 8(a)(ii);

"**Relevant Calculation Period**" has the meaning given to it in Condition 9;

"**Relevant Cash Dividend**" has the meaning given to it in Condition 8(a)(ii);

"**Relevant Currency**" means Euro or, if at the relevant time or for the purposes of the relevant calculation or determination, Euro is no longer the currency in which the Shares are quoted or dealt in on the Relevant Stock Exchange for the Shares, the currency in which the Shares are quoted or dealt in on such Relevant Stock Exchange at such time;

"**Relevant Date**" means (i) in respect of a Settlement, the date of announcement of settlement of all relevant option contracts in respect of the Shares traded on the Related Exchange, (ii) in respect of a Nationalisation, the date of the first public announcement to nationalise (whether or not subsequently amended) that leads to the Nationalisation, (iii) in respect of a Change in Law, the date on which the Issuer determines that a Change in Law has occurred or on which the Issuer receives a notice from a Hedging Counterparty that it has determined that a Change in Law has occurred, (iv) in the case of a Delisting, the date of the first public announcement by the Relevant Stock Exchange that the Shares will cease to be listed, traded or publicly quoted, whichever is earlier and (v) in respect of an Illiquidity Event, the day on which the Calculation Agent notifies the Issuer that an Illiquidity Event has occurred;

"**Relevant Month**" has the meaning given to it in Condition 10(b);

"**Relevant Page**" means the "Bloomberg FX Fixings" (page BFIX) on Bloomberg (or any successor thereto) or, any other fixing rate page (if any) on Bloomberg as determined in good faith by the Independent Adviser to be appropriate, or, if no such page is available from Bloomberg, such other information service provider (as determined in good faith by the Independent Adviser) that at the relevant time displays the relevant information;

"**Relevant Payment Date**" means, in respect of any Bond:

(i) the date on which any payment in respect of it first becomes due; or

(ii) if any payment is improperly withheld or refused, the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given by the Issuer to the Bondholders in accordance with Condition 17 that such payment will be made;

"**Relevant Period**" has the meaning given to it in Condition 8(a)(ii);

"**Relevant Record Date**" has the meaning given to it in Condition 8(a)(ii);

"**Relevant Stock Exchange**" means (i) in respect of the Shares, Euronext Paris or its successor or any substitute exchange to which trading in the Shares has temporarily or permanently relocated, as determined, as the case may be, by the Calculation Agent or the Independent Adviser, and (ii) in respect of any Security (other than the Shares), or, as the case may be, option, warrant, or other right or asset, the principal stock exchange or securities market on which such Securities, or, as the case may be, options, warrants, or other rights or assets are then listed, admitted to trading or quoted or dealt in, as determined, as the case may be, by the Calculation Agent or the Independent Adviser;

"**Relevant Testing Period**" has the meaning given to it in Condition 10(b);

"**Representative**" has the meaning given to it in Condition 16(a);

"**Scheduled Closing Time**" has the meaning given to it in Condition 9;

"**Scheduled Trading Day**" means any day on which the Relevant Stock Exchange and the Related Exchange are both scheduled to be open for trading for their regular trading sessions;

"**Securities**" means any securities including, without limitation, shares in the capital of the Company, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Company;

"**Security**" has the meaning given to it in Condition 3;

"**Settlement**" has the meaning given to it in Condition 11(d);

"**Settlement Cycle**" has the meaning given to it in Condition 8(e);

"**Settlement Date**" means, in respect of an Exchange Date, the third Business Day following the last Averaging Date in respect of such Exchange Date;

"**Shares**" means initially fully paid ordinary shares in the capital of the Company (the "**Original Underlying Shares**") with, on the Issue Date, a par value of Euro 4 each (ISIN: FR0000121485, Bloomberg ticker: KER FP, Reuters: PRTP.PA), subject to adjustment pursuant to Condition 8;

"**Share Price**" means, in respect of any Scheduled Trading Day:

(i) for the purpose of determining the Share Reference Price, the volume weighted average price per Share on the Relevant Stock Exchange on such Scheduled Trading Day (excluding the opening and closing auctions), as displayed for that day on Bloomberg page KER FP Equity AQR (or any successor page or ticker for the Shares on the Relevant Stock Exchange) (using the volume weighted average price labelled as "Custom" (or any successor setting), and Custom Condition Code: "Normal Trade" (or any successor thereto), and having selected for the relevant Scheduled Trading Day the time period from **09:00 to 17.30** Central European Time (or such equivalent times in respect of any successor Relevant Stock Exchange as determined to be appropriate by the Independent Adviser)), as determined in good faith by the Calculation Agent; or

(ii) for the purpose of determining a Daily Cash Amount or any other determination, the VWAP of a Share on such Scheduled Trading Day;

"**Share Reference Price**" means the simple arithmetic average (rounded to four decimal places, with 0.00005 being rounded upwards) of the daily Share Price on each of the 10 consecutive Scheduled Trading Days (each such Scheduled Trading Day being (subject, where such Scheduled Trading Day is a Disrupted Day, to an adjustment pursuant to Condition 9) an "**Initial Averaging Date**"), commencing on and including 20 September 2017, as determined in good faith by the Calculation Agent and notified by or on behalf of the Issuer to the Bondholders as soon as practicable (and in any event within five Business Days) following such determination (such notice shall be given in accordance with Condition 17 and shall specify the Share Reference Price, the resulting initial Exchange Price, and the initial Exchange Ratio based on such initial Exchange Price);

"**Shareholders**" means the holders of Shares;

"**TARGET Business Day**" means a day (other than a Saturday or Sunday) on which the TARGET System is operating;

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) system which was launched on 19 November 2007 or any successor thereto;

"**Taxes**" has the meaning given to it in Condition 13(a);

"**Trading Disruption**" has the meaning given to it in Condition 9;

"**Transaction**" has the meaning given to it in Condition 10(b);

"**Valid Date**" has the meaning given to it in Condition 9;

"**Valuation Time**" has the meaning given to it in Condition 9;

"**VWAP**" means, in respect of a Share, Security, option, warrant or other right or asset, on any Scheduled Trading Day, the volume-weighted average price on the Relevant Stock Exchange on such Scheduled Trading Day of such Share, Security, option, warrant or other right or asset (including the opening and closing auctions) published by or derived from (A) (in the case of an Original Underlying Share) Bloomberg page KER FP Equity AQR (or any successor page or ticker for the Shares on the Relevant Stock Exchange) (using the volume weighted average price labelled as "Custom" (or any successor setting), and Custom Condition Codes: "Normal Trade", "CA Closing Auction" and "OA Opening Auction" (or any successor thereto), and having selected for the relevant Scheduled Trading

Day the time period from **09:00 to 17.40** Central European Time (or such equivalent times in respect of any successor Relevant Stock Exchange as determined to be appropriate by the Independent Adviser), as determined in good faith by the Calculation Agent, or (B) (in the case of Securities (other than an Original Underlying Share), options, warrants or other rights or assets) the equivalent Bloomberg page (as determined in good faith by the Calculation Agent) for such Securities, options, warrants or other rights or assets in respect of the Relevant Stock Exchange in respect thereof, if any or, (in the case of (A) and (B)) in case there is no such Bloomberg page, such other source (if any) as shall be determined in good faith to be appropriate by the Independent Adviser on such Scheduled Trading Day; provided that if on any such Scheduled Trading Day (the "**Affected Scheduled Trading Day**") such price is not available or cannot otherwise be determined as provided above, the VWAP of a Share, Security, option, warrant or other right or asset, in respect of such Scheduled Trading Day shall be the VWAP, determined as provided above, on the immediately succeeding Scheduled Trading Day on which the same can be so determined, and further provided that if the VWAP cannot be so determined on any of the five Scheduled Trading Days immediately succeeding the Affected Scheduled Trading Day, the Independent Adviser shall determine the VWAP in good faith, all as determined in good faith by the Calculation Agent unless otherwise specified.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

6 Interest

The Bonds shall bear no interest.

7 Exchange of Bonds

(a) *Exchange Period and Exchange Price*

(i) The Issuer grants to each Bondholder the right (the "**Exchange Right**") exercisable at any time during any Exchange Period to require the Bond(s) held by it to be redeemed in accordance with the provisions of Condition 7(b).

Upon the valid exercise of its Exchange Right by a Bondholder, the relevant Bond(s) will be redeemed at the amount specified in, and in accordance with, Condition 7.

(ii) Exchange Period

"**Exchange Period**" means each of:

(A) at any time from (and including) the 41st calendar day following the Issue Date to (but excluding) 31 October 2022, during any of the following periods:

(I) if the Issuer declares the Bonds due for early redemption pursuant to Condition 11(b)(i) or 11(b)(ii)(A) or 11(b)(ii)(B) then, (x) in respect of Bonds to be redeemed pursuant to Condition 11(b)(i), the period from and including the date on which the Clean-up Call Redemption Notice is published up to and including the eighth Scheduled Trading Day preceding the Clean-up Call Redemption Date, or (y) in respect of Bonds to be redeemed pursuant to Condition 11(b)(ii)(A), the period from and including the date on which the Additional Amounts Tax Redemption Notice is published up to and including the eighth Scheduled Trading Day preceding the Additional Amounts Tax Redemption Date, or (z) in respect of Bonds to be redeemed pursuant to Condition 11(b)(ii)(B), the period from and including the date on which the Mandatory Redemption Notice is published up to and including the eighth Scheduled Trading Day preceding the Mandatory Tax Redemption Date, in the case of each of (y) and (z) other than in relation to any Bonds in respect of which a Non-Redemption Election Notice has been validly delivered pursuant to Condition 11(b)(ii)(C);

(II) if any Event of Default occurs and is continuing, the period from and including the date on which the Event of Default Notice is published to but excluding the date on which the Bonds are declared due and payable pursuant to Condition 14 or, if earlier, the date (if any) on which the Event of Default ceases to be continuing;

(III) if a Change of Control Event occur(s), the Change of Control Period;

(IV) if the Company announces a distribution to Shareholders of cash, assets, securities or other property where the Fair Market Value, as at the date of first public announcement by the Company, of the terms of such distribution per Share, is greater than 25% per cent. of the arithmetic mean of the VWAP of the Share on each Scheduled Trading Day in the 30 Scheduled Trading Day period ending on (and including) the Scheduled Trading Day immediately preceding the date on which the terms of such distribution were first publicly announced by the Company (or, as the case may be, the relevant Adjusted FMV Date as provided in the definition of Fair Market Value), the period from and including such date of first public announcement as aforesaid (or, as the case may be, the relevant Adjusted FMV Date as aforesaid) to but excluding the later of (i) the Ex-Date in respect of such distribution and (ii) the 10^{th} Scheduled Trading Day following the date on which the Fair Market Value as aforesaid can be determined pursuant to the definition thereof; and

(V) if a Parity Event occurs (as defined in Condition 7(a)(iii)), the period of 10 consecutive Scheduled Trading Days commencing on and including the first Scheduled Trading Day following the Parity Event Notification Date (as defined in Condition 7(a)(iv));

(B) the period from (and including) 31 October 2022 to (and including) the earliest of:

(I) the Scheduled Trading Day immediately preceding the day which is the 38^{th} Scheduled Trading Day before the Final Maturity Date; or

(II) the Relevant Date, when the Issuer redeems the Bonds pursuant to Condition 10 or Condition 11(d); or

(III) if the Issuer is required to redeem the Bonds following the occurrence of any Event of Default, the date on which the Bonds are declared due and payable in accordance with Condition 14; or

(IV) the eighth Scheduled Trading Day preceding the Clean-Up Call Redemption Date, if the Issuer redeems the Bonds pursuant to Condition 11(b)(i); or

(V) the eighth Scheduled Trading Day preceding the Additional Amounts Tax Redemption Date or the Mandatory Tax Redemption Date, if the Issuer redeems the Bonds pursuant to Condition 11(b)(ii)(A) or Condition 11(b)(ii)(B) respectively, provided that this paragraph (V) shall not apply in relation to any Bonds in respect of which a Non-Redemption Election Notice has been validly delivered pursuant to Condition 11(b)(ii)(C).

(iii) For the purposes of Condition 7(a)(ii)(A)(V):

A "**Parity Event**" shall occur if, as determined in good faith by the Calculation Agent, (i) the Bond Market Price per EUR 100,000 in principal amount of the Bonds is available on at least 5 Scheduled Trading Days among the 10 consecutive Scheduled Trading Days of a Reference Period, and (ii) on each such Scheduled Trading Day, such Bond Market Price is less than 97 per cent. of the Parity Value in effect on such Scheduled Trading Day;

"**Parity Value**" means, in respect of any Scheduled Trading Day, the product of the Share Price on such Scheduled Trading Day and the Exchange Ratio on such Scheduled Trading Day; and

"**Reference Period**" means, in respect of a Notification Date, the period of 10 consecutive Scheduled Trading Days commencing on the 2nd Scheduled Trading Day following such Notification Date.

For the purposes of Condition 7(a)(ii)(A)(V), neither the Issuer nor the Calculation Agent will be required to monitor the Bond Market Price or perform any related calculations to verify whether a Parity Event has occurred unless a Bondholder provides the Issuer in writing, with a copy to the Calculation Agent (and the date on which such written notification is made to the Issuer shall be the "**Notification Date**") with reasonable supporting evidence that the Bond Market Price was less than 97 per cent. of the Parity Value, in each case in respect of each Scheduled Trading Day during a period of 5 consecutive Scheduled Trading Days (ending no earlier than the 10th Scheduled Trading Day before the Notification Date). In any such case, the Calculation Agent shall verify, as provided above, whether a Parity Event has occurred in respect of the applicable Reference Period in respect of such Notification Date, and, if a Parity Event has occurred, the Calculation Agent shall inform the Issuer and the Paying, Transfer and Exchange Agent that the Parity Event has occurred in respect of the Reference Period at the latest on the second Scheduled Trading Day immediately following the end of such Reference Period. Subject to having been notified by the Calculation Agent of the occurrence of a Parity Event, the Issuer shall give notice to the Bondholders of the occurrence of that Parity Event on the first Scheduled Trading Day immediately following the date on which the notification by the Calculation Agent is made to it as aforesaid (the "**Parity Event Notification Date**"), in accordance with Condition 17.

(iv) Exchange Rights may not be exercised in respect of a Bond in respect of which the relevant Bondholder has sent its Change of Control Notice to the Issuer to redeem that Bond and transferred such Bond pursuant to Condition 11(c).

(b) *Procedure for Exercise of Exchange Rights*

Exchange Rights may be exercised by a Bondholder during any Exchange Period by transferring or causing to be transferred by its Account Holder its Bonds to be so exchanged to the account of the Paying, Transfer and Exchange Agent specified in the Exchange Notice (as defined below) for the account of the Issuer, accompanied by a duly completed and signed notice of exchange (an "**Exchange Notice**") in the form (for the time being current) obtainable from any Paying, Transfer and Exchange Agent. The date on which such Exchange Notice and Bonds are transferred as aforesaid are referred to as the "**Exchange Notice Delivery Date**".

If such transfer is made after the end of normal business hours or on a day which is not a Business Day in the place of the specified office of the relevant Paying, Transfer and Exchange Agent, the Exchange Notice Delivery Date shall be deemed for all purposes of these Conditions to have been made on the next following such Business Day.

Exchange Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying, Transfer and Exchange Agent to whom the relevant Exchange Notice is delivered is located.

Any determination as to whether an Exchange Notice has been duly completed and properly delivered shall be made by the relevant Paying, Transfer and Exchange Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Delegated Debtor, the Paying, Transfer and Exchange Agents, the Calculation Agent and the relevant Bondholder.

An Exchange Notice, once delivered, shall be irrevocable.

The exchange date in respect of a Bond (the "**Exchange Date**") shall be:

(i) in the case of an Exchange Right exercised pursuant to Condition 7(a)(ii)(A), the Business Day immediately following the Exchange Notice Delivery Date, as provided in this Condition 7(b); or

(ii) in the case of an Exchange Right exercised pursuant to Condition 7(a)(ii)(B), the first of the following dates to occur after the Exchange Notice Delivery Date, as provided for in this Condition 7(b):

(A) the 15th day of a calendar month (or, if such day is not a Business Day, the immediately following Business Day);

(B) the last Business Day of a calendar month; and

(C) the 38th Scheduled Trading Day before the Final Maturity Date

provided that:

(A) if the Issuer has given notice to Bondholders that it declares the Bonds due and repayable pursuant to Condition 11(b), the Exchange Date in respect of any exercise of Exchange Rights where the Exchange Notice Delivery Date falls on or after the date of publication of the Clean-up Call Redemption Notice, the date of publication of the Additional Amounts Tax Redemption Notice or the date of the Mandatory Redemption Notice, as the case may be, shall be the Business Day immediately following such Exchange Notice Delivery Date;

(B) if the Issuer has given notice to Bondholders that it declares the Bonds due and repayable pursuant to Condition 10 or Condition 11(d), the Exchange Date in respect of any exercise of Exchange Rights where the Exchange Notice Delivery Date falls on the Relevant Date, shall be the Business Day immediately following such Exchange Notice Delivery Date;

(C) if an Event of Default occurs and is continuing pursuant to Condition 14, the Exchange Date in respect of any exercise of Exchange Rights where the Exchange Notice Delivery Date falls on or after the date of publication of the Event of Default Notice, shall be the Business Day immediately following such Exchange Notice Delivery Date; and

(D) the Exchange Date in respect of any exercise of Exchange Rights where the Exchange Notice Delivery Date falls in the period from (and including) 31 January 2023 to (and including) the Scheduled Trading Day immediately preceding the 38th Scheduled Trading Day before the Final Maturity Date shall be the 38th Scheduled Trading Day before the Final Maturity Date.

A Bondholder must also pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond therein in connection with the exercise of Exchange Rights by it.

(c) *Cash Amount*

Upon any valid exercise of Exchange Rights with respect to one or more Bonds, the Issuer shall redeem the Bonds of the exchanging Bondholder at their Cash Amount on the relevant Settlement Date, subject to the provisions of Condition 7(d), it being specified that, pursuant to the terms of the Delegation, the Issuer has delegated the Delegated Debtor in the payment of the Performance Cash Amount to the Bondholders in accordance with the provisions of Condition 7(e).

Payment of the Cash Amount (including, as the case may be, the Performance Cash Amount) by or on behalf of the Issuer, the Delegated Debtor or the Guarantor shall be made free and clear of, and without withholding or deduction for, any Taxes levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, as set forth under Condition 13.

In these Conditions:

"**Cash Amount**" means, in respect of the 30 Averaging Dates relating to the relevant Cash Amount Calculation Period in respect of each Euro 100,000 in principal amount of the Bonds, the sum (rounded to two decimal places, with EUR 0.005 being rounded upwards) of the Daily Cash Amounts in respect of such Averaging Dates;

"**Cash Amount Calculation Period**" means, in relation to any Exchange Date, (i) the period of 30 consecutive Scheduled Trading Days commencing on the sixth Scheduled Trading Day immediately following such Exchange Date or (ii) in the case of Condition 7(d), the period of consecutive Scheduled Trading Days commencing on (and including) the sixth Scheduled Trading Day immediately following such Exchange Date and ending on (and including) the date on which a notice of redemption is published by the Issuer pursuant to Condition 10 or Condition 11(d) or, if such date is not a Scheduled Trading Day, the first Scheduled Trading Day preceding such date;

"**Daily Cash Amount**" or "**DCA**" means, in respect of each of the Averaging Dates relating to such Cash Amount Calculation Period, an amount in Euro calculated by the Calculation Agent, in accordance with the following formula:

$$DCA = \frac{1}{N} \times ER_n \times P_n$$

where:

"**N**" means 30;

"$\mathbf{ER_n}$" means the Exchange Ratio prevailing on such Averaging Date; and

"$\mathbf{P_n}$" means the Share Price on such Averaging Date.

(d) *Early Redemption Cash Amount*

If following the valid exercise by a Bondholder of its Exchange Right and prior to the last Averaging Date in relation to the Cash Amount Calculation Period (as contemplated under (i) of the definition of Cash Amount Calculation Period above) a notice of redemption is published by the Issuer pursuant to Condition 10 or Condition 11(d) following the occurrence of an event as a result of which the Bonds in respect of which the relevant Bondholder has exercised Exchange Rights would otherwise fall to be redeemed in accordance with such Condition 10 or Condition 11(d) had the Bondholder not exercised its Exchange Right, the Issuer shall redeem such Bonds at the Early Redemption Cash Amount (and not the Cash Amount) on the relevant Early Redemption Date, it being specified that, pursuant to the terms of the Delegation, the Issuer has delegated the Delegated Debtor in the payment of the Performance Cash Amount to the Bondholders in accordance with the provisions of Condition 7(e).

Payment of the Early Redemption Cash Amount (including, as the case may be, the Performance Cash Amount) by or on behalf of the Issuer, the Delegated Debtor or the Guarantor shall be made free and clear of, and without withholding or deduction for, any Taxes), levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, as set forth under Condition 13.

In these Conditions:

"**Early Redemption Cash Amount**" or "**ERCA**" means, in respect of each Euro 100,000 in principal amount of the Bonds, the higher of:

(a) Euro 100,000; and

(b) an amount in Euro (rounded to two decimal places, with EUR 0.005 being rounded upwards) calculated by the Calculation Agent, in accordance with the following formula:

$$ERCA = CA + AFV \times \frac{N - D}{N}$$

Where:

"**CA**" means, in respect of all Averaging Dates relating to the relevant Cash Amount Calculation Period and each Bond in respect of which the relevant Bondholder shall have exercised its Exchange Rights, the sum (rounded to two decimal places, with EUR 0.005 being rounded upwards) of the Daily Cash Amounts in respect of such Averaging Dates;

"**AFV**" means the Adjusted Fair Value per Bond;

"**D**" means the number of Scheduled Trading Days which are not disrupted Days in the relevant Cash Amount Calculation Period; and

"**N**" means 30.

(e) *Performance Cash Amount*

(i) In these Conditions:

"**Performance Cash Amount**" means, in respect of each Euro 100,000 in principal amount of the Bonds, when:

(i) a Cash Amount is due, the amount in the Relevant Currency equal to the difference, if positive, between (a) such Cash Amount and (ii) the Bond principal amount; or

(ii) an Early Redemption Cash Amount is due, the amount in the Relevant Currency equal to the difference, if positive, between (a) the Early Redemption Cash Amount and (b) the Bond principal amount; or

(iii) an Early Redemption Amount is due, the amount in the Relevant Currency equal to the difference, if positive, between (a) the Early Redemption Amount and (b) the Bond principal amount.

(ii) Payment of the Performance Cash Amount

A delegation agreement (*contrat de délégation*) (the "**Delegation Agreement**") relating to the Bonds will be entered into on or about 19 September 2017 between the Issuer and Crédit Agricole Corporate and Investment Bank (the "**Delegated Debtor**"), in the terms attached as Schedule 2 to these Conditions.

Under the Delegation Agreement, the Issuer shall delegate the Delegated Debtor in the satisfaction of the obligation to pay to the Bondholders the relevant Performance Cash Amount, if any (the "**Delegation**") in accordance with articles 1336 *et seq.* of the French *Code Civil*.

The Delegation will be approved by the Bondholders by approving these Conditions automatically as a result of subscription or acquisition of the Bonds and will therefore be a *délégation parfaite* effected in accordance with articles 1337 *et seq.* of the French *Code Civil* resulting in a novation of the rights and obligations which are the subject matter of the Delegation. Accordingly, the Bondholders shall have no rights against the Issuer or the Guarantor in respect of the payment of the Performance Cash Amount. The Bondholders shall however retain the entirety of their rights in respect of any other obligations of the Issuer or the Guarantor under the Bonds, in particular its payment obligations of any amount other than the Performance Cash Amount.

Payment of the Performance Cash Amount by or on behalf the Delegated Debtor shall be made free and clear of, and without withholding or deduction for, any Taxes), levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, as set forth under Condition 13.

If the Delegation is declared null or void, there will be no novation of the rights and obligations which are the subject matter of the Delegation and the Issuer will consequently keep the obligation to pay to the Bondholders the relevant Performance Cash Amount, if any.

8 Adjustment of Exchange Price and the Shares

(a) The Calculation Agent (or, to the extent specified in these Conditions, the Independent Adviser) will adjust the Exchange Price and/or the Shares as follows:

(i) (AA) If options contracts in respect of the Shares are traded on Euronext and Euronext adjusts such options contracts following or as a result of any Corporate Action (as defined under the Euronext Derivatives Corporate Actions Policy), the Calculation Agent shall, to the extent required and with effect as of the same date, adjust, as relevant:

(A) the Exchange Price of the Bonds, in circumstances where the exercise prices of options contracts in respect of the Shares are adjusted by Euronext; and/or

(B) the Shares, in circumstances where any securities or package of securities are being substituted for the Shares as the securities underlying the options contracts in respect of the Shares by Euronext,

to reflect the adjustments effected by Euronext (for the avoidance of doubt the Exchange Price, or, as the case may be, the Shares, shall be adjusted using, but not recalculating, such adjustment ratio or similar or other adjustment as was published by Euronext), provided that:

(I) in relation to Cash Dividends, the Calculation Agent shall make the adjustments as set out in Condition 8(a)(ii) instead of any corresponding or other adjustments in respect of such Cash Dividends under the applicable Euronext Derivatives Corporate Actions Policy, if any;

(II) in relation to any Nationalisation, Delisting, Illiquidity Event or (to the extent the Issuer has exercised its right to redeem the Bonds) Change in Law, the Bonds will be redeemed in accordance with Condition 10 and no adjustment in respect of such Nationalisation, Delisting, Illiquidity Event or Change in Law under the Euronext Derivatives Corporate Actions Policy, if any, will be made; and

(III) in relation to any event as a result of which option contracts in respect of the Shares are settled in the circumstances the subject of Condition 11(d), the Bonds will be redeemed subject to and in accordance with such Condition 11(d) and no adjustment under the applicable Euronext Derivatives Corporate Actions Policy, if any, will be made.

For the avoidance of doubt, adjustments (if any) to the Exchange Price pursuant to this paragraph (AA) in respect of any Non-Cash Dividend will be made by the Calculation Agent in accordance with the Euronext Derivatives Corporate Actions Policy.

Any adjustment made pursuant to this paragraph (AA) shall become effective on the same date as any corresponding adjustments made by Euronext (other than an adjustment pursuant to Condition 8(a)(ii), which shall become effective as provided in Condition 8(a)(ii)).

(BB) If no options contracts in respect of the Shares are traded on Euronext but are traded on the EUREX Exchange ("**EUREX**") or any other exchange or quotation system which serves as the principal place of trading for option contracts and futures contracts in respect of the Shares (EUREX, or such other exchange or quotation system as aforesaid, being, only in circumstances where no options contracts in respect of the Shares are traded on Euronext but options contracts are traded on EUREX, or such other exchange or quotation system as aforesaid, the "**Alternative Option Exchange**"), the Calculation Agent shall, to the extent required, adjust the Exchange Price and/or, as the case may be, the Shares to reflect the adjustments effected in respect of any option contracts relating to the Shares by the Alternative Option Exchange provided that:

(I) in relation to Cash Dividends, the Calculation Agent shall make the adjustments as set out in Condition 8(a)(ii) instead of any corresponding or other adjustments, if any, made by the Alternative Option Exchange in respect of such Cash Dividends;

(II) in relation to any Nationalisation, Delisting, Illiquidity Event or (to the extent the Issuer has exercised its right to redeem the Bonds) Change in

Law, the Bonds will be redeemed in accordance with Condition 10 and no adjustment reflecting any adjustment made by the Alternative Option Exchange, if any, will be made; and

(III) in relation to any event as a result of which option contracts in respect of the Shares are settled in the circumstances the subject of Condition 11(d), the Bonds will be redeemed subject to and in accordance with such Condition 11(d) and no adjustment reflecting any adjustment made by the Alternative Option Exchange, will be made.

For the avoidance of doubt, adjustments (if any) to the Exchange Price pursuant to this paragraph (BB) in respect of any Non-Cash Dividend will be made by the Calculation Agent in accordance with the adjustments effected in respect of any option contracts relating to the Shares by the Alternative Option Exchange.

Any adjustment made pursuant to this paragraph (BB) shall become effective on the same date as any corresponding adjustments made by the Alternative Option Exchange (other than an adjustment pursuant to Condition 8(a)(ii), which shall become effective as provided in Condition 8(a)(ii)).

(CC) If no options contracts in respect of the Shares are traded on Euronext or an Alternative Option Exchange, and any event which would have triggered an adjustment under the Euronext Derivatives Corporate Actions Policy last published occurs, (i) in the case of an adjustment pursuant to sections 6.1 or 6.2 of the Euronext Derivatives Corporate Actions Policy (and such sections are in effect in the same manner as they were at the Issue Date) and where the Calculation Agent determines in its sole discretion that it is capable of making such determination in its capacity as Calculation Agent, the Calculation Agent, or (ii) in any other case, the Independent Adviser, will determine which adjustment, if any, should be made to the Exchange Price, and/or, as the case may be, the Shares, with reference to the rules and any precedents (if any) set by Euronext to account for the effect of such event that in the determination of the Calculation Agent, or, as the case may be, the Independent Adviser, would have given rise to an adjustment by Euronext if such options contracts were so traded, provided that:

(I) in relation to Cash Dividends, the Calculation Agent shall make the adjustments as set out in Condition 8(a)(ii) instead of any corresponding or other adjustments under the Euronext Derivatives Corporate Actions Policy as aforesaid, if any, in respect of such Cash Dividends;

(II) in relation to any Nationalisation, Delisting, Illiquidity Event or (to the extent the Issuer has exercised its right to redeem the Bonds) Change in Law, the Bonds will be redeemed in accordance with Condition 10 and no adjustment as described above, if any, will be made; and

(III) in relation to any event as a result of which option contracts in respect of the Shares are settled in the circumstances the subject of Condition 11(d), the Bonds will be redeemed subject to and in accordance with such Condition 11(d) and no adjustment as described above, if any, will be made.

Any adjustment made pursuant to this paragraph (CC) shall become effective as determined in good faith by the Calculation Agent, or, as the case may be, the Independent Adviser, on the date such adjustment would have been effective under the Euronext Derivatives Corporate Actions Policy as aforesaid.

(DD) As at the Issue Date, a copy of the Euronext Derivatives Corporate Actions Policy can be found at:

https://www.euronext.com/sites/www.euronext.com/files/notice_5-02_derivatives_corporate_actions_policy_en_16.12.2015.pdf.

A copy of the Euronext Derivatives Corporate Actions Policy in effect from time to time is also available for inspection by prior appointment during normal business hours at the specified offices for the time being of each of the Paying, Transfer and Exchange Agents.

(ii) If, on or after the Issue Date and prior to the Final Maturity Date (A) an Ex-Date in respect of any Cash Dividend (a "**Relevant Cash Dividend**") falls in a Relevant Period or (B) no Ex-Date in respect of a Cash Dividend falls in a Relevant Period, the Calculation Agent shall calculate the following upward or downward adjustment to the Exchange Price in accordance with the following formula (instead of any corresponding or other adjustment under the applicable Euronext Derivatives Corporate Actions Policy or, as the case may be, such equivalent policy of the Alternative Option Exchange):

$$X_n = X_o \times R$$

where:

"X_n" means the adjusted Exchange Price;

"X_o" means the Exchange Price on the Relevant Record Date;

"R" means $(\mathrm{S_{prev}} - \mathrm{D}) / (\mathrm{S_{prev}} - \mathrm{T})$, provided that (a) if D = T (including if D = T = Sprev), no adjustment shall be required to be made to the Exchange Price, and (b) if D ≠ T, then (x) if D = Sprev or (y) if (Sprev – D) / (Sprev – T) is negative (other than where T = Sprev), R shall be equal to 0.0001 and (z) if T = Sprev, R shall be such amount as determined by an Independent Adviser. For the avoidance of doubt, if R is equal to 1, no adjustment shall be required to be made to the Exchange Price;

"$\mathrm{S_{prev}}$" means the Closing Price of a Share on the Relevant Record Date;

"D" means (in case of (A) above) the Fair Market Value of the Relevant Cash Dividend on the Relevant Record Date, and (in the case of (B) above) zero;

"T" means the applicable Dividend Threshold.

In these Conditions:

"**Dividend**" means any dividend or distribution by the Issuer to its Shareholders, whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account;

"**Cash Dividend**" means (i) any Ordinary Dividend in cash or (ii) any Ordinary Dividend payable either in cash or in kind (including but not limited to the issue or delivery of Shares) at the option of Shareholders (including but not limited to pursuant to articles L.232-18 *et seq.* of the French *Code de Commerce*), and in such case the amount of such Cash Dividend shall be equal to the total cash amount so payable per Share, disregarding the value of the in kind property payable in lieu of such cash amount at the option of the Shareholders as aforesaid;

"**Dividend Threshold**" means in respect of any Relevant Period, the amount per Share corresponding to such Relevant Period as set out below (adjusted pro rata for any adjustment to the Exchange Price including pursuant to this Condition 8, including this Condition 8(a)(ii)).

Notwithstanding the foregoing, (a) if no Ex-Date has occurred in a Relevant Period, for the purposes of the Relevant Adjustment Date falling on the first Scheduled Trading Day of the following Relevant Period, the Dividend Threshold shall be deemed to be the Dividend Threshold in respect of such Relevant Period in which no Ex-Date occurred, and (b) if more than one Ex-Date occurs in a Relevant Period, the Dividend Threshold set out in the table below (or adjusted level as aforesaid) shall apply to the first such Ex-Date to occur and the Dividend Threshold in respect of any subsequent Ex-Date occurring in such Relevant Period shall be zero.

Relevant Period	**Dividend Threshold (€)**
From 22 September 2017 (inclusive) to 30 September 2017 (inclusive)	0
From 1 October 2017 (inclusive) to 31 March 2018 (inclusive)	1.50
From 1 April 2018 (inclusive) to 30 September 2018 (inclusive)	3.10
From 1 October 2018 (inclusive) to 31 March 2019 (inclusive)	1.50
From 1 April 2019 (inclusive) to 30 September 2019 (inclusive)	3.10
From 1 October 2019 (inclusive) to 31 March 2020 (inclusive)	1.50
From 1 April 2020 (inclusive) to 30 September 2020 (inclusive)	3.10
From 1 October 2020 (inclusive) to 31 March 2021 (inclusive)	1.50
From 1 April 2021 (inclusive) to 30 September 2021 (inclusive)	3.10
From 1 October 2021 (inclusive) to 31 March 2022 (inclusive)	1.50
From 1 April 2022 (inclusive) to 30 September 2022 (inclusive)	3.10
From 1 October 2022 (inclusive) to the Final Maturity Date (inclusive)	1.50

"**Ex-Date**" means the first Scheduled Trading Day on which the Shares are traded ex-dividend or ex distribution on the Relevant Stock Exchange;

"**Ordinary Dividend**" means any Dividend which does not constitute a special dividend for the purposes of the Euronext Derivatives Corporate Actions Policy or the rules of the Alternative Option Exchange (if any);

"**Relevant Adjustment Date**" means each Ex-Date in respect of a Relevant Cash Dividend and, if no Ex-Date falls in a Relevant Period, the first Scheduled Trading Day following the end of such Relevant Period;

"**Relevant Period**" means each successive period referred to in the table set out above;

"**Relevant Record Date**" means the Scheduled Trading Day which immediately precedes the Relevant Adjustment Date;

For the avoidance of doubt, if no Ex-Date falls in a Relevant Period or the applicable Fair Market Value on the Relevant Record Date of the Relevant Cash Dividend is less than the applicable Dividend Threshold for such Relevant Period, the Exchange Price will be adjusted upwards. If the applicable Fair Market Value of any such Relevant Cash Dividend exceeds the applicable Dividend Threshold, the Exchange Price will be adjusted downwards.

(b) Adjustments in accordance with this Condition 8 will become effective as specified in Condition 8(a). Adjustments in accordance with this Condition 8 (including Condition 8(a)(ii)) will not be made, if the effective date for such adjustments is later than:

a. in the case of Bonds in respect of which Exchange Rights have been exercised, (x) (where the Cash Amount is to be paid in respect of such exercise) the last Averaging Date in respect of such exercise, or (y) (where the Early Redemption Cash Amount is to be paid in respect of such exercise) the last Averaging Date in relation to the Early Redemption Amount Calculation Period (or the last Averaging Date comprised in such shorter period as is referred to in sub-paragraph (ii) of the definition of Adjusted Fair Value per Bond); or

b. in relation to Bonds in respect of which no Exchange Rights have been exercised, the first day after the end of the last Exchange Period pursuant to Condition 7(a)(ii), as the case may be (except where the Early Redemption Amount is to be paid, the last Averaging Date in relation to the Early Redemption Amount Calculation Period (or the last Averaging Date comprised in such shorter period as is referred to in sub-paragraph (ii) of the definition of Adjusted Fair Value)).

(c) All adjustments to the Exchange Price and the Dividend Threshold will be calculated by the Calculation Agent (or to the extent so specified in the Conditions, the Independent Adviser). Any adjustment to the Exchange Price or the Dividend Threshold determined will, if necessary, be rounded to four decimal places, with 0.00005 being rounded upwards, and any subsequent adjustments shall be made on the basis of such adjusted Exchange Price and/or, as the case may be, Dividend Threshold, so rounded.

(d) Subject to having been notified by the Calculation Agent or the Independent Adviser, as the case may be, of any adjustment to the Exchange Price pursuant to this Condition 8, the Issuer will give notice to Bondholders in accordance with Condition 17 of any such adjustment as soon as reasonably practicable and, in any event, not later than seven Business Days following such adjustment.

(e) If any share price relevant for any calculation of a price in accordance with this Condition 8 (other than Condition 8(a)(ii)) is subsequently corrected by the Relevant Stock Exchange and the correction is published within less than one Settlement Cycle after the original publication made in accordance with Condition 8(d), subject to having been notified by the Calculation Agent or the Independent Adviser, as the case may be, the Issuer shall notify the Bondholders of the corrected Share Price and any necessary further adjustment of the terms of the Bonds.

As used in these Conditions:

"**Settlement Cycle**" means the period of dealing days following a trade in the Shares on the Relevant Stock Exchange in which settlement will customarily occur according to the rules of the Relevant Stock Exchange.

(f) For the avoidance of doubt, no adjustment will be made to the Exchange Price where Shares or other securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees or their spouses or relatives, in each case, of the Company or any associated company or its or their Affiliates or to a trustee or trustees to be held for the benefit of any such person, or any other member of the Company's group savings plan, in any such case pursuant to any share or option scheme (including for the avoidance of doubt the Company's share capital increase reserved for employees and related schemes or any successor or similar scheme) or pursuant to any dividend reinvestment plan or similar plan or scheme.

9 Disrupted Days

If any Initial Averaging Date or any Averaging Date would have fallen on a Disrupted Day if this Condition 9 would not have been applied, then the Initial Averaging Date or the Averaging Date shall be postponed to the first succeeding Scheduled Trading Day which is not a Disrupted Day, and on which another Initial Averaging Date or another Averaging Date does not or is not deemed to occur (such date, a "**Valid Date**"). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Initial Averaging Date or another Averaging Date or Disrupted Day, would have been the final Initial Averaging Date or the final Averaging Date in respect of the relevant series of Initial Averaging Dates or Averaging Dates, then (i) that eighth Scheduled Trading Day shall be deemed to be the Initial Averaging Date or the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Initial Averaging Date or an Averaging Date) and (ii) the Independent Adviser shall determine in good faith and in a commercially reasonable manner its estimate of the value of the Share(s) at the Valuation Time on that eighth Scheduled Trading Day.

The following definitions shall apply:

"**Averaging Date**" shall mean, in respect of any Relevant Calculation Period and each Scheduled Trading Day comprised in such Relevant Calculation Period, each such Scheduled Trading Day (subject, where such Scheduled Trading Day is a Disrupted Date, to an adjustment pursuant to this Condition 9);

"**Disrupted Day**" means any Scheduled Trading Day on which the Relevant Stock Exchange for the Shares or the Related Exchange fails to open for trading during its regular trading session (a "**Failure to Open**") or on which a Market Disruption Event has occurred, as determined in good faith by the Calculation Agent;

"**Early Closure**" means the closure on any Scheduled Trading Day of the Relevant Stock Exchange or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Relevant Stock Exchange or Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Relevant Stock Exchange or, as the case may be, the Related Exchange on such Scheduled Trading Day and (ii) the submission deadline for orders to be entered into the system of the Relevant Stock Exchange or, as the case may be, Related Exchange for execution at the Valuation Time on such Scheduled Trading Day;

"**Exchange Disruption**" means any event (other than an Early Closure) that disrupts or impairs (as determined in good faith by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Relevant Stock Exchange or (ii) to effect transactions in, or obtain market values for, futures or option contracts relating to the Shares on the Related Exchange;

"**Market Disruption Event**" means each of (i) Trading Disruption, (ii) Exchange Disruption and (iii) Early Closure but in respect of (i) and (ii) only if the Calculation Agent determines that such event is material at any time during the one hour period that ends at the Valuation Time or for an aggregate of more than one hour over the course of a day;

"**Related Exchange**" means Euronext or, only to the extent applicable in accordance with Condition 8, the Alternative Option Exchange (if any);

"**Relevant Calculation Period**" means the Cash Amount Calculation Period (other than, for the purpose of this definition, a Cash Amount Calculation Period pursuant to limb (ii) of the definition thereof) or the Early Redemption Amount Calculation Period, as the context requires;

"**Scheduled Closing Time**" means, in respect of the Relevant Stock Exchange or the Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Relevant Stock Exchange or, or as the case may be, Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

"**Trading Disruption**" means any suspension of or limitation imposed on trading by the Relevant Stock Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or, as the case may be, Related Exchange or otherwise (i) relating to the Share on the Relevant Stock Exchange, or, as the case may be, (ii) in futures or option contracts relating to the Share on the Related Exchange; and

"**Valuation Time**" means the Scheduled Closing Time in respect of the relevant Scheduled Trading Day.

10 Nationalisation, Delisting, Illiquidity Event and Change in Law

(a) If (i) a Nationalisation, Delisting or Illiquidity Event occurs, the Issuer shall, or (ii) a Change in Law (other than in the circumstances the subject of Condition 11(b)(ii)(A) or 11(b)(ii)(B)) occurs, the Issuer may, by providing notice of the occurrence of such event in accordance with Condition 17 no later than on the day which is the fifth Business Day after the Relevant Date (or such lesser notice as may be required to comply with a Change in Law), which notice shall be irrevocable, redeem all but not some only of the outstanding Bonds at their Early Redemption Amount or, in the case of Condition 7(d), their Early Redemption Cash Amount, on the Early Redemption Date. Such notice shall specify the anticipated Early Redemption Date.

(b) The following definitions shall apply:

"**Affiliate**" means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "**control**" of any entity or person means ownership of a majority of the voting power of the entity or person;

"**Change in Law**" means that, on or after 19 September 2017 (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law or tax treaty), or (B) due to the promulgation of, first interpretation or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority) or (C) due to the change (for any reason) outside of France of the statutory seat (*siège social*), state of incorporation or tax residency of the Issuer, the Company or a Hedging Counterparty, the Issuer determines in good faith or a Hedging Counterparty notifies the Issuer that it has determined in good faith that (X) it has become illegal for any party thereto to perform its obligations under the Bonds or such Hedge Positions or illegal to hold, acquire or dispose of Shares, any Hedge Positions or the Bonds or effect such necessary Hedging Activities, or (Y) it would incur a materially increased cost in performing its obligations under, in the case of the Issuer, the Bonds or a Hedge Position or, in the case of the Hedging Counterparty, any Hedge Positions or in effecting its Hedging Activities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position, and, among others, due to any withholding tax on dividends paid by the Issuer to the Hedging Counterparty under its Hedge Positions), provided that, where the Change in Law relates to the Hedging Counterparty, the Hedging Counterparty notifies the Issuer upon at least two Scheduled Trading Days' advance notice that it will terminate the Hedge Position as a result of the Change in Law;

"**Delisting**" means that, as determined, the Relevant Stock Exchange announces that, pursuant to the rules of such Relevant Stock Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Relevant Stock Exchange for any reason (other than by reason of a merger, takeover or other special circumstances as contemplated by the Euronext Derivatives Corporate Actions Policy) and are not immediately re-listed, re-traded or re-quoted on a stock exchange or securities market located in any member state of the European Union;

"**Hedging Activities**" means any activities or transactions undertaken in connection with the establishment, maintenance, adjustment or termination of a Hedge Position;

"**Hedging Counterparty**" means a counterparty to a Hedge Position of the Issuer;

"**Third Party Hedging Counterparty**" means a direct counterparty to a Hedge Position of the Hedging Counterparty;

"**Hedge Position**" means: (i) with respect to the Issuer, a transaction including a share option transaction the Issuer deems appropriate to hedge the equity price risk of entering into and performing its obligations with respect to the Bonds (a "**Transaction**") or asset the Issuer deems appropriate to hedge the equity price risk of entering into and performing its obligations with respect to the Bonds; or (ii) with respect to a Hedging Counterparty or a Third Party Hedging Counterparty, (a) any Transaction or (b) any purchase, sale, entry into or maintenance of one or more (1) positions or contracts in securities, options, futures, derivatives or foreign exchange, (2) stock loan transactions or (3) other instruments or arrangements (howsoever described) by a Hedging Counterparty (or an Affiliate thereof) or a Third Party Hedging Counterparty (or an Affiliate thereof) to hedge, individually or on a portfolio basis, a Transaction;

"**Illiquidity Event**" means that, in respect of any calendar month ending after the Issue Date (the "**Relevant Month**") and with regards to any period of 30 consecutive Scheduled Trading Days ending on a Scheduled Trading Day comprised during such Relevant Month (the "**Relevant Testing Period**"), the arithmetic average of the Daily Value Traded on the Relevant Stock Exchange and on Relevant Multilateral Trading Facilities on each Scheduled Trading Day comprised in such Relevant Testing Period, is less than Euro 20 million, as determined by the Calculation Agent and notified by it to the Issuer and any Hedging Counterparty no later than the 2^{nd} Business Day following the end of such Relevant Month, and the Illiquidity Event shall be deemed to have occurred in respect of the Relevant Month on the date of such notification.

For the purposes of this definition, "**Daily Value Traded on the Relevant Stock Exchange and on Relevant Multilateral Trading Facilities**" shall mean the daily traded volume in Euro as published on Bloomberg page KER FP EU Equity HP (or any successor Bloomberg page) (using the setting labelled "Value Traded", or any successor setting); and

"**Nationalisation**" means that all the Shares or all or substantially all the assets of the Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

11 Redemption and Purchase

(a) *Final Redemption*

Unless previously purchased and cancelled, redeemed or exchanged and cancelled as herein provided, the Bonds will be redeemed at their principal amount on the Final Maturity Date. The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 10, Condition 11(b) or Condition 11(d).

(b) *Redemption at the Option of the Issuer*

(i) If, at any time, the aggregate principal amount of the Bonds outstanding is equal to or less than 15 per cent. of the aggregate principal amount of the Bonds originally issued (for which purpose any further Bonds issued pursuant to Condition 18 and consolidated and forming a single series with the Bonds shall be deemed to have been "originally issued"), the Issuer may, on not less than 30 nor more than 60 days' irrevocable notice (the "**Clean-up Call Redemption Notice**") to the Bondholders in accordance with Condition 17, at any time prior to the Final Maturity Date, at its option, redeem on a date to be specified in the Clean-up Call Redemption Notice (the "**Clean-up Call Redemption Date**"), all (but not some only) of the remaining Bonds at their principal amount.

(ii)

(A) If, by reason of any change in French laws, or regulations, or any treaty applicable to France or any change in the official application or interpretation of such laws, regulations or treaties (including the decision of any court or tribunal with competent jurisdiction), becoming effective after the Issue Date, the Issuer, the Delegated Debtor or the Guarantor would on the occasion of the next payment of principal or any other amount due in respect of the Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 13(b), the Issuer may, at its option or upon the request of the Guarantor, at any time, subject to having given not less than 30 nor more than 45 days' notice (an "**Additional Amounts Tax Redemption Notice**") to the Bondholders (which notice shall be irrevocable), in accordance with Condition 17, redeem all, but not some only, of the Bonds then outstanding and in respect of which no Non-Redemption Election Notice has been validly delivered pursuant to paragraph (C) below, at their principal amount (the "**Additional Amounts Tax Redemption Date**") specified in the Additional Amounts Tax Redemption Notice, provided that the Additional Amounts Tax Redemption Date shall be no earlier than the latest practicable date on which the Issuer, the Delegated Debtor or the Guarantor could make payment of principal or any other amount due in respect of the Bonds without withholding or deduction for French taxes.

(B) If the Issuer, the Delegated Debtor or the Guarantor would on the next payment of principal or any other payment in respect of the Bonds be prevented by French law or by any official application or interpretation of such law from making payment to the Bondholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 13(b), then the Issuer shall upon giving a not less than 30 days' notice (a **"Mandatory Redemption Notice"**) to the Bondholders in accordance with Condition 17 redeem, on the date specified in the Mandatory Redemption Notice (the "**Mandatory Tax Redemption Date**"), all, but not some only, of the Bonds then outstanding and in respect of which no Non-Redemption Election Notice has been validly delivered pursuant to paragraph (C) below, at their principal amount, provided that the Mandatory Tax Redemption Date shall be no earlier than the latest practicable date on which the Issuer, the Delegated Debtor or the Guarantor could make payment of the full amount of principal or any other amount due in respect of the Bonds then due and payable or, if such date has passed, as soon as practicable thereafter.

(C) If the Issuer gives an Additional Amounts Tax Redemption Notice, or a Mandatory Redemption Notice, each Bondholder will have the right to elect that its Bonds shall not be redeemed and that the provisions of Condition 13 with respect to the requirement for the Issuer to pay additional amounts shall not apply in respect of any payment to be made on such Bonds which falls due after the relevant Additional Amounts Tax Redemption Date or Mandatory Tax Redemption Date, respectively, whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 13 and payment of all amounts on such Bonds shall be made subject to the deduction or withholding of any French taxation required to be withheld or deducted. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying, Transfer and Exchange Agent a duly completed and signed notice of election (a "**Non-Redemption Election Notice**"), in the form for the time being current, obtainable from the specified office of any Paying, Transfer and Exchange Agent on or before the day falling 10 days prior to the Additional Amounts Tax Redemption Date or Mandatory Tax Redemption Date, as the case may be. Any Non-Redemption Election Notice signed and deposited by a Bondholder with respect to a specific event shall remain valid with respect to such Bondholder until the relevant Bonds are fully redeemed or cancelled and without prejudice to any other event which may trigger the application of this Condition 11(b).

(c) *Redemption at the Option of Bondholders following a Change of Control of the Issuer and/or a Change of Control of the Guarantor and/or a Change of Control of the Company*

In the event of (i) a Change of Control of the Issuer and/or a Change of Control of the Guarantor and/or a Change of Control of the Company or (ii) a sale by the Guarantor, acting directly or indirectly, on the market or off-market, of all or part of its ownership interest in the Company and the Guarantor ceasing to hold, exclusively as a result of such sale, directly or indirectly, at least 30% of the voting rights or of the share capital of the Company, (each, a "**Change of Control Event**") then each holder of Bonds will have the option upon the giving of a Change of Control Put Notice to require the Issuer to redeem or, at the option of the Issuer, procure the purchase of such Bonds on the Change of Control Put Date at their principal amount.

As soon as practicable (and in any event not later than 4 days) following the date on which the relevant Change of Control Event has become effective, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 17 (a "**Change of Control Notice**"). The Change of Control Notice shall contain a statement informing Bondholders of their entitlement to exercise their Exchange Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant this Condition 11(c).

The Change of Control Notice shall also specify:

(i) the date on which the relevant Change of Control Event has become effective;

(ii) the Closing Price of the Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of the Change of Control Notice;

(iii) the last day of the Change of Control Period; and

(iv) the Change of Control Put Date.

To exercise the right to require redemption or, as the case may be, purchase of its Bonds under this Condition 11(c), the holder of such Bonds must transfer or cause to be transferred by its Account Holder its Bonds to be so redeemed or purchased to the account of the Paying, Transfer and Exchange Agent specified in the Change of Control Notice for the account of the Issuer within the Change of Control Period, together with a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying, Transfer and Exchange Agent (a "**Change of Control Put Notice**") and in which the holder shall specify a euro bank account to which payment is to be made under this Condition 11(c).

The Issuer shall redeem or, at the option of the Issuer, procure the purchase of, the Bonds in respect of which the Change of Control Put Notice has been validly delivered as provided above, and subject to the transfer of such Bonds on the account of the Paying, Transfer and Exchange Agent specified in the Change of Control Put Notice for the account of the Issuer as described above, on the date which is the seventh Business Day following the end of the Change of Control Period (the "**Change of Control Put Date**"). Payment in respect of any Bond in respect of which the Change of Control Put Notice has been validly delivered as provided above will be made to each relevant holder in accordance with Condition 12 on the Change of Control Put Date.

(d) *Settlement of option contracts*

If option contracts in respect of the Shares are traded on the Related Exchange, and any event occurs as a result of which such option contracts are settled in accordance with the Euronext Derivatives Corporate Actions Policy or, in the case of an Alternative Option Exchange, such corporate actions policy as is applied by the Alternative Option Exchange in effect at the relevant time, for example following the occurrence of a merger or takeover or other special circumstances as provided in the Euronext Derivatives Corporate Actions Policy and other than as a result of a Nationalisation or a Delisting (a "**Settlement**"), the Issuer shall give notice to Bondholders in accordance with Condition 17 no later than on the day which is the fifth Business Day after the Relevant Date specifying the anticipated Early Redemption Date (which notice shall be irrevocable) and shall thereafter redeem all but not some only of the outstanding Bonds at their Early Redemption Amount or, in the case of Condition 7(d), their Early Redemption Cash Amount, on the Early Redemption Date.

(e) *Purchase*

The Issuer may at any time purchase Bonds (together with all rights relating to payment of any amounts relating to such Bonds) in the open market or otherwise (including by way of tender or exchange offer) at any price and on any condition, subject to applicable laws. Bonds so purchased by the Issuer should be cancelled.

(f) *Cancellation*

All Bonds which are redeemed or purchased for cancellation by the Issuer will forthwith be cancelled (together with all rights relating to payment of any amounts relating to such Bonds) by transfer to an account in accordance with the rules and procedures of Euroclear France.

Any Bonds so cancelled may not be reissued or resold and the obligations of the Issuer, the Guarantor and the Delegated Debtor in respect of any such Bonds shall be discharged.

(g) *Multiple Notices*

If more than one notice of redemption is given by the Issuer pursuant to this Condition 11 or Condition 10(a), the first of such notices to be given shall prevail.

12 Payments

(a) *Payments to the Bondholders*

Payments of any amount in respect of the Bonds shall be made in euro, by credit or transfer to an account denominated in euro (or any other account to which euro may be credited or transferred). Such payments shall be made for the benefit of the Bondholders to the Account Holders and all payments validly made to such Account Holders in favour of the Bondholders (for transfer to such account denominated in euro specified by the Bondholder with a bank in a city in which banks use the TARGET System) will be an effective discharge of the Issuer (or the Guarantor) and/or the Delegated Debtor in respect of such payments.

If, following the exercise of the Exchange Right in respect of any Bond pursuant to Condition 7 or in the event of redemption of the Bonds pursuant Condition 10, Condition 11 or Condition 14, on the due date for payment of any amount due in respect of any such Bond, only the amount due either by the Issuer (or the Guarantor) or the Delegated Debtor has been paid, the Principal Paying, Transfer and Exchange Agent shall procure that such payment is paid to the relevant Bondholders' Account Holders. In such event, the Bonds shall remain a valid title entitling the Bondholder to payment of any unpaid amounts until complete payment in respect thereof, but either the Issuer (or the Guarantor) or the Delegated Debtor will be respectively and accordingly effectively irrevocably discharged of their obligations under the Bonds.

(b) *Payments subject to fiscal laws*

Payments in respect of the Bonds will be made subject to any fiscal or other laws and regulations applicable thereto, including, without limitation, Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (or any successor provisions), any current or future regulations or official interpretations thereof, any agreements (including any intergovernmental agreements) thereunder or any law, regulation, or official interpretation implementing any of the foregoing, but without prejudice to the provisions described in Condition 13. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) *Appointment of Agents*

The Issuer reserves the right, under, and pursuant to the terms of, the relevant agreements, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that it will at all times maintain a Principal Paying, Transfer and Exchange Agent and a Calculation Agent which shall be financial institutions of international repute with appropriate expertise and with a specified office in (in the case of the Principal Paying, Transfer and Exchange Agent) a principal financial centre in the European Union or (in the case of the Calculation Agent) in Europe (including, for the avoidance of doubt, in the United Kingdom).

Notice of any change in any Agent or their respective specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 17.

(d) *Adjustments, calculations and determinations*

Any adjustments, calculations or determinations made by the Calculation Agent or, as the case may be, the Independent Adviser pursuant to these Conditions shall be final and binding (in the absence of manifest error) on the Issuer, the Guarantor, the Delegated Debtor, the Agents and the Bondholders. The Calculation Agent may, subject to the provisions of the Calculation Agency Agreement, consult, subject to the prior approval of the Issuer and at the expense of the Issuer, on any matter (including but not limited to, any legal matter), with any legal or other professional adviser and it shall be able to rely upon and shall incur no liability as against the Issuer, the Guarantor, the Delegated Debtor, the Paying, Transfer and Exchange Agents, any Hedging Counterparty, or the Bondholders in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with that adviser's opinion. In making any adjustments, calculations or determinations pursuant to these Conditions, the Calculation Agent and, as the case may be, the Independent Adviser shall act solely upon request from and as exclusive agent of the Issuer and the Calculation Agent or, as the case may be, the Independent Adviser will not assume any obligations towards or relationship of agency with, and shall, to the extent permitted by law, not be liable and shall incur no liability as against, the Delegated Debtor, the Paying, Transfer and Exchange Agents, the Bondholders or any Hedging Counterparty.

(e) *Non-business days*

If any due date for payment of principal or other amount in respect of any Bond is not a Business Day, then the Bondholder shall not be entitled to payment of the amount due until the next following day which is a Business Day and the Bondholder shall not be entitled to any interest or other additional sums in respect of such postponed payment.

(f) *Fractions*

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

13 Taxation

(a) *Withholding Tax*

All payments of principal or other amount payable (including the Cash Amount, the Early Redemption Cash Amount, the Early Redemption Amount and the Performance Cash Amount) by or on behalf of the Issuer, the Delegated Debtor or the Guarantor in respect of the Bonds (each of the Issuer, the Delegated Debtor or the Guarantor and, in each case, any successor thereof, making such payment, the "**Payor**") shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed ("**Taxes**"), levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

(b) *Additional Amounts*

If, pursuant to French laws or regulations, payments of principal or other amount payable (including the Cash Amount, the Early Redemption Cash Amount, the Early Redemption Amount and the Performance Cash Amount) in respect of any Bond become subject to deduction or withholding in respect of any present or future Taxes imposed by or on behalf of France or any authority therein or thereof having power to tax, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the holder of each Bond, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such deduction or withholding; provided, however, that the foregoing obligation to pay Additional Amounts does not apply to:

(i) Any Taxes that would not have been so imposed or levied but for the existence of any present or former connection between the relevant holder (or between a fiduciary, beneficial owner, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant holder, if the relevant holder is an estate, nominee, trust, partnership, company or corporation) and France, including, without limitation, such holder or person being or having been a domiciliary, national or resident thereof, or having had a permanent establishment therein, other than the mere holding of such Bond;

(ii) Any estate, inheritance, gift, sales, excise, transfer, personal property or similar Tax;

(iii) Any Taxes which are payable other than by withholding or deduction from payments under (or with respect to) the Bonds;

(iv) Any Taxes imposed on a Bond presented for payment more than 30 days after the date on which such payment on such Bond became due and payable or the date on which payment thereof is duly provided for, whichever is later (except to the extent that the holder would have been entitled to Additional Amounts had the Bond been presented on the last day of the 30-day period);

(v) Any withholding or deduction pursuant to or in connection with Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (or any successor provisions), any current or future regulations or official interpretations thereof, any agreements (including any intergovernmental agreements) thereunder or any law, regulation, or official interpretation implementing any of the foregoing; or

(vi) Any Taxes imposed or levied by reason of the combination of clauses (i) to (v) above.

Any references in these Conditions to principal and any amount payable by or on behalf of the Issuer in respect of the Bonds shall be deemed to also refer to any additional amounts which may be payable under the provisions of this Condition 12.

14 Events of Default

If any of the following events (each an "**Event of Default**") has occurred or is continuing:

(a) a failure to make a payment when due of any amount payable by the Issuer in respect of any Bond or, as the case may be, by the Guarantor in respect of the Guarantee where such default has not been remedied by the Issuer or the Guarantor within 10 Business Days from the receipt by the Issuer and the Guarantor of written notice of such failure from the Representative or the Principal Paying and Exchange Agent ; or

(b) non-performance by the Issuer or the Guarantor, as the case may be, of any other provision of these Conditions or the Guarantee where, as applicable, such default has not been remedied within 30 calendar days following the receipt by the Issuer or the Guarantor, as the case may be, of written notice of such non-performance from the Representative or the Principal Paying and Exchange Agent; or

(c) (x) the Issuer or the Guarantor fails to pay any financial indebtedness (other than the Bonds) or any guarantee granted by the Issuer or the Guarantor with respect to any such debt, in each case, when due or prior to the expiration of any applicable grace period, for a total amount exceeding Euro 50,000,000 in the case of the Guarantor (or the equivalent in a foreign currency), unless the Issuer or the Guarantor, as the case may be, contests in good faith the call for such payment or the validity of the calling of the guarantee and the dispute has been referred to a competent court, in which case the defaulted payment will not constitute a default until such time as a final judgment has been rendered, or (y) a substantial portion of the assets of the Issuer or the Guarantor are seized by a secured creditor; or

(d) the Issuer or the Guarantor, as the case may be, is declared insolvent (*en cessation des paiements*), acknowledges in writing its inability to pay its debts, becomes subject to the appointment of a third party charged with the protection of the interests of its creditors, becomes subject to a conciliation procedure (*procédure de conciliation*) pursuant to articles L.611-4 *et seq.* of the French *Code de commerce* (or an equivalent proceeding), becomes subject to a safeguard procedure (*procédure de sauvegarde*) pursuant to articles L.620-1 *et seq.* of the French *Code de commerce* (or an equivalent proceeding), becomes subject to an accelerated safeguard procedure (*procédure de sauvegarde accélérée*) pursuant to articles L.628-1 *et seq.* of the French *Code de commerce* (or an equivalent proceeding) or becomes subject to a bankruptcy judgment to the fullest extent permitted by law (*jugement de redressement judiciaire, jugement de cession totale de l'entreprise, jugement de liquidation judiciaire*); or

(e) the Guarantee is declared null or void, where such default has not been remedied within 5 Business Days; or

(f) the Guarantor ceases to hold directly or indirectly, at least 90% of the share capital and the voting rights of the Issuer;

then the Representative may, at its own initiative, or shall, upon the request from any Bondholder, following a decision by the Bondholders passed by the general meeting and by delivering notice in writing of such decision to the Principal Paying, Transfer and Exchange Agent (with a copy to the Issuer), provided that the relevant Event of Default has not been previously remedied, cause the outstanding Bonds to become due and payable on the Business Day following the date of reception by the Issuer and by the Principal Paying, Transfer and Exchange Agent of the notification of the Representative's decision, at the Bond principal amount.

As soon as practicable (and in any event not later than 4 days) following the occurrence of an Event of Default, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 17 (an "**Event of Default Notice**"). The Event of Default Notice shall contain a statement informing Bondholders of their entitlement to exercise their Exchange Rights as provided in these Conditions.

15 Prescription

Claims against the Issuer, the Guarantor or the Delegated Debtor for payment of principal or any amount payable in respect of the Bonds shall become prescribed ten (10) years (in case of principal, Cash Amount or Early Redemption Cash Amount or Early Redemption Amount or Performance Cash Amount).

16 Representation of Bondholders

The Bondholders will be grouped automatically for the defence of their common interests in a *Masse* which will be subject to the provisions of this Condition 16 below. The *Masse* will be governed by the provisions of the French *Code de commerce* with the exception of Articles L.228-48, L.228-59, L.228-65 II, R.228-63, R.228-67, R.228-69, and R.228-72, subject to the following provisions:

(a) *Legal Personality*

The Masse will be a separate legal entity, by virtue of Article L.228-46 of the French *Code de commerce*, acting in part through a representative (the "**Representative**") and in part through a general meeting of the Bondholders (the "**General Meeting**").

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

(b) *Representative*

The office of Representative may be conferred on a person of any nationality who agrees to perform such function. However, the following persons may not be chosen as Representative:

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

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

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

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

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

Aether Financial Services, 36 rue de Monceau, 75008 Paris, France

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

J&1, 2 Square La Bruyère, 75009 Paris, France

The Issuer shall pay to the Representative an amount of Euro 400 (VAT excluded) per year so long as any of the Bonds is outstanding with the first payment at the Issue Date. The Alternate Representative will only become entitled to the annual remuneration of Euro 400 (VAT excluded) if it exercises the duties of Representative on a permanent basis; such remuneration will accrue from the day on which it assumes such duties.

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

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

(c) *Powers of Representative*

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

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

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

(d) *General Meeting*

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Bondholders, holding together at least one-thirtieth of the principal amount of the Bonds outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within 30 days after such demand, the Bondholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published as provided under Condition 17 not less than 15 days prior to the date of the General Meeting on first convocation and not less than 10 days prior to the date of the General Meeting on second convocation.

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

(e) *Powers of the General Meetings*

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

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the amounts payable by Bondholders, nor establish any unequal treatment between the Bondholders, nor decide to exchange Bonds.

General Meetings may deliberate validly on first convocation only if Bondholders present or represented hold at least one fifth (1/5) of the principal amount of the Bonds then outstanding. On second convocation, no quorum shall be required.

Decisions at meetings shall be taken by a majority of votes cast by the Bondholders attending such General Meetings or represented thereat.

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

Decisions of the General Meetings must be published in accordance with the provisions set out in Condition 16 not more than 15 days from the date thereof.

(f) *Information to Bondholders*

Each Bondholder or representative thereof will have the right, during the 15-day period preceding the holding of the General Meeting on first convocation and, during the 10-day period preceding the holding of the General Meeting on second convocation, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection at the principal office of the Issuer, at the offices of any of the Paying, Transfer and Exchange Agent during normal business hours and at any other place specified in the notice of the General Meeting.

(g) *Expenses*

The Issuer will pay all duly documented and reasonable expenses incurred in the operation of the Masse, including expenses relating to the calling and holding of General Meetings and more generally all administrative expenses resolved upon by the General Meetings.

If and for so long as the Bonds are held by a sole Bondholder, such sole Bondholder shall exercise all the powers, rights and obligations entrusted with the Representative and the General Meeting by the provisions of this Condition 16, as appropriate. Such sole Bondholder shall hold a register of the decisions it will have taken in this capacity and shall make them available, upon request, to any subsequent holder of all or part of the Bonds. For the avoidance of doubt, in this case, the Representative and the General Meeting shall not exercise such powers, rights and obligations until the Bonds are held by more than one Bondholder.

17 Notices

The Issuer shall publish all notices concerning the Bonds on the Issuer's website and deliver them to Euroclear France, Euroclear Bank, Clearstream and/or any other clearing system through which the Bonds are for the time being cleared for communication by such clearing systems to the Bondholders. Any such notice shall be deemed to have been given to the Bondholders on the day on which such notice was published on the Issuer's website.

In addition, notices may also be published on Bloomberg at the request of the Issuer.

If the Bonds are admitted to trading or listed on any stock exchange and the rules of such stock exchange so require, all notices of the Issuer concerning the Bonds shall also be published in accordance with the rules of such stock exchange. A failure to publish any notices in accordance with the rules of any stock exchange shall not affect the effectiveness of notices issued in accordance with the previous paragraph.

The Bonds, being listed on the Luxembourg Stock Exchange ("**LuxSE**"), all notices of the Issuer concerning the Bonds shall also be published on LuxSE website (www.bourse.lu).

The Issuer shall send a copy of all notices given by it to Bondholders pursuant to these Conditions simultaneously (or as soon as practicable thereafter) to the Calculation Agent.

18 Further Issues

The Issuer may from time to time, with the prior consent of the Delegated Debtor but without the consent of the Bondholders, issue further bonds to be assimilated (*assimilables*) with the Bonds as regards their financial service, provided that such further bonds and the Bonds shall carry rights identical in all respects (or in all respects save for the issue price and the first date on which the

Exchange Rights may be exercised) and that the terms of such further bonds shall provide for such assimilation.

In the event of such an assimilation, the Bondholders and the holders of such further bonds will be grouped together in a single masse for the defence of their common interests. References in these Conditions to the "**Bonds**" include any other bonds issued pursuant to this Condition 18 and assimilated with the Bonds.

19 Hardship (*Imprévision*)

In relation to these Conditions, the Issuer, the Guarantor, the Delegated Debtor, the Representative and each Bondholder waive any right under Article 1195 of the French *Code civil.*

20 Cancellation *(Caducité)*

Without prejudice to the early redemption right of the Issuer under Condition 10 in the event of a Change in Law, if, at any time, any other agreement part of the single transaction (*même opération*) involving the Bonds, is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction or is terminated for any reason, neither the legality, validity or enforceability of the Conditions, the Bonds or the Delegation Agreement shall in any way be affected or impaired thereby and, as a result, the Conditions, the Bonds and the Delegation Agreement shall not become *caducs* for the purposes of Article 1186 of the French *Code civil*. Specifically, and still without prejudice to the early redemption right of the Issuer under Condition 10, should any Hedge Position consisting of a Transaction be found to be illegal, invalid or unenforceable or is terminated for any reason for the purpose of Article 1186 of the French *Code Civil*, the Bonds should not, in any way, be affected or impaired thereby and as a result the Conditions, the Bonds and the Delegation Agreement shall not become *caducs* for the purposes of Article 1186 of the French *Code civil.*

21 Governing Law and Jurisdiction

(a) **Governing Law**: The Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by, and shall be construed in accordance with, French law.

(b) **Jurisdiction**: Any claim against the Issuer in connection with any Bonds may be brought before any competent court in Paris.

THE GUARANTEE

UNCONDITIONAL AND IRREVOCABLE GUARANTEE

1. PREAMBLE

On 22 September 2017, Archer Obligations, (hereinafter the “**Issuer**”), a 98.38%-subsidiary of Artémis, issues Euro 375,000,000 non-dilutive cash-settled bonds exchangeable for ordinary shares of Kering, a French *société anonyme*, (the “**Bonds**”), bearing interest at the rate of zero per cent. per annum and due on 31 March 2023 (hereinafter the “**Issue**”).

Artémis has accepted to provide an unconditional and irrevocable guarantee for the benefit of all bearers of Bonds gathered into a masse (pursuant to Condition 16 of the Terms and Conditions of the Bonds) (the “**Masse**”) in order to ensure payment of all sums, in interest, principal and related costs, owed by the Issuer pursuant to the Bonds pursuant to their Terms and Conditions.

2. UNCONDITIONAL AND IRREVOCABLE GUARANTEE

Artémis (hereinafter the “**Guarantor**”), a French *société anonyme* with a share capital of €862,017,387, having its registered office located at 12 rue François 1er, 75008 Paris, registered under number B 378 648 992 RCS Paris, represented by Mrs Patricia Barbizet, duly authorised for the purposes hereof, acting in virtue of the authorisation conferred by the Guarantor’s Board of Directors on 15 September 2017, irrevocably and unconditionally grants to the Masse on behalf of the bearers of Bonds (the “**Bondholders**”), prior to the issue of the Bonds, a guarantee payable upon request, according to the terms defined herein (hereinafter the “**Guarantee**”), the acceptance of which by its beneficiaries will result from the sole act of subscription or purchase of the Bonds.

(a) Guarantee

(i) The Guarantor hereby undertakes jointly and severally with the Issuer, unconditionally and irrevocably, to ensure the financial service and the monetary redemption of the Bonds and, accordingly, to pay in the event of failure by the Issuer, to Bondholders (with a valid claim against the Issuer), all sums in interest, principal and related costs owed by the Issuer pursuant to the Bonds, as soon as they become payable as of this day and for the duration of the Guarantee. It is hereby specified that the settlement of sums due pursuant to the Guarantee will be made in Euros.

(ii) Without prejudice to the stipulations in paragraph 2(a)(i), the Guarantor agrees to renounce, irrevocably and unconditionally, to opposing or asserting, to the fullest extent permitted by law, against any Bondholder, any exception or objection. In particular, the Guarantor shall not be relieved of its obligations should those of the Issuer in respect of the Bonds become null and void or be unenforceable for any reason relating to the capacity of the Issuer, to any lack of power or authorisation of the corporate bodies or persons deemed to have entered into it.

The Guarantor, by virtue of its joint and several liability, also irrevocably and unconditionally waives the right to avail itself of the benefits of discussion and division (*bénéfices de discussion et de division*), as well as the benefit of the term.

(iii) Similarly, the disappearance of any legal or factual link existing between the Guarantor and the Issuer shall not affect the existence, scope, or application of this Guarantee and the payment of the sums which payment is requested. In addition, all provisions of this Guarantee shall remain in full force and effect regardless of changes in the financial, legal or other position of the Issuer or the Guarantor. In particular, the Guarantee will retain its full effect in the event of bankruptcy or liquidation of the Issuer or any other similar proceedings.

(b) Implementation

(i) The Guarantee may be called, by written notice addressed to the Guarantor by registered letter with acknowledgement of receipt, by the representative of the Masse acting on its own initiative or at the request of any Bondholder.

(ii) All amounts due under the Guarantee will be payable no later than 2 business days after receipt of the written notice referred to in paragraph 2(b)(i), by bank wire transfer to CACEIS Corporate Trust (or its successors) in its capacity as principal paying, transfer and exchange agent for the Bondholder's account. The term "business day" means a day (other than a Saturday or a Sunday) when banks are open in Paris and in Luxembourg and where Euroclear France, Clearstream Banking, a limited company, (Luxembourg) and Euroclear Bank S.A./N.V. are working.

(c) Duration of the Guarantee

The present Guarantee will remain in force until full and definitive payment of the amounts due (interest, principal, any other amount and related costs and taxes) by the Issuer in respect of the Bonds.

(d) Interests on late payment

Should the Guarantor fail to pay any sum due in virtue of the Guarantee, the unpaid amounts will incur interest, at expiry of the deadline referred to in paragraph 2(b)(ii), at a rate equal to the *European Overnight Index Average*, the interbank day-to-day rate for deposits in Euros as calculated by the European Central Bank and appearing on the page Eoniarecap on the Reuters screen (or on any other page or service that may replace it) for each day of the period from the due date of said sums until their date of payment, increased by a margin of 2% and calculated on the basis of the exact number of days elapsed, in relation to a year of 365 days.

(e) Tax levies

(i) All payments due by the Guarantor will be made without tax levies, unless these levies become due as a result of an act of legislation or regulatory text, or of the interpretation given by administrative jurisprudence.

(ii) Subject to Condition 13(b) of the Terms and Conditions of the Bonds, the Guarantor will not be under any obligation to pay any additional amount to the Bondholders, in accordance with the previous paragraph, should such a levy become due.

(f) Recourse against the Issuer

The Guarantor waives all recourse against the Issuer which would result in bringing it into competition with the beneficiaries of this Guarantee, so long as they have not been disengaged from all the sums owed to them by the Issuer in respect of the Bonds. The Guarantor further undertakes to assign as a priority to the payment of the sums due in virtue of the Guarantee any sums which it may recover from the Issuer in the context of collective proceedings or otherwise.

(g) Representations of the Guarantor

The Guarantor hereby represents that at the date of the Guarantee:

(i) it is a duly incorporated and validly existing *société anonyme* under the laws of France, and is duly registered with the Registre du commerce et des societies of Paris under number 378 648 992 and that it carries out its activities pursuant to the laws, decrees, regulations and statutes applicable to it ;

(ii) it has the corporate power and authority to contract and carry out its obligations in respect of the Guarantee and all necessary measures have been taken to enable the conclusion and the execution of the Guarantee. This Guarantee has been duly executed by the Guarantor and constitutes a legal, valid and binding obligation of the Guarantor, enforceable against it in accordance with its terms;

(iii) there is against it no action or arbitral or judicial procedure, or administrative measure or other which could result in the manifest and substantial deterioration of its business, its assets or its financial position and that could affect the validity or the proper performance of the Guarantee ;

(iv) neither the delivery of this Guarantee, nor the execution by the Guarantor of its obligations in respect of the Guarantee, breach any of the provisions in the articles of association (*statuts*) of the Guarantor nor any clause of any contract or agreement by which the Guarantor is bound, nor does it in any way violate the laws and regulations applicable to it.

(h) Status of the Guarantee

(i) The Guarantee will constitute direct, general, unconditional, unsubordinated and unsecured obligations (subject to mandatory statutory exceptions) and will rank *pari passu* and without any preference among themselves and equally and rateably with all present or future unsecured or unsubordinated indebtedness and monetary obligations of the Guarantor.

(ii) Until the principal amount and interests of the Bonds are fully repaid to CACEIS Corporate Trust (or its successors) in its capacity as principal paying, transfer and exchange agent, the Guarantor undertakes not to grant any Security (*sûreté réelle*) (as such term is defined in the Terms and Conditions of the Bonds) upon the whole or any part of its assets or revenues, present or future, to secure any Capital Markets Indebtedness (as such term is defined in the Terms and Conditions of the Bonds), or any guarantee of or indemnity in respect of any Capital Markets Indebtedness (as such term is defined in the Terms and Conditions of the Bonds) unless, at the same time or prior thereto, its obligations under the Bonds (A) are secured equally and rateably therewith or (B) have the benefit of such other security or other arrangement as shall be approved by the Masse pursuant to Condition 16 of the Terms and Conditions of the Bonds.

3. MISCELLANEOUS

This Guarantee shall be subject to French Law. Any litigation, notably concerning its validity, its interpretation or its execution, will be submitted to the competent courts within the jurisdiction of the Paris Court of Appeal.

Signed on 19 September 2017

In one original copy

ARTEMIS
represented by Mrs. Patricia Barbizet
Executive Managing Director

THE DELEGATION

The Issuer, as *délégant* (the "**Grantor**") and CACIB, as *délégué* (the "**Delegated Debor**") have entered into a delegation agreement (*contrat de délégation*), pursuant to which the Issuer has delegated to CACIB as delegated debtor to the Bondholders (collectively represented by the Masse (as defined herein)), in accordance with articles 1336 *et seq*. of the French *Code Civil* in respect of the Issuer's obligation to pay the Performance Cash Amount (if any) in accordance with the Terms and Conditions of the Bonds herein.

The acceptance by the Beneficiaries of the Delegation and the related discharge of the Issuer shall automatically result from their acceptance of the Conditions through the sole subscription, or subsequent acquisition, of the Bonds.

The Delegation constitutes a "*délégation parfaite*" within the meaning of French law and constitutes a novation and substitution in accordance with article 1337 of the French *Code Civil*. Consequently, pursuant to article 1337 of the French *Code Civil*, the Beneficiaries agree and acknowledge that the Grantor shall expressly, definitively and irrevocably be discharged from its obligation to pay the Performance Cash Amount as set forth under the Bonds and the Conditions.

As a result of the Delegation, the Delegated Debtor is bound irrevocably to deliver directly to the Bondholders the Performance Cash Amount, if any, to which the Bondholders are entitled under the Conditions.

The Grantor shall not be held liable in case of failure of the Delegated Debtor to perform any of its obligations to pay the Performance Cash Amount under the Delegation.

Dated 19 September 2017

ARCHER OBLIGATIONS

as Grantor (*Délégant*)

- and -

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK

as Delegated Debtor (*Délégué*)

- and -

THE BENEFICIARIES

as Beneficiaries (*Délégataires*)

DELEGATION AGREEMENT

(*Délégation parfaite*)

THIS DELEGATION AGREEMENT (the "**Delegation Agreement**") is made on 19 September 2017.

BETWEEN:

1. **ARCHER OBLIGATIONS**, a *société anonyme* incorporated under the laws of France, with a share capital of Euros 37,000, with registered office at 12 rue François 1er, 75008 Paris, France, registered under number 799 037 999 RCS Paris, in its capacity as grantor (*délégant*) (the "**Grantor**");

AND:

2. **CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK**, a *société anonyme* incorporated under the laws of the Republic of France, with a share capital of Euros 7,851,626,342, with registered office at 12, place des Etats-Unis, CS 70052, 92547 Montrouge Cedex, France, registered under number 304 187 701 RCS Nanterre, in its capacity as delegated debtor (*délégué*) (the "**Delegated Debtor**");

AND:

3. **THE BENEFICIARIES** (*délégataires*), being the Bondholders (including for the avoidance of doubt, holders of any further bonds assimilated (*assimilés*) with the Bonds in accordance with Condition 18) regrouped in the Masse to be constituted as of the issue of the Bonds and represented by the Representative. The Bondholders will automatically enter into this Delegation Agreement by accepting the Conditions applicable to the Bonds, through the initial subscription, or the subsequent acquisition, of the Bonds;

The Grantor, the Delegated Debtor and the Beneficiaries are individually referred to hereafter as a "**Party**" and collectively as the "**Parties**".

WHEREAS:

(A) As of the date hereof, the Grantor has authorized the issue of Euro 375,000,000 (corresponding to 3,750 Bonds) of zero per cent. non-dilutive cash-settled exchangeable bonds due 31 March 2023 (the "**Bonds**"), referencing ordinary shares with a par value of Euro 4 each (the "**Shares**") of Kering, a French *société anonyme* (the "**Company**"). The terms and conditions applicable to the Bonds are in the form set out in Schedule 1 hereto (the "**Conditions**"). The Grantor may from time to time, without the consent of the Bondholders and subject to the prior agreement of the Delegated Debtor, issue further Bonds to be assimilated (*assimilables*) with the Bonds in accordance with Condition 18. The Bonds will, subject to and in accordance with the Conditions, be linked to the performance of the Shares. The Bonds will be issued in dematerialized (*dématérialisé*) bearer form (*au porteur*) in the denomination of Euro 100,000 per Bond. Title to the Bonds will be evidenced in accordance with articles L.211-3 *et seq.* and R.211-1 of the French *Code monétaire et financier* by book-entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Bonds.

(B) In connection with the issue of the Bonds, the Grantor, the Delegated Debtor and the Guarantor will enter into (i) an agency agreement with CACEIS Corporate Trust, as principal paying, transfer and exchange agent (the "**Agency Agreement**") and (ii) a calculation agency agreement with Conv-Ex Advisors Limited, as calculation agent (the "**Calculation Agency Agreement**").

(C) The Grantor wishes to delegate the Delegated Debtor as delegated debtor to the Bondholders (collectively regrouped in the Masse), in accordance with articles 1336 *et seq.* of the French *Code civil*, in respect of the Grantor's obligation to pay the Performance Cash Amount (if any).

(D) The Delegated Debtor wishes to accept such delegation (*délégation parfaite*), which acceptance will result, in accordance with article 1337 of the French *Code civil*, in a novation and substitution of obligors, such that the Delegated Debtor will be fully and irrevocably substituted for the Grantor in relation to the Grantor's obligation to pay the Performance Cash Amount (if any).

(E) The Bondholders as Beneficiaries regrouped in the Masse wish to accept such delegation and fully and irrevocably release the Grantor from its obligation to pay the Performance Cash Amount in accordance with the terms hereof. The acceptance by the Bondholders of the benefit of this Delegation Agreement will result from their acceptance of the Conditions through their sole subscription, or subsequent acquisition, of the Bonds.

(F) As a consequence, the Parties have entered into this Delegation Agreement.

IT IS AGREED as follows:

1. DEFINITION AND INTERPRETATION

(a) Capitalized terms and expressions used and not defined in this Delegation Agreement shall, unless the context otherwise requires, have the meaning ascribed to them in the Conditions.

(b) In addition, in this Delegation Agreement, unless otherwise provided:

"**Agency Agreement**" shall have the meaning ascribed to it under paragraph (C) of the Preamble;

"**Beneficiaries**" shall have the meaning ascribed to it in the parties' section of this Delegation Agreement;

"**Bonds**" shall have the meaning ascribed to it under paragraph (A) of the Preamble;

"**Calculation Agency Agreement**" shall have the meaning ascribed to it under paragraph (C) of the Preamble;

"**Clause**" shall mean a clause of this Delegation Agreement;

"**Company**" shall have the meaning ascribed to it in paragraph (A) of the Preamble;

"**Conditions**" shall have the meaning ascribed to it under paragraph (A) of the Preamble;

"**Delegated Debtor**" shall have the meaning ascribed to it in the parties' section of this Delegation Agreement;

"**Delegated Debtor's Obligations'**" shall mean all obligations of the Delegated Debtor to irrevocably and unconditionally pay the Performance Cash Amount to the Bondholders in its capacity as Delegated Debtor under Clause 2 of this Delegation Agreement, and "**Delegated Debtor's Obligation**" means any of such obligations or liabilities;

"**Delegation**" shall have the meaning ascribed to such term in Clause 2(a) of this Delegation Agreement;

"**Discharge Date**" shall mean (i) the date on which all the Delegated Debtor's Obligations shall have been irrevocably and unconditionally performed in full, independently of any partial or intermediate performance or, if earlier, (ii) the date on which the Bonds will have been fully redeemed (including, for the avoidance of doubt and as the case may be, the payment of the Performance Cash Amount) or cancelled in accordance with the Conditions;

"**Grantor**" shall have the meaning ascribed to it in the parties' section of this Delegation Agreement;

"**Party**" or "**Parties**" shall have the meaning ascribed to it in the parties' section of this Delegation Agreement;

"**Preamble**" shall mean the preamble of this Delegation Agreement;

"**Shares**" shall have the meaning ascribed to it under paragraph (A) of the Preamble.

(c) In this Delegation Agreement, unless stated to the contrary or the context requires otherwise:

(i) a reference in this Delegation Agreement (including its preamble and its Schedules) to a Clause or a Schedule is a reference to a clause or a schedule to this Delegation Agreement and a reference to this Delegation Agreement shall include its preamble and schedules;

(ii) words importing the plural shall include the singular and vice versa;

(iii) a reference to the time of day shall refer to Paris time, unless otherwise indicated;

(iv) a reference to a person shall include its successors, transferees and assignees;

(v) words appearing in this Delegation Agreement in a language other than English shall have the meaning ascribed to them under the law of the corresponding jurisdiction and such meaning shall prevail over their translation into English, if any;

(vi) an agreement or document includes a reference to that agreement or document as varied, novated, supplemented or replaced from time to time;

(vii) references to any statutory provision or legislative enactment shall be deemed to also refer to any re-enactment, modification or replacement and to any statutory instrument, order or regulation made thereunder or under any such re-enactment;

(viii) the index and the headings in this Delegation Agreement are for convenience of reference only and shall not be used in construing this Delegation Agreement.

2. DELEGATION

(a) The Grantor hereby delegates, as from the issue of the Bonds on the Issue Date, pursuant to Article 1336 et seq. of the French Code civil and this Delegation Agreement, the Delegated Debtor to the Beneficiaries, in respect of the obligation of the Grantor to pay the Performance Cash Amount that the Beneficiaries are entitled to at any time in accordance with the Conditions (délégation parfaite, the "Delegation"). The Delegated Debtor hereby accepts such Delegation.

(b) As a result of the Delegation, the Delegated Debtor shall be bound to irrevocably and directly pay the Performance Cash Amount to which the Bondholders are entitled in accordance with the Conditions (if any).

(c) The acceptance by the Beneficiaries of the Delegation and the related discharge of the Issuer shall automatically result from their acceptance of the Conditions through the sole subscription, or subsequent acquisition, of the Bonds. As a consequence, the Delegation granted pursuant to Clause 2(a) shall constitute a "délégation parfaite" within the meaning of French law and constitutes a novation and substitution in accordance with article 1337 of the French Code civil. Consequently, pursuant to article 1337 of the French Code civil, among the Bondholders as Beneficiaries regrouped in the Masse and the Grantor, the Beneficiaries agree and acknowledge that the Grantor shall expressly, definitively and irrevocably be discharged from its obligation to pay the Performance Cash Amount as set forth under the Bonds and the Conditions. The Grantor shall not be held liable in case of failure of the Delegated Debtor to perform any of its obligations to pay the Performance Cash Amount under the Delegation.

(d) The Delegation creates an irrevocable, unconditional and autonomous new undertaking of the Delegated Debtor, which undertaking is entirely independent from any contractual or legal relationship between the Grantor and the Delegated Debtor, so that the Delegated Debtor shall not in any circumstances be entitled to avail itself of any defense arising from any such contractual or legal relationship to defer, reduce or extinguish its liability to the Beneficiaries under this Agreement.

3. REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Grantor

The Grantor, as Issuer and Grantor, hereby represents, warrants and undertakes towards the Delegated Debtor and the Beneficiaries that:

(a) **Authorization**:

(i) the Delegation and this Delegation Agreement have been duly authorised by all internal procedures or any other competent internal authority; and

(ii) all permits, licences and authorisations necessary for the execution and performance of the Delegation and this Delegation Agreement have been obtained and are in effect;

(b) **Insolvency**: the Grantor is not declared insolvent (*en état de cessation des paiements*) and is not subject to any insolvency proceeding under book VI of the French Commercial Code (including a *mandat ad hoc, conciliation, sauvegarde* or *sauvegarde accélérée*).

(c) **Validity and Enforceability**: the Delegation and this Delegation Agreement are valid, binding and enforceable against it;

(d) **No Conflict**: the entry into and performance by it of, and the transactions contemplated by, the Delegation and this Delegation Agreement, do not and will not conflict with the constitutional documents (*statuts*) of the Grantor or the Company nor the applicable laws and regulations and there is no agreement to which the Grantor is a party with any third party which may prevent the signature, the entry into force, and the enforcement of the Delegation and this Delegation Agreement, in accordance with their respective terms.

3.2 Representations and Warranties of the Delegated Debtor

The Delegated Debtor hereby represents, warrants and undertakes towards the Grantor and the Beneficiaries that, except as expressly stated herein:

(a) **Authorization**:

(i) the Delegation and this Delegation Agreement have been duly authorised by all internal procedures or any other competent internal authority; and

(ii) all permits, licences and authorisations necessary for the execution and performance of the Delegation and this Delegation Agreement have been obtained and are in effect;

(b) **Insolvency**: the Delegated Debtor is not declared insolvent (*en état de cessation des paiements*) pursuant to Article L.613-26 of the French *Code monétaire et financier* and is not subject to any insolvency proceeding under book VI of the French Commercial Code (including a *conciliation, sauvegarde*, or *sauvegarde accélérée*);

(c) **Validity and Enforceability**: the Delegation and this Delegation Agreement are valid, binding and enforceable against it.

(d) **No Conflict**: the entry into and performance by it of, and the transactions contemplated by, the Delegation and this Delegation Agreement, do not and will not conflict with the constitutional documents (*statuts*) of the Delegated Debtor nor the applicable laws and regulations.

3.3 Time for making representations and warranties

The representations and warranties set out in Clause 3.1 and 3.2 are made on the date hereof.

4. NOTICES

Except as specifically provided otherwise in this Delegation Agreement, all notices or other communications under or in connection with this Delegation Agreement shall be given to each Party as specified under the Agency Agreement.

5. DURATION

The Delegation, this Delegation Agreement and the obligations of the Parties hereunder shall remain in force until the Discharge Date.

6. MISCELLANEOUS

6.1 Severability

If a provision of this Delegation Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction in respect of the Grantor and/or the Delegated Debtor, this shall not affect the validity or enforceability in that jurisdiction of any other provision of this Delegation Agreement.

In the event of any such illegality, invalidity or unenforceability, the Parties shall negotiate in good faith with a view to agreeing the replacement of such provision with a provision which is legal, valid and enforceable and which is to the fullest extent possible in accordance with the intents and purposes of this Delegation Agreement and which in its economic effect comes as close as practicable to the provision being replaced.

6.2 Successors and Assigns

The Delegated Debtor shall not be authorized to assign or transfer, in all or in part, any of its obligations under this Agreement in any manner (except as provided in the following paragraph). All the rights of the Beneficiaries hereunder will benefit to their respective successors and permitted assigns and all terms, conditions, representations and warranties and undertakings of the Grantor and the Delegated Debtor hereunder shall oblige their respective successors and assigns in the same manner.

The provisions of this Delegation Agreement and the rights arising hereunder shall remain in full force and effect in the event, inter alias, of any sale, merger, demerger, spin-off, assets contribution or any other transaction resulting in a universal transfer of assets (*transfert universel de patrimoine*) which the Beneficiaries, the Grantor or the Delegated Debtor may decide to effect. It is expressly agreed that an asset contribution or a partial merger within the meanings of articles L. 236-1 *et seq.* of the French *Code de Commerce* shall be deemed to be a transfer for the purpose of the present provision.

6.3 Hardship (*Imprévision*)

In relation to the Delegation Agreement, the Grantor, the Delegated Debtor, the Representative and each Bondholder waive any right under Article 1195 of the French *Code civil*.

6.4 Cancellation (*Caducité*)

Without prejudice to the rights of the Grantor under the Conditions, if, at any time, any other agreement part of the single transaction (*même opération*) involving the Bonds, is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction or is terminated for any reason, neither the legality, validity or enforceability of the Delegation Agreement shall in any way be affected or impaired thereby and as a result the Delegation Agreement shall not become *caduc* for the purposes of Article 1186 of the French *Code civil*. Still without prejudice to the rights of the Grantor under the Conditions and except as expressly provided under this Delegation Agreement, should this Delegation Agreement be found to be illegal, invalid or unenforceable or is terminated for any reason for the purpose of Article 1186 of the French *Code civil*, the Bonds should not, in any way, be affected or impaired thereby.

6.5 Waivers

No failure or delay by any Party in exercising any right or remedy pursuant to this Delegation Agreement or provided by general law or otherwise shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.

Delay in the exercise or non-exercise of any rights by the Beneficiaries shall not constitute a waiver of that right.

7. GOVERNING LAW

This Delegation Agreement and the Delegation contained herein shall be governed by and construed in accordance with the laws of the Republic of France.

8. JURISDICTION

The Parties agree that the courts of France have jurisdiction to settle any disputes in connection with this Agreement and the Delegation contained herein, and accordingly submit to the exclusive jurisdiction of the Commercial Court of Paris (*Tribunal de Commerce de Paris*).

THIS AGREEMENT has been entered into in three (3) originals on the date first written above.

ARCHER OBLIGATIONS

____

By:

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK

____

By:

THE BENEFICIARIES

The Bondholders regrouped in the Masse to be constituted and represented by the Representative

____

By:

USE OF PROCEEDS

In connection with the offering of the Bonds, the Issuer will receive net proceeds of approximately €379,000,000 after deduction of costs and underwriting commissions.

The net proceeds of the issue of the Bonds will be used for general corporate purposes (including the cost of the cash-settled call options of the Shares).

The issue of the Bonds is part of the Artémis Group's strategy for the optimisation of its financial structure and the diversification of its sources of financing: the proceeds will enable the extension of the Group's average debt maturity by optimising costs.

DESCRIPTION OF THE ISSUER

1 Introduction

Archer Obligations, a *société anonyme* (public limited company) incorporated under French law (initially incorporated under the company name Artémis 21) was registered on the Paris Trade and Companies Register on 10 December 2013 under the number B 799 037 999. Its registered office is located at 12, rue François 1er, 75008 Paris. In the absence of prolongation of duration, the company will cease to exist on 10 December 2112.

The company's corporate purpose is to acquire equity stakes or interests, directly or indirectly and by all possible means, in French or foreign companies or groups, whatever their corporate purpose or business activity, as well as the management and potentially the disposal of stakes and interests; more generally, all commercial, industrial and financial operations, involving moveable and immoveable property, directly or indirectly related to the company's purpose or liable to contribute to its development, whether in France or abroad.

Archer Obligations has no business activity at the date of this Prospectus.

With the exception of the bonds specified in this Prospectus, Archer Obligations has not to date issued any financial instrument giving access directly or indirectly to its share capital or to that of a third-party company, nor any financial instrument admitted for trading on a regulated or unregulated market.

2 Registered capital and breakdown of share capital

At the date of this Prospectus, Archer Obligations has share capital of €37,000.00 divided into 370 fully paid-up shares with a nominal value of €100.00. At the date of this prospectus, the breakdown of Archer Obligations' share capital and voting rights is as follows:

	Capital (%)	Voting rights (%)
Artémis	98.38	98.38
Others	1.62	1.62
Total	**100**	**100**

3 Financial information

The company's financial year ends on 31 December of each year. The latest financial year ended on 31 December 2016.

The result for the financial year ending 31 December 2016 shows a loss of €5,750.

4 Table of the Issuer's share capital and debt

The following table shows Archer Obligation's share capital and audited non-consolidated debt at 31 December 2016 and 31 December 2015 (under French accounting standards):

ARCHER OBLIGATIONS (non-consolidated)		
K Euro	31/12/2016 (c)	31/12/2015
Share capital (a)	37.0	37.0
Retained earnings	-13.5	- 7.8
Net income	-5.7	-5.7
Shareholder's' equity (A)	**17.8**	**23.5**
Borrowings (b)		
Other borrowings	1.9	1.9
Cash and cash equivalent	-1.2	-1.2
Net debt (B)	**0.7**	**0.8**
TOTAL (A) + (B)	**18.5**	**24.2**

Notes:

(a) Archer Obligations has a share capital of €37,000.00 divided into 370 shares with a nominal value of €100.00 each.

(b) Of which more than one year and up to five years - -
Of which more than five years - -

(c) Subject to the content of the present Prospectus, there has been no significant change in the shareholder's equity and non-consolidated financial debts of the Issuer since 31 December 2016 that may affect the proper execution by the Issuer of their commitments with respect to the Bonds.

5 Subsidiaries and shareholdings

At the date of this Prospectus, Archer Obligations has no subsidiaries and no shareholdings.

6 Litigation and disputes

At the date of this Prospectus, no legal action is being taken against Archer Obligations.

7 Significant events that have occurred since the close of the financial year 2016

No significant event has occurred following the close of the financial year on 31 December 2016.

8 The Issuer's management and auditors

Archer Obligations' board of directors and management are structured as follows:

Chief Executive Officer:

- Marta Moris

Board of Directors:

Chairman

- Marta Moris

Other directors

- Carole Ferrand
- Alban Gréget
- Stéphanie Renault

Auditors:

Statutory auditors:

KPMG SA
Tour Eqho
2 avenue Gambetta
CS 6055
92066 Paris La Défense Cedex

Substitute auditors:

KPMG Audit FSI
Tour Eqho
2 avenue Gambetta
CS 6055
92066 Paris La Défense Cedex

9 Principal activities exercised by the members of the Issuer's management

The mandates and functions exercised by the members of the Issuer's management on 31 December 2016 are as follows:

Chief Executive Officer:

Marta Moris

Companies	Offices held in France	Exercise period
Arok International 12 rue François 1er 75008 Paris	Director	From 01/01/2016 to 31/12/2016
E.P.S. 12 rue François 1er – 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Témaris 12 rue François 1er – 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Société Nouvelle du Théatre Marigny Avenue de Marigny - 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Finintel 102 à 116 rue Victor Hugo 92300 Levallois Perret	Director	From 01/01/2016 to 31/12/2016
Misarte 12 rue François 1er – 75008 Paris	Director	From 01/01/2016 to 22/10/2016
Artémis 21 12 rue François 1er – 75008 Paris	Director Chief Executive Officer	From 01/01/2016 to 31/12/2016 From 01/01/2016 to 31/12/2016
Sebdo le Point 1 boulevard Victor 75015 Paris	Director	From 01/01/2016 to 31/12/2016
Companies	**Other positions**	**Exercise period**
Financière Pinault 12 rue François 1er 75008 Paris	Deputy Head of Tax Affairs	From 1/01/2016 to 31/12/2016

Other directors:

Carole Ferrand

Companies	Offices held in France	Exercise period
Artémis 21 (SA) 12 rue François 1er 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Sebdo le Point (SA) 1 Boulevard Victor – 75015 Paris	Director	From 01/01/2016 to 31/12/2016
Groupe Fnac SA 9 rue des Bateaux Lavoirs ZAC Port d'Ivry	Director	From 01/01/2016 to 31/12/2016

94200 Ivry sur Seine		
Tallandier Editions 2 rue Rotrou 75006 Paris	Director	From 01/01/2016 to 31/12/2016
Capgemini 11 rue de Tilsitt 75017 Paris	Director	From 18/05/2016 to 31/12/2016
Collection Pinault – Paris 12, rue François 1er 75008 Paris	Director	From 25/05/2016 to 31/12/2016
Companies	**Offices held abroad**	**Exercise period**
Palazzo Grassi Venise (Italie)	Director	From 16/04/2016 to 31/12/2016
	Other positions	**Exercise period**
Financière Pinault 12 rue François 1er 75008 Paris	Financing Operations Director	From 01/01/2016 to 31/12/2016

Alban Gréget

Companies	Offices held in France	Exercise period
Agefi (SA) 102 à 116 rue Victor Hugo 92300 Levallois Perret	Director Chairman of the board	From 01/01/2016 to 31/12/2016 From 01/01/2016 to 31/12/2016
Artémis 21 (SA) 12 rue François 1er – 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Finintel (SA) 102 à 116 rue Victor Hugo 92300 Levallois Perret	Director General Manager	From 01/01/2016 to 31/12/2016 From 01/01/2016 to 31/12/2016
Groupe Fnac SA 9 rue des Bateaux Lavoirs – ZAC Port d'Ivry 94200 Ivry Sur Seine	Director	From 01/01/2016 to 31/12/2016
Immobilier Neuf (SAS) 29 rue de L'Ecole Normale 33073 Bordeaux	Director	From 01/01/2016 to 31/12/2016
La Centrale de Financement (SAS) 75 rue Saint Lazare – 75009 Paris	Director Deputy General Manager	From 01/01/2016 to 31/12/2016 From 01/01/2016 to 31/12/2016
Marigny (SAS) Théatre Marigny Avenue de Marigny 75008 Paris	President	From 01/01/2016 to 31/12/2016
Optimhome (SAS) 400 avenue de Roumanille Village entreprise Greenside 06906 Sophia Antipolis	Representative of Rocka, director	From 01/01/2016 to 31/12/2016
Témaris (A31) (SA) 12 rue François 1er 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Groupe Courrèges (SAS) 40 rue François 1er	Director	From 01/01/2016 to 31/12/2016

75008 paris		
Compagnie du Ponant Holding 82 rue de Courcelles – 75008 Paris	Member of the Supervisory Board	From 01/01/2016 to 31/12/2016
Digit RE Group 889 rue de la Vieille Poste 34000 Montpellier	Director	From 01/01/2016 to 31/12/2016
Société Nouvelle du Théâtre Marigny Avenue de Marigny – 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Ter Obligations (A32) 12 rue François 1er – 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Michel & Augustin (SA) 151 rue de Billancourt 92100 Boulogne Billancourt	Permanent representative of Artémis 20	From 01/01/2016 to 21/072016
Michel & Augustin (SAS) 151 rue de Billancourt 92100 Boulogne Billancourt	Director	From 21/07/2016 to 31/12/2016
Capi 99 Impasse Adam Smith 34473 Perols	Director Chairman of the board	From 01/01/2016 to 31/12/2016 From 26/04/2016 to 31/12/2016
Companies	**Offices held abroad**	**Exercise period**
Optimhome Portugal	Representative of Artémis, director	From 01/01/2016 to 31/12/2016
Companies	**Other positions**	**Exercise period**
Financière Pinault 12 rue François 1er - 75008 Paris	Investments Director	From 01/01/2016 to 31/12/2016

Stéphanie Renault

Companies	**Offices held in France**	**Exercise period**
Artémis 16 (SA) 12 rue François 1er 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Artémis 21 (SA) 12 rue François 1er – 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Companies	**Other positions**	**Exercise period**
Financière Pinault 12 rue François 1er 75008 Paris	Financial Controller	From 01/01/2016 to 31/12/2016

DESCRIPTION OF THE GUARANTOR

1 Introduction

In the Prospectus, "Groupe Artémis" designates the Guarantor and all its consolidated subsidiaries.

Groupe Artémis holds majority or significant stakes in several French and foreign companies in various lines of business.

Artémis, a *société anonyme* (public limited company) incorporated under French law, was registered at the Paris Trade and Companies Register on 10 July 1990 under the number B 378 648 992, and started operations in 1992. Its registered office is located at 12, rue François 1er, 75008 Paris. In the absence of prolongation of duration, the company will cease to exist on 10 July 2089

2 Registered capital

On 31 December 2016, the Guarantor's share capital amounted to €862,017,387.00 divided into 55,975,155 fully paid-up shares with a nominal value of €15.40.

At the date of the present document, the Guarantor has not issued any convertible or exchangeable bond, or bonds with equity warrants attached or other securities which might potentially confer entitlement to share capital.

3 Strategy

Groupe Artémis is composed of companies with a wide range of business activities and a strong international presence. Groupe Artémis' strategy is to invest in businesses with high growth potential and which are expected to become the most successful in their sectors. Groupe Artémis supports its investments with a view to creating long-term value, while actively managing its assets and demonstrating a high level of responsiveness to new opportunities. With this in mind, Groupe Artemis permanently reconciles the allocation of its capital and the use of leverage. Groupe Artémis' role as a professional shareholder is manifested through close involvement with its investments, which it guides and supports at all stages of their development. Groupe Artémis plays an active part in their overall vision and strategic decisions, gives them the resources for internal and external growth, and assists them in optimising their financial structure.

Groupe Artémis' major, longstanding asset, Kering, illustrates the group's strategy by investing in a variety of sectors and by working constantly towards the same goal: to develop the business and become the industry leader. It is demanding of all of its brands, imposing a strong culture of growth and performance. Kering is now a luxury group composed of powerful, complementary and prominent international brands, complemented by emblematic sports and lifestyle brands. The international renown of Kering's brands, their desirability and their powerful appeal for consumers are major assets and engines for organic growth. Sustainable development is integral to Kering's brand strategy.

Alongside this investment, Groupe Artémis owns Christie's, one of the world's leading art auction houses. Artémis also owns several exceptional vineyards, the most emblematic of which is Château Latour, and since 2015 has had a presence in the luxury cruise sector through Ponant. Artémis is active in publishing through the Le Point and Finintel groups.

4 Financial information

On 31 December 2016, Artémis' consolidated accounts, prepared in accordance with IFRS, show a balance sheet total of €29.6 billion for €13.5 billion of revenue from business activities. The group share of consolidated net income for 2016 amounted to €260.1 million.

In its current configuration (see the Groupe Artémis Simplified Organisational Chart below), as at 31 December 2016, Artémis and its intermediary holding subsidiaries (excluding operational companies) represented total assets at historical value net of provisions of close to €4.8 billion.

As a professional shareholder, Artémis favours an industrial rather than financial approach for its investments in evaluating the value of its assets. More than merely considering stock prices or multiple sectorial snapshots, Artémis favours a medium-term perspective to better reflect the value-in-use of the investments that are classified and valued as such in its accounts. The appreciated value of Groupe Artémis' assets is thus far greater than its financial debt.

Artémis is led to request financial support from credit institutions and as security can provide guarantees, in particular in the form of pledged shares in businesses acquired and of share portfolios.

5 Table of the Guarantor's share capital and debt

5.1 The following table shows Artémis' share capital and audited consolidated debt at 31 December 2016 and 31 December 2015:

ARTEMIS (consolidated financial statements)		
	As of 31 December	
(in millions of euros)	2016(4)(5) (IFRS rules)	2015 (IFRS rules)
Share capital (1)	862.0	862.0
Cumulative translation adjustments	(187.9)	(52.5)
Other reserves	2,758.2	3,179.4
Equity attributable to owners of the parent	**3,432.3**	**3,988.9**
Non-controlling interests	7,372.9	7,165.2
Shareholders' equity (A)	**10,805.2**	**11,154.1**
Bonds and debenture	4,968.7	4,461.3
Bank borrowings	4,487.4	4,514.3
Other borrowings / Obligations under finance lease	1,260.7	2,008.0
Borrowings (2)	**10,716.8**	**10,983.6**
Cash and cash equivalents	(1,305.8)	(1,671.0)
Fair value hedging derivative instrument	(6.8)	0.2
Net debt (3) (B)	**9,404.2**	**9,312.8**

TOTAL (A+B)	**20,209.4**	**20,466.9**

(1) Artémis has a share capital at 31 December 2016 of €862,017,387 divided into 55,975,155 fully paid-up shares with a nominal value of €15.40 each.
(2) At 31 December 2016, consolidated financial debt guaranteed by security interests in favour of lending establishments amounted to €2,373.5 million.
(3) A schedule for financial debt is presented in note 17 of the appendices to Artémis' consolidated accounts at 31 December 2016 (see "Financial information concerning the Guarantor", hereinafter).
(4) Subject to that which figures in the present Prospectus, there has been no significant change in the shareholder's equity and non-consolidated financial debts of the Guarantor since 31 December 2016 that may affect the proper execution by the Guarantor of their commitments in terms of the Guarantee.
(5) As of 31 December 2016, the net financial debt within the perimeter constituted by Artémis and its direct subsidiaries amounted to approximately €4.5 billion. Since then, following the disposal of Artémis' shares in Fnac-Darty in August 2017, the net financial debt stands at approximately €4.0 billion.

5.2 The following table shows Artémis' shareholder's equity and audited non-consolidated debt at 31 December 2016 and 31 December 2015:

ARTEMIS (company's financial statements)		
	As of 31 December	
(in millions of euros)	2016[(4)]	2015
Share capital [(1)]	862.0	862.0
Cumulative translation adjustments	86.2	86.2
Other reserves	512.4	492.2
Net income	209.8	663.9
Shareholders' equity (A)	**1,670.4**	**2,104.3**
Bank borrowings	2,071.4	2,136.9
Other borrowings	1,786.7	1,652.5
Borrowings [(2)]	**3,858.1**	**3,789.4**
Cash and cash equivalent	(36.9)	(20.9)
Net debt [(3)] (B)	**3,821.2**	**3,768.5**
TOTAL (A+B)	**5,491.6**	**5,872.8**

(1) Artémis has a share capital at 31 December 2016 of €862,017,387 divided into 55,975,155 fully paid-up shares with a nominal value of €15.40 each.
(2) At 31 December 2016, consolidated financial debt guaranteed by security interests in favour of lending establishments amounted to €2,070 million.
(3) A schedule for financial debt is presented in note 9 of the appendices to the Artémis annual accounts at 31 December 2016 (see "Financial information concerning the Guarantor", hereinafter).

(4) Subject to that which figures in the present Prospectus, there has been no significant change in the shareholder's equity and non-consolidated financial debts of the Guarantor since 31 December 2016 that may affect the proper execution by the Guarantor of their commitments in terms of the Guarantee.

6 Subsidiaries and shareholdings

6.1 Kering

Kering, a world leader in apparel and accessories, is building a portfolio of prestigious brands in the Luxury and Sport & Lifestyle sectors: Gucci, Bottega Veneta, Yves Saint Laurent, Alexander McQueen, Balenciaga, Boucheron, Brioni, Christopher Kane, Pomellato, Qeelin, Girard-Perregaux, JeanRichard, Stella McCartney, Ulysse Nardin, Puma and Volcom.

Operating in 120 countries, in 2016 Kering achieved a turnover of €12.4 billion, an increase of +6.9% (+8.1% with like-for-like scope and exchange rates in comparison to FY 2015) with a workforce of almost 36,000. The turnover in mature countries (63.4% of sales) thus increased by +7.3% (+6.7% like-for-like) while sales in developing countries present an increase of +6.2% (+10.7% like-for-like). Turnover outside the Eurozone represents 78% of sales. The growth in like-for-like turnover is just as steady in mature countries, driven by Western Europe, as it is in developing countries, with almost 26% of sales generated in Asia-Pacific (excluding Japan), a region reporting like-for-like growth of almost 11% in FY 2016, driven by the recovery of mainland China.

The Group's net financial debt amounts to €4,371 million at 31 December 2016, a decrease of €309 million, or 6.6%, in relation to the previous financial year.

In 2016, net income on discontinued operations represents a net expense of €11.6 million, which corresponds to liability warranties linked to prior disposals (principally Redcats and Sergio Rossi).

At 31 December 2016, the Group share of net earnings was almost €814 million against €696 million at 31 December 2015, representing growth of almost 16.9%.

Positioned in structurally buoyant markets, Kering benefits from extremely solid foundations and a portfolio of prestigious brands with high potential.

Luxury Business

Hence, in 2016, the turnover for the Luxury business reached €8,469 million, representing an increase of +7.7% on published data and of +7.8% at like-for-like scope and exchange rates. However, no variation in scope impacted the Luxury business' figures for the Group in 2016.

Sales generated in directly-operated stores and online reported extremely solid like-for-like growth of +10.3% in relation to 2015. Turnover for directly-operated stores represents 72.3% of total business against 70.6% over the previous financial year. This level of balance reflects the policy applied by all of the Group's Luxury brands which aims to better control their distribution and to reinforce their exclusivity, while ensuring judicious management of the expansion of the network of directly-operated stores. Other than the watches, jewellery and clothing category, which reported a slight downturn, turnover increased for all the main categories of products.

In 2016, numerous indicators, both qualitative and quantitative, confirm that the recovery of **Gucci** is accelerating and that the strategic initiatives decided and implemented in 2015 have been successful. Gucci posted turnover of €4,378 million, an increase of +12.3% on published data and +12.7% at like-for-like exchange rates in relation to 2015.

2015 was marked by a slowdown in business at **Bottega Veneta** with a decline in turnover for the last quarter of the financial year. This slump in sales continued throughout 2016, which was a year of contrasts for the brand, its performance being affected more heavily than others by the macroeconomic and political context of its principal markets. Sales at Bottega Veneta amount to €1,173 million in 2016, in decline by -8.7% on published data and -9.4% like-for-like.

In 2016, **Yves Saint Laurent** moved to second place in the Luxury business in terms of turnover. Its sales exceed one billion euros, at €1,220 million. They have grown by +25.3% on published data and by +25.5% at like-for-like exchange rates in relation to 2015.

In 2016, sales for all the **other Luxury brands** together reached €1,698 million, in very slight decline (-0.6%) in relation to 2015 on published data. At like-for-like exchange rates, sales are virtually stable, at -0.3%.

For 2016, the recurring operating income of the Luxury Business amounts to €1,936 million, an increase of +13.3% on published data in relation to 2015, growth which was particularly dynamic over the second half-year. This change is mainly the result of increased sales at Gucci.

Sport & Lifestyle Business

For 2016, the Sport & Lifestyle business posted turnover of €3,884 million, an increase of +5.5% on published data and +9.0% at like-for-like scope and exchange rates.

In 2016, **Puma** continued to implement its strategy aiming first and foremost at simplifying its offer, making it more innovative and thus regaining market share with the principal distributors. The brand is now in a position to fully capitalise on partnerships and collaborations signed or renewed over the last two years. The brand's turnover has reached €3,642 million, an increase of +7% on published data. Sales in the Shoes category, which remains the primary product category with 44.7% of the brand's business, shows like-for-like growth in 2016 of +13%. Puma's contribution to the Group's recurring operating income amounts to €127 million in 2016, representing an increase of €34 million (+37%) in comparison with 2015. This is due to better assimilation of operating costs given the increase in turnover. Indeed, the increase in the cost base has been contained with the exception of communication and marketing expenses in this phase, which is still in progress, of investment in the brand.

For 2016, the recurring operating income for Sport & Lifestyle Business is €123 million, a rise of +30% on published data in comparison with 2015.

6.2 Christie's

In 2016, **Christie's** celebrated its 250th anniversary and generated sales to the value of £4 billion ($5.4 billion), a drop of 16% in comparison with 2015. The decrease in sales did not lead to an erosion of Christie's market share in the face of its competitors, thus enabling it to maintain its leadership. This level of sales bears witness to the high demand in the art sector, despite the uncertainty that prevails in some economic and political environments.

This performance is based on the strong resilience of sales worldwide. The categories of Post-war Art and Impressionist and Modern Art were marked by a sharp decline in public auction sales but compensated for by growth of 25% over the year in private sales.

Numerous records were set in 2016 in Christie's auction rooms. *"Meule"*, a painting by Claude Monet was sold in New York pour $81.4 million, *"Untitled XXV"* by Willem de Kooning fetched $66.3 million, also in New York, and *"Lot and His Daughters"* by Sir Peter Paul Rubens sold in London for £44.8 million. The jewellery department celebrated 23 years of market leadership and Christie's set an all-time record for a jewel at auction with the *"Oppenheimer Blue"* which fetched $57.5 million in Geneva. In 2016, Christie's sold 4 of the 5 most expensive auction lots of the year.

Christie's continues to branch out geographically and broaden its client base worldwide, with great success. It attracted 32% of new buyers in 2016, a figure on the rise by +5% in relation to 2015. Geographically, American clients represent 37% of sales, Asian clients 31% and EMERI clients 32%. 19% of new buyers come from Asia. Christie's Hong Kong celebrated its 30th anniversary with the opening of a new office in Beijing, reflecting the continued investment in China.

In 2016, Christie's continued its strategy of broadening its clientele, principally by implementing an innovative digital strategy, an approach that is firmly focused on services.

6.3 The viticulture business

Financière Pinault's viticulture activities include 6 properties, all directly held by Artémis Domaines, itself a subsidiary of Artémis.

The area of land cultivated is approximately 174 hectares, distributed between Bordeaux (150 ha), Burgundy (5 ha), Côtes-du-Rhône (4 ha) and the Napa Valley in California (15 ha). More than 600,000 bottles are produced each year.

In 2016, Artémis Domaines increased its main participation, growing its percentage of capital holding in the Vineyard Château Latour from 94.19% to 95.48%.

The business area as a whole generated consolidated turnover of €50 million, an increase of +19% in comparison to 2015.

Château Latour

The Château Latour Vineyard, 95.48%, of which is held by Artémis Domaines, exploits one of the five Médoc and Les Graves *premiers grands crus classés*.

Mindful of the environment, in 2015 Château Latour began an organic agriculture certification initiative, the next logical step to the organic practices and biodynamics initiated in 2009, and continues to develop animal traction for labouring the earth.

2016 was a commercially dynamic year in which the new marketing policy for the sale of deliverable wines provided comprehensive proof of its potential and interest.

The China-Hong Kong-Macao region remains the property's primary market, ahead of the United States and Great Britain.

Domaine d'Eugénie

Since September 2006 Artémis Domaines holds the entirety of share capital of the Domaine d'Eugénie company, which cultivates an estate of 4.7 ha in Burgundy and produces the wines Vosne Romanée les Brûlées 1er cru, Clos Vougeot, Echezeaux and Grand Echezeaux.

Since financial year 2012, the estate also cultivates land in four white wine appellations (Montrachet, Bâtard-Montrachet, Meursault 1er cru Poruzots and Chassagne-Montrachet Village) via an agricultural leasehold agreement made with the company H2O.

Château Grillet

Artémis Domaines is the owner, since June 2011, of capital shares in the vineyard Château Grillet, which operates the Château Grillet estate and produces two wines: Château Grillet, which constitutes a *de facto* monopoly, the estate being the sole owner of the entire *AOC* (Controlled Designation of Origin), and a Côtes-du-Rhône.

Eisele Vineyard

Since July 2013 Artémis Domaines holds 100% of the share capital of Kerwin Estate LLC, which operates an estate in California under the new name Eisele Vineyard. Eisele Vineyard has been the new name of the Araujo Estate since 2016.

The vineyard is located in Calistoga, the northernmost town of the Napa Valley. With an area of 15 hectares, it's considered to be one of the greatest terroirs in California since the first vintage produced in 1971. The vineyard is cultivated entirely biodynamically, certified by Demeter since 2002.

Château Siaurac and Co

Artémis Domaines holds 90% of the share capital of Château Siaurac and Co.

Château Siaurac and Co. operates three vineyards located on Bordeaux's right bank, Château Vray Croix de Gay (Pomerol), Château Le Prieuré (Saint-Emilion *grand cru classé*) and Château Siaurac (Lalande de Pomerol).

6.4 Compagnie du Ponant

Created in 1989 by Jean-Emmanuel Sauvée and a dozen of other young officers of the French Merchant Navy, the Compagnie du Ponant operates five cruise ships under the French flag, including the historic Ponant, a three-masted sailing ship, with capacity for 64 passengers. The four other ships are built to a unique model, each offering a restricted number of cabins (132) in order to propose a high standard of service, original itineraries, and exclusive destinations, notably in polar regions.

Ponant ships carried more than 30,000 passengers in 2016, achieving a turnover of €160 million for the financial year ending on 31 December 2016, compared to a turnover of €140 million for the financial year ending on 31 December 2015 (27,000 passengers).

Four new ships, of identical design and consisting of approximately 90 cabins each, were commissioned during the financial year, and are due for staggered delivery between mid-2018 and 2019.

6.5 Groupe FNAC

The acquisition of Darty by the Fnac Group for €1,079 million on 18 July 2016 (by monetary and exchange of securities) made the company a European leader in the omnichannel distribution of household appliances, electronics and cultural goods.

Fnac Darty generates an annual turnover of more than €7 billion, employs 26,000 people, and operates 664 stores in ten countries (459 of which are in France).

The Group's mission is to bring a powerful response to its markets where the intensified competition from internet pure-players and the move towards consolidation have been transforming the distribution sector over recent years.

In order to provide a framework of reference to assess the Group's performance, Fnac Darty has published pro forma operational details for the financial years 2015 and 2016. The figures present the situation as though the acquisition of Darty by Fnac had taken place on 1 January 2015.

The pro forma turnover of Fnac Darty is €7,418 million, an increase of +2.0% (at constant exchange rates).

The pro forma recurring operational income increased by +23.1% to €203 million under the combined effects of business growth, a well-controlled gross margin, the proper execution of cost reduction plans and initial synergies.

Given that Fnac Darty achieved good commercial performance, the Group is bringing forward its goal of €130 million in synergies to the end of 2018, instead of the end of 2019, at least half of which will be achieved by the end of 2017.

In August 2017, Artémis has sold all its shares in Fnac Darty to Ceconomy.

6.6 Press division

Sebdo - Le Point

Sebdo-Le Point is the editor of the weekly magazine Le Point. Sebdo-Le Point recorded turnover of €70 million for 2016, declining for the fourth year in a row after a decade of uninterrupted growth (a fall of €9 million, which is -11.7% in comparison to 2015). The erosion of its subscriber base, the decline in the magazine's advertising income and the downturn in kiosk sales, with which the company is confronted in a context of the printed press market's structural decline, is not yet compensated for by the encouraging growth in income from digital business (+€0.9 million, or +16.7% in comparison to 2015, with an average subscriber portfolio of 22,000 copies).

AGEFI

Founded in 1911, AGEFI is today the leading media group in the news and services sector for professionals in finance, investment and asset management. Its editorial range offers a complete range of specialised services, enriched in 2016 by the takeover of the Dow Jones press agency business, leading to the launch of Agefi-Dow Jones, a real-time newswire.

The turnover at 31 December 2016 amounted to €11.1 million, an increase of +3.6% in comparison to 2015. 2016 was marked by a decline in traditional advertising, the continued development of brand content, the diversification of income sources with the growth of conference and seminar activities, and the integration of Wall Finance with the implementation of the Agefi Emploi employment feature.

6.7 Stade Rennais FC

With more than twenty consecutive seasons in the French Ligue 1 (Premier League), Le Stade Rennais F.C. is one of the oldest elite clubs in French football. Artémis acquired this emblem of Breton sport in 1998.

Le Stade Rennais is firmly focused on the Breton public, on amateur football, and on training. These three essential cornerstones today constitute its success, as with the help of some talented players nurtured in its training centre, and well supported by their coach Christian Gourcuff, the Stade Rennais F.C. are placed in the first half of the Ligue 1 table, and are in the race for a place in the European leagues.

6.8 Théâtre Marigny

Marigny SAS

49.9% of Marigny SAS is owned by Artémis.

Since 1st January 2012, Marigny SAS has held a *Bail Emphytéotique Administratif* (Administrative emphyteutic lease) for the Théâtre Marigny, owned by the City of Paris.

Structural and renovation work has been deemed necessary in order to receive the public in the best possible conditions and led to a suspension of performances at the theatre. This work should be finished by the end of 2017.

Société Nouvelle du Théâtre Marigny

100% of La Société Nouvelle du Théâtre Marigny (SNTM) is owned by Artémis.

SNTM has run the Théâtre Marigny since 1 January 2012, within the framework of an operation and maintenance agreement with Marigny SAS, suspended for the duration of renovation work on the theatre. SNTM was sold by Artémis in 2017.

7 Litigation and disputes

Artémis is involved in a certain number of lawsuits and litigation proceedings in the normal course of its business, including disputes with tax authorities. The costs that may result, considered probable and serious by the companies and their specialists, are the object of provisions for risks and expenses (see Note 15 to the 2016 consolidated financial accounts).

8 Significant events that have occurred since the close of the financial year 2016

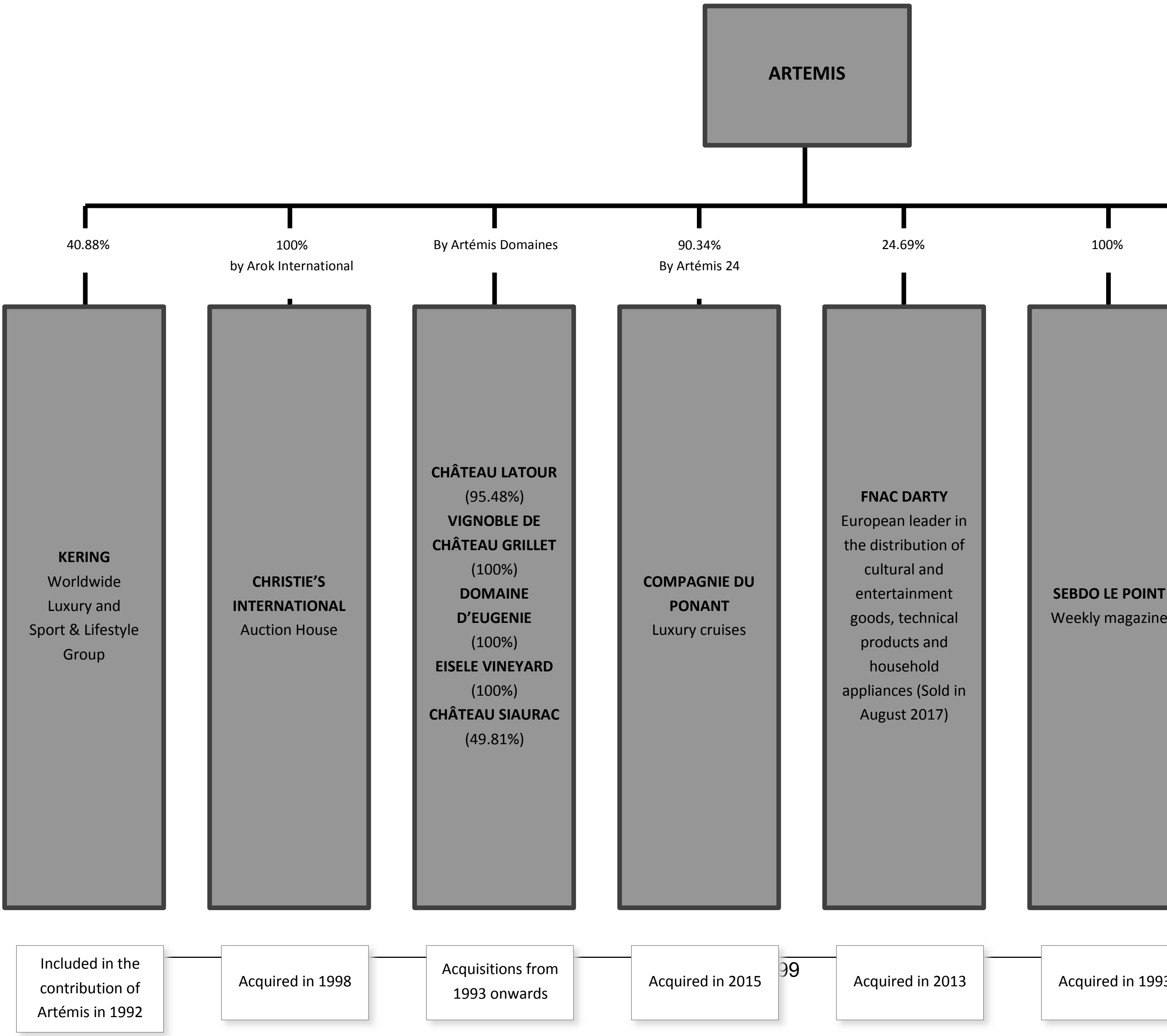
Artémis has sold in 2017 its shares in Fnac-Darty and SNTM.

No investment has been made and no firm commitments have been made for future investments since the date of the last published financial statements.

9 Simplified organisational chart of Groupe Artémis

Note: The chart does not include Théâtre Marigny and other non-significant entities.

SIMPLIFIED ORGANISATIONAL CHART OF GROUPE ARTEMIS AT 31 DECEMBER 2016 (% of shar



10 The Guarantor’s management and auditors

Artémis’ board of directors and management are structured as follows:

Board of Directors:

Chairman

- François Jean Pinault

Other directors

- François Pinault
- Patricia Barbizet
- Gilles Pagniez
- Xavier Larenaudie

Managing Director

- Patricia Barbizet

Auditors:

Statutory auditors

KPMG SA

Tour Eqho
2 avenue Gambetta
CS 6055
92066 Paris la Défense Cedex

Ernst & Young et Autres
Paris La Défense
1-1-2 place des Saisons
92400 Courbevoie

The mandate for KPMG SA, statutory auditors, will come to an end at the General Meeting to be held in 2020. The mandate for Ernst & Young and Others, statutory auditors, renewed on 12 June 2017, will come to an end at the General Meeting to be held in 2023.

Substitute auditors

Auditex
Paris La Défense
1-1-2 place des Saisons
92400 Courbevoie

KPMG Audit FS I
Tour Eqho
2 avenue Gambetta
CS 6055
92066 Paris La Défense Cedex

11 Principal activities exercised by the members of the Guarantor's management

The mandates and functions exercised by the members of the Guarantor's management on 31 December 2016 are as follows:

Chairman of the Board of Directors:

François Jean Pinault

Companies	Offices held in France	Exercise period
Financière Pinault (SCA) 12 rue François 1er – 75008 Paris	Manager (*Gérant*) Général Partner (*Associé commandité*)	From 01/01/2016 to 31/12/2016 From 01/01/2016 to 31/12/2016
Artémis (SA) 12 rue François 1er – 75008 Paris	Director Chairman of the Board	From 01/01/2016 to 31/12/2016 From 01/01/2016 to 31/12/2016
Kering (SA) 40 rue de Sèvres 75007 Paris	Chief Executive Officer Director	From 01/01/2016 to 31/12/2016 From 01/01/2016 to 31/12/2016
Société civile du vignoble de Château Latour (SC) Saint Lambert – 33250 Pauillac	Member of the managing board (*conseil de gérance*)	From 01/01/2016 to 31/12/2016
Collection Pinault – Paris 12 rue François 1er – 75008 Paris	Chairman of the Board	From 25/05/2016 to 31/12/2016
Sonova Management (SAS 12 rue François 1er – 75008 Paris	President	From 01/01/2016 to 31/12/2016
Financière Pinault (SCS) 12 rue François 1er – 75008 Paris	Legal representative of Sonova Management, Manager	From 01/01/2016 to 31/12/2016
Boucheron Holding (SAS) 20 rue de la Paix – 75002 Paris	President of the strategic committee	From 01/01/2016 to 31/12/2016
Sapardis SE (SE) 40 rue de Sèvres 75007 Paris	Director	From 01/01/2016 to 31/12/2016
Yves Saint Laurent (SAS) 7 avenue George V – 75008 Paris	Chairman of the Board President	From 01/01/2016 to 31/12/2016 From 01/01/2016 to 31/12/2016
Soft Computing (SA) 55 quai de Grenelle – 75015 Paris	Director	From 01/01/2016 to 31/12/2016
Bouygues (SA) 32 avenue Hoche – 75008 Paris	Director	From 01/01/2016 to 21/04/2016
Companies	**Offices held abroad**	**Exercise period**
PUMA (SE) - GMBH	Deputy Chairman of the Board	From 01/01/2016 to 31/12/2016
Stella Mc Cartney (UK)	Director	From 01/01/2016 to 31/12/2016

Manufacture et fabrique et montres et chronomètres Ulysse Nardin le Locle (Suisse)	Director	From 01/01/2016 to 31/12/2016
Volcom Inc (USA)	Chairman of the Board	From 01/01/2016 to 31/12/2016
Kering International Limited (UK)	Director	From 01/01/2016 to 31/12/2016
Kering UK Services Limited (UK)	Director	From 01/01/2016 to 31/12/2016
Kering Eyewear (Italie)	Director	From 01/01/2016 to 31/12/2016
Kering Holland NV (Pays Bas)	Non-executive director	From 01/01/2016 to 31/10/2016
Kering Netherlands BV (Néerlandaise)	Non-executive director	From 01/01/2016 to 31/10/2016

Managing Director:

Patricia Barbizet

Companies	Offices held in France	Exercise period
Financière Pinault SCA 12 Rue François 1er – 75008 Paris	Member of the Supervisory Board Managing director (not an officer)	From 01/01/2016 to 31/12/2016
Artémis SA 12 Rue François 1er – 75008 Paris	Managing director – director	From 01/01/2016 to 31/12/2016
Kering SA 40 rue de Sèvres 75007 Paris	Deputy-Chairwoman of the Board Director	From 01/01/2016 to 31/ 12/2016 From 01/01/2016 to 31/12/2016
Collection Pinault – Paris SAS 12 Rue François 1er – 75008 Paris	Permanent representative of Artémis, director President	From 25/05/2016 to 31/12/2016 From 01/01/2016 to 25/05/2016
Sebdo le Point SA 1 Boulevard Victor 75015 Paris	Permanent representative of Artémis, director	From 01/01/2016 to 31/12/2016
Agefi SA 102 à 116 Rue Victor Hugo – 92300 Levallois Perret	Permanent representative of Artémis, director	From 01/01/2016 to 31/12/2016
Yves Saint Laurent SAS 7 Avenue George V – 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Total SA 2 Place de la Coupole – La Défense	Director	From 01/01/2016 to 31/12/2016
Société civile du Vignoble de Château Latour Saint Lambert – 33250 Pauillac	Member of the managing board (*conseil de gérance*)	From 01/01/2016 to 31/12/2016
Groupe Fnac SA 9 Rue des Bateaux Lavoirs ZAC Port d'Ivry – 92 Ivry sur Seine	Director	From 01/01/2016 to 31/12/2016
PSA Peugeot Citroën SA	Member of the Supervisory Board	

5 Avenue de la Grande Armée – 75116 Paris		From 01/01/2016 to 27/04/2016
Compagnie du Ponant SAS 408 Avenue du Prado 13008 Marseille	Member of the Supervisory Board	From 01/01/2016 to 31/12/2016
Arok International SA 12, rue François 1er 75008 Paris	Director Executive Managing Director	From 01/01/2016 to 31/12/2016
Artémis Domaines SA 12, rue François 1er 75008 Paris	Director Chairwoman of the Board Executive Managing Director	From 29/06/2016 to 31/12/2016 From 26/06/2016 to 31/12/2016 From 01/01/2016 to 29/06/2016
Artémis 16 SA 12, rue François 1er 75008 Paris	Executive Managing Director	From 01/01/2016 to 31/12/2016
Artémis 20 SAS 12, rue François 1er 75008 Paris	President	From 01/01/2016 to 31/12/2016
Artémis 21 SA 12, rue François 1er 75008 Paris	Executive Managing Director	From 01/01/2016 to 31/12/2016
Garuda SA 12, rue François 1er 75008 Paris	Executive Managing Director	From 01/01/2016 to 31/12/2016
Kerbac SAS 12, rue François 1er 75008 Paris	Managing Director	From 01/01/2016 to 31/12/2016
Michel et Augustin SA 151 rue de Billacourt 92100 Boulogne Billancourt	Director	From 01/01/2016 to 21/07/2016
Michel et Augustin SAS 151, rue de Billancourt 92100 Boulogne Billancourt	Director	From 21/07/2016 to 31/12/2016
Red River France SAS 12, rue François 1er 75008 Paris	President	From 01/01/2016 to 31/12/2016
Shamrock EURL 12, rue François 1er 75008 Paris	Manager (*Gérante*)	From 01/01/2016 to 31/12/2016
Société européenne pour la promotion du sport (EPS) SA 12, rue François 1er 75008 Paris	Executive Managing Director	From 01/01/2016 to 31/12/2016
Sonova Management SAS 12, rue François 1er 75008 Paris	Director	From 22/07/2016 to 31/12/2016
Tallandier Editions SA 2, rue Rotrou 75002 Paris	Director	From 01/01/2016 to 31/12/2016
Temaris SA 12, rue François 1er 75008 Paris	Executive Managing Director	From 01/01/2016 to 31/12/2016
Ter Obligations SA 12, rue François 1er 75008 Paris	Executive Managing Director	From 01/01/2016 to 31/12/2016
Misarte SA 12, rue François 1er 75008 Paris	Executive Managing Director	From 01/01/2016 to 22/10/2016

Artémis Finance SNC 12, rue François 1er 75008 Paris	Permanent representative of Artémis, Manager	From 01/01/2016 to 31/12/2016
Arvag SAS 12, rue François 1er 75008 Paris	Permanent representative of Artémis, President	From 01/01/2016 to 31/12/2016
Pinault Collection SAS 12, rue François 1er 75008 Paris	Permanent representative of Artémis, President	From 01/01/2016 to 31/12/2016
Térisam SAS 12, rue François 1er 75008 Paris	Permanent representative of Artémis, President	From 01/01/2016 to 31/12/2016
Artémis 24 SAS 12, rue François 1er 75008 Paris	Permanent representative of Artémis, President	From 01/01/2016 to 31/12/2016
Financière Lumis SAS 12, rue François 1er 75008 Paris	Permanent representative of Artémis, President	From 01/01/2016 to 29/01/2016
Artémis 28 SAS 12, rue François 1er 75008 Paris	Permanent representative of Artémis, President	From 25/11/2016 to 31/12/2016
Artémis 27 SAS 12, rue François 1er 75008 Paris	Permanent representative of Artémis, President	From 01/01/2016 to 31/12/2016
Zoé SAS 10, rue du dragon 75006 Paris	President	From 01/01/2016 to 31/12/2016
Companies	**Offices held abroad**	**Exercise period**
Christie's International PLC 8 King Street - St James – Londres (UK)	Chairwoman and CEO Deputy Chairwoman of the board of Directors Director Member of the Remuneration Committee	From 01/01/2016 to 31/12/2016 From 14/12/2016 to 31/12/2016 From 01/01/2016 to 31/12/2016 From 01/01/2016 to 31/12/2016
Kering Holland NV Rembrandt Tower – Amstelplein 1 – Amsterdam (Pays Bas)	Non Executive Director	From 01/01/2016 to 05/10/2016
Palazzo Grassi società per azioni Campo San Samuele Venise (Italie)	Administratore Delagato Administratore	From 01/01/2016 to 31/12/2016
Rokusa LLC United Corporate Services 15 East North Street 19904 Dover	Managing Director	From 01/01/2016 to 31/12/2016
Artemis America Partnership One Rodney Square New Castle County 19801 Wilmington Etats-Unis	Artémis's Permanente representative, Managing Partner	From 01/01/2016 to 31/12/2016

WCP#1	Artémis's Permanente representative, Member of the advisory committee	From 01/01/2016 to 31/12/2016
Kerkal LLC United Corporates Service Inc 874 Walker Road – Suite C County of Kent 19904 Dover	Manager	From 01/01/2016 to 31/12/2016

Directors:

François Pinault

Companies	Offices held in France	Exercise period
Financière Pinault 12 rue François 1er - 75008 Paris	Manager (*Gérant*) General Partner (*associé commandité*)	From 01/01/2016 to 31/12/2016
Artémis 12 rue François 1er - 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Garuda 12 rue François 1er - 75008 Paris	Chief Executive Officer Director	From 01/01/2016 to 31/12/2016
Pinault Trustee 12 rue François 1er – 75008 Paris	President	From 01/01/2016 to 31/12/2016
Collection Pinault- Paris 12 rue François 1er 75008 Paris	President	From 25/05/2016 to 31/12/2016
Companies	**Offices held abroad**	**Exercise period**
Kerkal USA	Manager	From 01/01/2016 to 31/12/2016
Palazzo Grassi Venise Italie	Administratore Administratore Delagato Presidente di consiglio di amministrazione	From 01/01/2016 to 31/12/2016
Rokusa USA	Managing director	From 01/01/2016 to 31/12/2016
Christie's 8 King Street - St James – Londres (UK)	Chairman of the board	From 14/12/2016 to 31/12/2016
Companies	**Fonctions**	**Exercise period**
Kering 40 rue des Sèvres 75007 Paris	Honorary Chairman of the Board of directors	From 01/01/2016 to 31/12/2016
Société civile du Vignoble de Château Latour Saint Lambert - 33250 Pauillac	Member of the managing board (*conseil de gérance*)	From 01/01/2016 to 31/12/2016

Gilles Pagniez

Companies	Offices held in France	Exercise period

Arok International 12 rue François 1er – 75008 Paris	Chief Executive Officer Director	From 01/01/2016 to 31/12/2016
Artémis 12 rue François 1er - 75008 PARIS	Director	From 01/01/2016 to 31/12/2016
Artémis Domaines 12 rue François 1er – 75008 Paris	Director Executive Managing Director	From 01/01/2016 to 31/12/2016 From 01/07/2016 to 31/12/2016
Collection Pinault – Paris 12, rue François 1er – 75008 Paris	Director	From 25/05/2016 to 31/12/2016
Compagnie du Ponant 408 avenue du Prado Marseille	Member of the Supervisory Board	From 01/01/2016 to 31/12/2016
Garuda 12 rue François 1er - 75008 PARIS	Director	From 01/01/2016 to 31/12/2016
Société civile du Vignoble de Château Latour Saint Lambert – 33250 Pauillac	Member of the managing board (*conseil de gérance*)	From 01/01/2016 to 31/12/2016
Témaris (A31) 12 rue François 1er – 75008 Paris	Chief Executive Officer Director	From 01/01/2016 to 31/12/2016
Digit RE Group 889 rue de la Vieille 34000 Montpellier	Representative of Témaris, President	From 01/01/2016 to 31/12/2016
Immobilier Neuf 29 rue de l'Ecole Normale 33073 Bordeaux	Permanent representative of Témaris, itself representative of Digit Re Group, President	From 23/12/2016 to 31/12/2016
Nextstage Partners (SAS) 19 avenue George V 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Nextstage AM (SAS) 19 avenue George V 75008 PARIS	Representative of Artémis, director	From 01/01/2016 to 31/12/2016
Artemis Asie	Representative of Temaris, Manager	From 01/01/2016 to 31/12/2016
Rocka 12 rue François 1er 75008 Paris	Representative of Temaris, President	From 01/01/2016 to 31/12/2016
Companies	**Offices held abroad**	**Exercise period**
Christie's International (GB) 8 King Street - St James - London	Director Member of the Remuneration Committee	From 01/01/2016 to 31/12/2016 From 01/01/2016 to 31/12/2016
Companies	**Fonctions**	**Exercise period**
Financière Pinault 12 rue François 1er - 75008 PARIS	Deputy Managing Director (not an officer)	From 11/01/2016 to 31/12/2016
Artémis 12 rue François 1er – 75008 Paris	Deputy Managing Director (not an officer)	From 01/01/2016 to 31/12/2016

Xavier Larenaudie

Companies	Offices held in France	Exercise period

Artémis 12 rue François 1er - 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Artémis Domaines 12 rue François 1er - 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Artémis Domaines 12 rue François 1er - 75008 Paris	Deputy General Manager	From 01/01/2016 to 31/12/2016
Européenne pour la Promotion du Sport 12 rue François 1er - 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Artémis Investissements 12 rue François 1er - 75008 Paris	Manager (*Gérant*)	From 01/01/2016 to 31/12/2016
Garuda 12 rue François 1er - 75008 Paris	Permanent representative of Financière Pinault, director	From 01/01/2016 to 31/12/2016
Témaris (A31) 12 rue François 1er – 75008 Paris	Director	From 01/01/2016 to 31/12/2016
Tallandier Editions 2 rue Rotrou – 75006 Paris	Deputy General Manager Permanent representative of Temaris, director	From 01/01/2016 to 31/12/2016 From 01/01/2016 to 31/12/2016
Companies	**Fonctions**	**Exercise period**
Financière Pinault 12 rue François 1er - 75008 Paris	Head of Tax Affairs	From 01/01/2016 to 31/12/2016

DESCRIPTION OF THE DELEGATED DEBTOR

The description of the Delegated Debtor (including its registered capital and breakdown of share capital, its managements and auditors, its strategy, its financial information, its subsidiaries and shareholdings, its current litigations and disputes) may be found (i) in the CACIB DR 2016 and (ii) in the CACIB DR 2016 Update, which are available on CACIB's website (www.credit-agricole.com).

The CACIB DR 2016, the CACIB DR 2016 Update and the Crédit Agricole Group Press Release are available on the Luxembourg Stock Exchange's website (www.bourse.lu).

DESCRIPTION OF THE COMPANY

- See the section “Documents incorporated by reference” on page 26.

DESCRIPTION OF THE SHARES

- See pages 368 to 373 of the Kering DR 2016 (as defined in “Documents incorporated by Reference”) for the description of the rights attached to the Shares.

TAXATION

The following is a summary of certain French withholding tax considerations relating to the holding of the Bonds by Bondholders who do not concurrently hold shares of the Issuer. Such summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own, exchange or dispose of the Bonds.

This summary is based on the tax laws and regulations in force in France as of the date of this Prospectus and such as applied by the French tax authorities, all of which are subject to changes or to different interpretations (potentially with a retroactive effect).

Each prospective holder of Bonds should consult its tax advisor as to the tax consequences of any purchase, ownership, exchange, repayment and/or disposal of the Bonds in light of its particular circumstances.

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

Furthermore, according to Article 238 A of the Code général des impôts, interest and other revenues on such Bonds are not (where otherwise deductible) deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State (the "Deductibility Exclusion"). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 and *seq.* of the Code général des impôts, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 bis 2 of the Code général des impôts, at a rate of 30 per cent. or 75 per cent. (subject to certain exceptions and the more favourable provisions of an applicable double tax treaty).

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the Code général des impôts nor, to the extent the relevant interest or other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion and the withholding tax set out under Article 119 bis 2 of the Code général des impôts that may be levied as a result of the Deductibility Exclusion will apply in respect of the Bonds if the Issuer can prove that the principal purpose and effect of the issue of the Bonds was not to allow payments of interest or other revenues to be made in a Non-Cooperative State (the "Exception").

Pursuant to the Bulletin Officiel des Finances Publiques-Impôts BOI-INT-DG-20-50-20140211 n°550, 990 and 1000, BOI-RPPM-RCM-30-10-20-40-20140211 n°70 and 80 and BOI-IR-DOMIC-10-20-20-60-20150320 n°10, the Bonds will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Bonds, if the Bonds are:

(i) offered by means of a public offer within the meaning of Article L.411.1 of the Code monétaire et financier or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

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

The Bonds, which will be admitted, at the time of their issue, to the operations of a securities clearing systems operator which is not located in a Non-Cooperative State, will fall under the Exception. Accordingly, payments of interest and other revenues with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the Code général des impôts. In addition, interest and other revenues with respect to the Bonds will be subject neither to the Deductibility Exclusion nor to the withholding tax set out under Article 119 bis 2 of the Code général des impôts, solely on account of their being paid to a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

Pursuant to Article 125 A I of the Code général des impôts, where the paying agent (établissement payeur) is established in France and subject to certain exceptions, interest and similar income received by individuals who are fiscally domiciled (domiciliés fiscalement) in France are subject to a 24 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at an overall rate of 15.5 per cent. on such interest and similar income received by individuals who are fiscally domiciled (domiciliés fiscalement) in France.

SUBSCRIPTION AND SALE

Underwriting Agreement

Crédit Agricole Corporate and Investment Bank, Natixis, Société Générale, CIC and BNP Paribas, acting as Joint Lead Managers and Joint Bookrunners (together, the "**Managers**") have agreed, pursuant to an underwriting agreement dated 19 September 2017 (the "**Underwriting Agreement**"), subject to certain conditions and on the basis of the representations, warranties and undertakings given by the Issuer and the Guarantor in the Underwriting Agreement, to procure subscribers in France or outside France, or failing this, to subscribe for the Bonds at an issue price of 102.25% of their principal amount, in the portions set forth opposite such Managers name below.

Managers	**Percentage of Bonds**
Crédit Agricole Corporate and Investment Bank	20%
Natixis	20%
Société Générale	20%
CM-CIC Market Solutions	20%
BNP Paribas	20%

The Underwriting Agreement may be terminated by the Managers under certain circumstances at any time up to and including the settlement and delivery date of the offering, expected to take place on 22 September. The circumstances under which the Underwriting Agreement may be terminated include, but are not limited to, any breach of any of the representations and warranties contained therein or any failure to perform any of the Issuer's or the Guarantor's undertakings contained therein, failure to satisfy any of the standard conditions specified therein and the occurrence of certain material events as that it would, in the opinion of the Managers, make it impossible or seriously compromise the Offering. In the event the Underwriting Agreement is terminated in accordance with its terms, the offering will be cancelled.

During the period beginning from the date of the Underwriting Agreement and continuing to and including the date 60 days after the settlement date of the Bonds, the Guarantor and the Issuer agree, not to offer or sell, directly or indirectly, without the prior written consent of the Managers, subject to certain exceptions.

The Issuer will pay to the Managers a base fee and a discretionary fee. The Issuer has also agreed to reimburse certain expenses incurred by the Managers in connection with the offering. The Issuer and the Guarantor have also agreed to indemnify the Managers against certain liabilities.

The Managers and/or certain of their affiliates have provided or may provide in the future various banking, financial, investment, commercial services or otherwise to the Issuer, the Guarantor, the Company or the Company's Group, their affiliate, shareholders or officers, under which they have received or may receive compensation.

United States of America

The Bonds, the Shares and the Guarantee have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Bonds and the Shares to be delivered upon exchange or repurchase or repayment of the Bonds may not be offered or sold within the United States. Each Manager has agreed that it will not offer or sell any Bonds or Shares within the United States or to, or for the benefit of, U.S. persons (as defined in Regulation S), in compliance with Regulation S.

Each Manager has agreed that, except as permitted by the Underwriting Agreement, it will not offer, sell or deliver the Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Terms and Conditions) (the "**Restricted Period**") within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons substantially to the following effect:

"The Bonds covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S".

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds or Shares to be delivered upon exchange or repurchase or repayment of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each person acquiring Bonds offered pursuant to this Prospectus is deemed to have declared, guaranteed, and acknowledged, when accepting the Prospectus and the delivery of the Bonds, (1) that it is located outside the United States of America, as defined in Regulation S; and (2) that it acquired the Bonds in an offshore transaction in accordance with Regulation S.

United Kingdom

The Managers have represented and agreed that:

(c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of the Bonds or Shares in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

(d) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds or Shares in, from or otherwise involving the United Kingdom.

In the United Kingdom, this Prospectus is being distributed exclusively to and is directed exclusively for (a) persons who are outside the United Kingdom or (b) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (c) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**Relevant Persons**"). The Bonds are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Bonds will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

EEA

The Managers have represented and agreed that that with respect to any member state of the European Economic Area which has implemented the Prospectus Directive (the "**Relevant Member States**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, no offer of the Bonds which are the subject of the offering contemplated by this Prospectus may be made to the public in any Relevant Member State other than:

(e) to qualified investors as defined in the Prospectus Directive;

(f) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Managers; or

(g) in any other circumstances that do not require the publication by the Issuer of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

As used in this paragraph, the expression "offer to the public of Bonds" in relation to any Bonds in a given Relevant Member State means any communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the Bonds to be offered, so as to enable an investor to decide to purchase or subscribe for these Bonds, as this definition be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

These restrictions on sale concerning Relevant Member States are in addition to any other restrictions on sale applicable in the Relevant Member States having transposed the Prospectus Directive.

France

The Managers have represented and agreed that this Prospectus has not been prepared and is not being distributed in the context of a public offering of securities in France within the meaning of Article L. 411-1 of the French *Code monétaire et financier* and, therefore, this Prospectus or any other offering material relating to the Bonds have not been and will not be filed with the French *Autorité des Marchés Financiers* (the "AMF") for prior approval or submitted for clearance to the AMF and, more generally, no prospectus has been prepared in connection with the offering of the Bonds that has been approved by the AMF or by the competent authority of another state that is a contracting party to the Agreement on the European Economic Area and notified to the AMF; no Bonds have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; this Prospectus and any other offering material relating to the Bonds have not been distributed or caused to be distributed and will not be distributed or caused to be distributed, directly or indirectly, to the public in France; offers, sales and distributions of the Bonds have been and shall only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) or qualified investors (*investisseurs qualifiés*) investing for their own account or a closed circle of investors (*cercle restreint d'investisseurs*), acting for its own account, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 and D. 411-4, D. 744-1, D. 754-1, and D. 764-1 of the French *Code monétaire et financier* and applicable regulations thereunder. The direct or indirect distribution to the public in France of any Bonds so acquired may be made only as provided by Articles L. 411-1 to L. 411-4, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and applicable regulations thereunder.

The Grand-Duchy of Luxembourg

The Managers represented and agreed that they have not and will not, offer or sell the Bonds to the public in or from Luxembourg, directly or indirectly, and neither this Prospectus nor any prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in, or from or published in, Luxembourg, except (i) for the sole purpose of the admission to trading of the Bonds on the Euro MTF Market, and listing of the Bonds on the Official List and in circumstances which do not constitute a public offer of securities to the public pursuant to the provisions of the Prospectuses Law or (ii) in other circumstances which do not constitute a public offer of securities to the public pursuant to the provisions of the Prospectuses Law.

GENERAL INFORMATION

1. The issue of the Bonds was duly authorised by a resolution of the Board of Directors of the Issuer dated 15 September 2017.

2. The Guarantee was duly authorized by a resolution of the Board of Directors of the Guarantor of 15 September 2017.

3. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Bonds and the performance of the Issuer's obligations under the Bonds.

4. Application has been made to list the Bonds on the Luxembourg Stock Exchange and to trade the Bonds on the Euro MTF Market under the Prospectuses Law from 12 February 2015.

5. The Bonds have been accepted for clearance through Euroclear France, Euroclear and Clearstream, Luxembourg. The ISIN for this issue is FR0013284130 and the Common Code is 168920334.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210. Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue John Fitzgerald Kennedy, L-1855 Luxembourg, the Grand Duchy of Luxembourg.

6. The Bonds will, upon issue, be inscribed in the books of Euroclear France. The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France.

7. Save as disclosed in this Prospectus, there has been no material adverse change in the financial or trading position of the Issuer or the Guarantor since 31 December 2016 and there has been no material adverse change in prospects of the Issuer or the Guarantor since 31 December 2016.

8. Except as disclosed in this Prospectus, there are no governmental, legal or arbitration proceedings pending or, to the best of Issuer's knowledge, threatened against the Issuer and the Guarantor during the 12 months prior to the date hereof which may have or have had in the recent past a significant effect, in the context of the issue of the Bonds, on the financial position or profitability of the Issuer or, to the Issuer's best knowledge, on the financial position or profitability of the Guarantor.

9. KPMG S.A. and KPMG Audit FS I (independent statutory auditors) have audited the non-consolidated financial statements of the Issuer for the two most recent financial years. KPMG S.A. and KPMG Audit FS I belong to the *Compagnie régionale des Commissaires aux comptes de Versailles*. The Issuer does not prepare consolidated financial statements.

10. ERNST & YOUNG ET AUTRES and KPMG S.A. (independent statutory auditors) have audited the consolidated and non-consolidated financial statements of the Guarantor for the two most recent financial years. KPMG S.A. and KPMG Audit FS I belong to the *Compagnie régionale des Commissaires aux comptes de Versailles*.

11. So long as any Bonds are listed on the Euro MTF Market and are outstanding, copies of this Prospectus and the Documents Incorporated by Reference, shall be available on the Luxembourg Stock Exchange's website (**www.bourse.lu**) and such documents, the articles of association of the Company and of the Guarantor and the annual audited financial statements of the Issuer and of the Guarantor will be available in electronic format, free of charge at the specified office of the Principal Paying and Exchange Agent (or any successors thereof) during normal business hours. The Documents Incorporated by Reference relating to the Company and the Delegated Debtor are available free of charge on Kering's website (www.kering.com) and on CACIB's website (www.ca-cib.com) respectively.

12. Past and future performance of the Kering shares is available on Euronext's website (https://www.euronext.com/fr/products/equities/FR0000121485-XPAR).

APPENDIX I – FINANCIAL INFORMATION CONCERNING THE ISSUER

I A – FINANCIAL STATEMENTS OF THE ISSUER

ARTEMIS 21

FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED DECEMBER 31, 2016

CONTENTS

STATEMENT OF FINANCIAL POSITION
As at December 31, 2016 and 2015

ASSETS

Euro thousand	*Notes*	Gross	Amortisation & Impairment	2016 Net	2015 Net
Intangible assets		-	-	-	-
Tangibles assets		-	-	-	-
Financial assets		-	-	-	-
Fixed assets		**-**	**-**	**-**	**-**
Receivables and other current assets (b)	*3*	19	-	19	24
Investments securities		-	-	-	-
Cash		1	-	1	1
Current assets		**20**	**-**	**20**	**25**
Regulation accounts		**-**	**-**	**-**	**-**
TOTAL ASSETS		**20**	**-**	**20**	**25**

		2016 Net	2015 Net
(a)	o/w amounts due within one year	-	-
(b)	o/w amounts due after more than one year	-	-
	o/w related companies	19	24

STATEMENT OF FINANCIAL POSITION
As at December 31, 2016 and 2015

EQUITY AND LIABILITIES

Euro thousand	*Notes*	2016	2015
Share capital	*4*	37	37
Retained earnings		(14)	(8)
Profit for the financial year		(6)	(6)
Total equity	*5*	**18**	**23**
Provisions		**-**	**-**
Liabilities (a)			
Borrowings **(b)**		-	-
Operating liabilities **(c)**	*6*	2	2
Total liabilities		**2**	**2**
Regulation accounts		**-**	**-**
TOTAL EQUITY AND LIABILITIES		**20**	**25**

	2016	2015
(a) o/w amounts due after one year and less than five years	-	-
o/w amounts due after more than five years	-	-
(b) o/w bank overdrafts and bank credit balances	-	-
o/w related companies	-	-
(c) o/w related companies	-	-

INCOME STATEMENT
For year ended December 31, 2016 and 2015

Euro thousand	*Notes*	2016	2015
Operating revenues		-	-
Operating costs	*7*	(6)	(6)
Operating income		**(6)**	**(6)**
Finance costs (net)		-	-
Income before tax		**(6)**	**(6)**
Non-recurring operating income and expenses		-	-
Corporate income tax	*8*	-	-
Net income		**(6)**	**(6)**

NOTES TO THE FINANCIAL STATEMENTS

1 - INTRODUCTION

Artemis 21 was incorporated on 25 November 2013.

Fiscal year 2016 is the fourth year of full-year Artemis 21 business.

The financial statements of Artemis 21 are prepared in euros.

2 – ACCOUNTING POLICIES AND METHODS

2.1 Basis of accounting principles

The annual accounts have been approved in accordance with the provisions of Regulation 2014-03 of the French Accounting Standards Authority approved by ministerial decree of 8 September 2014 relating to the General Accounting Plan.

These are applied, in accordance with the principle of prudence, in accordance with the following basic assumptions:

- continuity of operation,
- independence of exercises,
- permanence of methods.

3 - RECEIVABLES AND OTHER CURRENT ASSETS

This item breaks down as follow:

Euro thousand	Gross	Impairment	2016 Net	2015 Net
- Group company current account debtors	19	-	19	24
Total	**19**	**-**	**19**	**24**

4 - SHARE CAPITAL

The share capital of Artémis 21, composed of 370 shares with a nominal value of € 100 each, is allocated as follows:

Artémis	364 shares
Other shareholders	6 shares

Artémis 21 is fully consolidated in the financial statements of Financière Pinault.

5 - CHANGE IN SHAREHOLDERS' EQUITY

This item breaks down as follow:

Euro million	*Number of shares*	Share capital	Retained earnings	Profit for the financial year	**Shareholders' equity**
As at December 31, 2015	*370*	37	(8)	(6)	**23**
Allocation of Y-1 profit		-	(6)	6	**-**
Profit for the financial year		-	-	(6)	**(6)**
As at December 31, 2016	*370*	37	(14)	(6)	**18**

As at December 31, 2016, there is no potentially dilutive instrument of the capital issued by Artémis.

6 –OPERATING LIABILITIES

This item breaks down as follow:

Euro million	2016	2015
- Trade payables	2	2
Total	**2**	**2**

7 - OPERATING COSTS

This item breaks down as follow:

Euro million	2016	2015
- Other purchases and external charges	(6)	(6)
Total operating costs	**(6)**	**(6)**

8 - INCOME TAXES

Artémis 21 is a member of the tax consolidation of Financière Pinault. In this context, its tax profit is transferred to Financière Pinault.

In addition, under the neutrality method adopted by the group agreement, the company pays Financière Pinault the corporate income tax it should have paid to the French Treasury in the absence of tax consolidation.

9 - TRANSACTIONS WITH SHAREHOLDERS

No transactions between the company and its main shareholders and the company and the members of the administrative and supervisory bodies are to be mentioned to the extent that these transactions are concluded normal market conditions.

CASH FLOW STATEMENT
2016

Euro thousand	2016	2015
Net income for the year	(6)	(6)
Net (write-backs) to provisions, depreciation and amortization	-	-
Cancellation of capital gains (losses) on disposal, net of tax	-	-
Self-financing capacity	**(6)**	**(6)**
Change in inventories and other receivables	6	5
Change in operating liabilities	-	-
(Increase) or decrease in working capital	**6**	**5**
CASH FLOW FROM OPERATIONS	**-**	**(1)**
Acquisitions of property, plant and equipment and intangible assets	-	-
Disposals of property, plant and equipment and intangible assets	-	-
(Investment) or Net Operating Disinvestment	**-**	**-**
Acquisitions or increases in financial assets	-	-
Disposals or decreases in financial assets	-	-
(Investment) or net financial divestment	**-**	**-**
CASH FLOW FROM INVESTMENT OPERATIONS	**-**	**-**
Increase (decrease) in shareholders' equity	-	-
Dividends paid	-	-
Increase (decrease) in financial liabilities	-	-
CASH FLOW FROM FINANCING OPERATIONS	**-**	**-**
NET CASH FLOW	**-**	**(1)**
Marketable securities	-	-
Cash	1	2
Current bank and bank credit balances	-	-
CASH AT THE OPENING OF THE FINANCIAL YEAR	**1**	**2**
Marketable securities	-	-
Cash	1	1
Current bank and bank credit balances	-	-
CASH AT THE END OF THE FINANCIAL YEAR	**1**	**1**
NET CASH FLOW	**-**	**(1)**

RESULTS OF THE COMPANY DURING THE LAST FOUR YEARS (Expressed in thousands of euros, unless otherwise indicated)

	2013	2014	2015	2016
CAPITAL AT END OF YEAR				
Share capital	37	37	37	37
Number of existing ordinary shares	*370*	*370*	*370*	*370*
OPERATIONS AND RESULTS FOR THE YEAR				
Turnover excluding taxes	-	-	-	-
Profit before tax, employee profit-sharing and Amortization, depreciation and provisions	(2)	(6)	(6)	(6)
Income taxes	-	-	-	-
Employee contribution due for the year	-	-	-	-
Profit after tax, employee profit-sharing and Amortization, depreciation and provisions	(2)	(6)	(6)	(6)
Distributed Result	-	-	-	**(a)**
EARNINGS PER SHARE (in euros)				
Profit after tax, employee profit-sharing but before Depreciation, amortization, depreciation and provisions	(5.89)	(15.18)	(15.45)	(15.54)
Profit after tax, employee profit-sharing and Amortization, depreciation and provisions	(5.89)	(15.18)	(15.45)	(15.54)
Net dividend allocated to each share	-	-	-	**(a)**
STAFF				
Average number of employees employed during the financial year	-	-	-	-
Amount of payroll for the year	-	-	-	-
Amounts paid for employee benefits The exercise (social security, social work, etc.)	-	-	-	-

(a) For 2016, the appropriation of the result will be submitted to the next meeting.

I B – AUDITORS REPORT ON THE FINANCIAL STATEMENTS OF THE ISSUER

Archer Obligations (ex- Artémis 21 S.A.)

Statutory auditor's report on the financial statements

Year ended December 31, 2016

Archer Obligations
(ex- Artémis 21 S.A.)

12 rue François 1er - 75008 Paris

This report contains 11 pages

Reference : PB-17-2-18

This is a free translation into English of the statutory auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Archer Obligations
(ex- Artémis 21 S.A.)

Registered office: 12 rue François 1er - 75008 Paris
Share capital: €.37,000

Statutory auditor's report on the financial statements

Year ended December 31, 2016

Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your company articles, we hereby report to you, for the year ended December 31, 2016, on:

the audit of the accompanying financial statements of Archer Obligations (ex- Artémis 21 S.A.),

the justification of our assessments;

the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1 Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

2 Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (“Code de commerce”) relating to the justification of our assessments, we inform you that the assessments made by us focused on the appropriateness of the accounting principles used.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the annual report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Paris La Défense, on the May 30, 2017

The statutory auditor

French original signed by

Pascal Brouard

Partner

APPENDIX II – FINANCIAL INFORMATION CONCERNING THE GUARANTOR

ARTEMIS S.A.

FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED DECEMBER 31, 2016

CONTENTS

STATEMENT OF FINANCIAL POSITION
As at December 31, 2016 and 2015

ASSETS

Euro million	*Notes*	Gross	Amortisation & Impairment	2016 Net	2015 Net
Intangible assets		0.6	(0.6)	-	-
Tangibles assets		53.5	(16.1)	37.4	22.8
Financial assets					
- Strategic investments and investments related loans **(a)**	*4*	5,006.2	(116.9)	4,889.3	4,358.6
- Other financial assets	*4*	562.6	(209.3)	353.3	357.4
Total financial assets		5,568.8	(326.2)	5,242.6	4,716.0
Fixed assets		**5,622.9**	**(342.9)**	**5,280.0**	**4,738.8**
Receivables and other current assets (b)	*5*	437.4	-	437.4	1,166.4
Investments securities	*6*	-	-	-	225.0
Cash	*7*	36.9	-	36.9	20.9
Current assets		**474.3**	**-**	**474.3**	**1,412.3**
Regulation accounts		**-**	**-**	**-**	**-**
TOTAL ASSETS		**6,097.2**	**(342.9)**	**5,754.3**	**6,151.1**

		2016	2015
(a)	o/w amounts due within one year	77.4	70.7
(b)	o/w amounts due after more than one year	-	-
	o/w related companies	436.2	1,165.3

STATEMENT OF FINANCIAL POSITION
As at December 31, 2016 and 2015

EQUITY AND LIABILITIES

Euro million	*Notes*	2016	2015
Share capital		862.0	862.0
Legal reserve		86.2	86.2
Other reserves		512.4	492.2
Profit for the financial year		209.8	663.9
Total equity	*8*	**1,670.4**	**2,104.3**
Provisions		**-**	**-**
Liabilities (a)			
Borrowings **(b)**	*9*	3,858.1	3,789.4
Operating liabilities **(c)**	*10*	5.8	54.7
Total liabilities		**3,863.9**	**3,844.1**
Regulation accounts	*11*	**220.0**	**202.7**
TOTAL EQUITY AND LIABILITIES		**5,754.3**	**6,151.1**

		2016	2015
(a)	o/w amounts due after one year and less than five years	2,905.9	2,109.9
	o/w amounts due after more than five years	197.5	417.4
(b)	o/w bank overdrafts and bank credit balances	-	-
	o/w related companies	1,786.7	1,652.6
(c)	o/w related companies	2.3	47.3

INCOME STATEMENT
For year ended December 31, 2016 and 2015

Euro million	*Notes*	2016	2015
Operating revenues	*12*	8.7	9.7
Operating costs	*13*	(13.8)	(16.9)
Operating income		**(5.1)**	**(7.2)**
Finance costs (net)	*14*	**235.2**	**579.5**
Income before tax		**230.1**	**572.3**
Non-recurring operating income and expenses	*15*	**(1.0)**	**149.6**
Corporate income tax	*16*	**(19.3)**	**(58.0)**
Net income		**209.8**	**663.9**

NOTES TO THE FINANCIAL STATEMENTS

1 - INTRODUCTION

Artemis is an investment company whose subsidiaries and shareholdings are engaged in diversified activities. The most important is Kering - formerly PPR - whose activities are focused on the individual customer, with leading positions in the exclusive markets of Luxury and Sport & Life Style. Other activities include Chateau Latour, FNAC-Darty Group, Le Point, Stade Rennais FC and Finintel in France, as well as Christie's abroad.

Fiscal year 2016 is the twenty-fourth year of full-year Artemis business.

The financial statements of Artemis are prepared in euros.

2 - HIGHLIGHTS

During the year, Artémis sold its subsidiary Financière Lumis.

In October 2016, Artemis merged its subsidiary Misarte.

3 - ACCOUNTING POLICIES AND METHODS

3.1 Basis of accounting principles

The annual accounts have been approved in accordance with the provisions of Regulation 2014-03 of the French Accounting Standards Authority approved by ministerial decree of 8 September 2014 relating to the General Accounting Plan.

These are applied, in accordance with the principle of prudence, in accordance with the following basic assumptions:

- continuity of operation,
- independence of exercises,
- permanence of methods.

3.2 Tangibles assets

Tangible assets on the balance sheet correspond to the assets of which the entity exercises control, for which it will benefit from all future economic benefits, the cost of which can be estimated reliably.

On the date of entry, assets acquired for consideration are recognized at cost.

If one or more components of an asset have different uses, each item is accounted for separately and an amortization plan specific to each asset is retained.

Tangible assets that may depreciate over time are amortized on a straight-line basis over the following estimated useful lives:

- constructions	50 years
- building fittings	20 to 35 years
- furniture	10 years
- transport equipment	5 years
- interior fittings	10 to 20 years
- computer hardware	3 years

3.3 Financial assets

Financial assets are recorded in the balance sheet at their acquisition cost.

. Equity investments and related receivables

Equity investments are securities of companies whose permanent ownership is useful to the Artemis group in order to control, influence or establish privileged relationships.

The inventory value of the securities corresponds to their value in use for the group; The latter is determined taking into account, in particular, the share of net asset value revalued, the profitability outlook and, for listed companies, changes in share prices where these are significant.

The value of these assets is assessed each year on the basis of long-term economic prospects and on the basis of management's best assessment in a context of reduced visibility in respect of cash flows, taking into account the current context Economic and financial crisis and on the basis of market financial parameters available at the balance sheet date.

An impairment loss is recognized when the net asset value is less than the acquisition value.

Dividends are recognized in profit on the date of the distribution decision.

Receivables related to investments represent:

- loans to companies above (excluding accrued interest),
- the dividends of the capital companies or the shares of profit of the partnerships, pending payment,
- claims on joint-ventures.

. *Other financial assets*

Other financial assets include:

- other fixed assets, corresponding to securities of companies which Artémis intends or is required to hold on a long-term basis but whose holding is deemed not necessary for its business,
- loans to companies above (excluding accrued interest),
- the dividends or shares of profit from the above companies, awaiting payment,
- consumer loans,
- deposits and guarantees paid.

An impairment loss is recognized as necessary to take into account the value in use of the securities for the company or the repayment capacity of the borrowers.

3.4 Marketable securities

Securities are acquired by the company from an investment perspective to be re-sold in the short term with the expectation of a gain.

. *OEIC, mutual funds*

Units are recorded at their acquisition cost (excluding the entry charge). They are estimated at the end of the financial year at their net asset value. Unrealized capital gain is not recognized. The unrealized depreciation is impaired.

. *Bonds*

Bonds are recognized at their acquisition date for the nominal amount adjusted for the premium or discount. The amount of accrued and unmatured interest at the acquisition date and at the end of the year is recorded in a "related receivables" account.

At the end of the year, the cost of acquisition is compared to the stock market value of the last month without taking into account accrued interest.

When the cumulative market value of the portfolio is lower than the cumulative acquisition cost, an impairment loss is recognized.

. *Shares*

Shares are recorded at acquisition cost excluding costs.

An impairment loss is recognized if the market value is lower than the acquisition value. For listed securities, the market value is calculated using the average exchange rate for the last month of the financial year.

As an exception, borrowed securities and debt representing the repayment obligation are recorded at the price that these securities have on the market at the end of the financial year.

. ***Negotiable debt securities***

Negotiable debt securities are subscribed to on the primary market or acquired on the secondary market. They are recorded at their acquisition cost less any interest accrued at that date when they are acquired on the secondary market.

The deducted interest is recorded in financial income on a pro rata temporis basis for the financial year.

. ***Pensions***

Pensions are recorded at their nominal value. At the end of the financial year, accrued interest not yet due is recorded pro rata temporis in financial income.

3.5 Financial Instruments

Artémis maintains control over the exposure of its balance sheet and income statement to fluctuations in exchange rates and interest rates. It therefore carries out market transactions aimed at controlling its sensitivity to these variations by using the financial instruments adapted to such management, in particular: cash or futures exchange, swaps, futures and options.

All foreign exchange and interest rate positions are taken using instruments listed on organized or over-the-counter markets that present minimal counterparty risk. The results on financial instruments used as hedges are recognized in the same way as earnings on the hedged items.

In the event that the financial instruments do not constitute risk hedges, gains or losses resulting from changes in their market value are recognized in the income statement.

3.6 Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate prevailing at the time of the transaction or, where applicable, during the foreign exchange hedge. Foreign currency receivables and payables on the balance sheet are revalued using foreign exchange differences, using the exchange rate prevailing at 31 December. Unrealized foreign exchange losses arising from translation differences are booked in the absence of adequate hedges or overall positions.

The current accounts in foreign currencies of Artémis Group companies are treated as financial accounts (current availabilities or grants): the revaluation difference generated by their conversion at the closing rate contributes to the formation of the exchange result for the year.

4 - FINANCIAL ASSETS

This item breaks down as follow:

Euro million	Gross	Impairment	2016 Net	2015 Net
- Strategic investments **(a)**	4,886.5	(116.9)	4,769.6	4,245.8
- Investments related loans	119.7	-	119.7	112.8
- Other financial assets	562.6	(209.3)	353.3	357.4
Total	**5,568.8**	**(326.2)**	**5,242.6**	**4,716.0**

(a) Strategic investments are included in the table of subsidiaries and shareholdings.

5 - RECEIVABLES AND OTHER CURRENT ASSETS

This item breaks down as follow:

Euro million	Gross	Impairment	2016 Net	2015 Net
- Group company current account debtors	377.9	-	377.9	866.1
- Trade receivables and related accounts**(a)**	6.7	-	6.7	299.4
- Fiscal and social debtors	0.7	-	0.7	0.6
- Other debtors	52.1	-	52.1	0.3
Total	**437.4**	**-**	**437.4**	**1 166.4**

(a) Including € 292.5 million in 2015 due to the re-invoicing to Financière Pinault of the transactional amounts assumed in connection with the Executive Life process (procedures described in note 20).

6 - INVESTMENTS SECURITIES

This item breaks down as follow:

Euro million	Gross	Impairment	2016 Net	2015 Net
- Mutual funds and OEIC	-	-	-	225.0
Total (a)	**-**	**-**	**-**	**225.0**

(a) Provision for the procedures described in Note 20.

7 - CASH

This item breaks down as follow:

Euro million	2016	2015
- Cash	36.9	20.9
Total	**36.9**	**20.9**

8 - CHANGE IN SHAREHOLDERS' EQUITY

This item breaks down as follow:

Euro million	*Number of shares*	Share capital	Legal reserve	Other reserves	Profit for the financial year	**Shareholders' equity**
As at December 31, 2015	*55,975,155*	862.0	86.2	492.2	663.9	**2,104.3**
Allocation of Y-1 profit		-	-	663.9	(663.9)	**-**
Dividends pay-out		-	-	(643.7)	-	**(643.7)**
Profit for the financial year		-	-	-	209.8	**209.8**
As at December 31, 2016	*55,975,155*	862.0	86.2	512.4	209.8	**1,670.4**

As at December 31, 2016, the share capital of Artémis amounted to € 862,017,387, divided into 55,975,155 shares with a par value of € 15.40.

As at December 31, 2016, there is no potentially dilutive instrument of the capital issued by Artémis.

Artémis is fully consolidated in the financial statements of Financière Pinault.

9 - BORROWINGS

This item breaks down as follow:

Euro million	2016	2015
- Bank borrowings	2,071.4	2,136.9
- Other borrowings	1,786.7	1,652.5
Total	**3,858.1**	**3,789.4**

As at December 31, 2016

- 29% of borrowings are at variable interest rates,
- € 2,070.0 million are drawn on credit lines whose renewal at maturity is guaranteed by the lending institutions, which benefit from real security in their favor,
- € 1,786.7 million are current accounts with related companies lent within the framework of the intra-group treasury agreement.

Borrowings can be analysed as follows by maturity :

Euro million	2016
2017	754.7
2018	600.0
2019	-
2020	1,129.2
2021 and beyond	1,374.2
Total	**3,858.1**

N.B.: Short term draw-downs on credit lines backed by confirmed long-term facilities are included in debt maturing beyond one year.

10 - OPERATING LIABILITIES

This item breaks down as follow:

Euro million	2016	2015
- Trade payables	4.3	5.7
- Tax and social creditors	0.4	0.4
- Tax consolidation debts	-	45.4
- Other liabilities	1.1	3.2
Total	**5.8**	**54.7**

The other liabilities consist mainly of the outstanding payments on the fixed assets and commissions to be paid on the credit lines.

11 - REGULATION ACCOUNTS CREDITORS

This item breaks down as follow:

Euro million	2016	2015
- Translation adjustment accounts **(a)**	-	2.7
- Deferred revenue **(b)**	220.0	200.0
Total	**220.0**	**202.7**

(a) Translation adjusments relate mainly to debts denominated in US Dollar
(b) Relating to the forward sale of securities

12 - OPERATING REVENUES

This item breaks down as follow:

Euro million	2016	2015
- Production of goods and services sold **(a)**	8.7	9.7
Total operating revenues	**8.7**	**9.7**

(a) Mainly for consultancy and assistance services and rents charged to related companies.

13 - OPERATING COSTS

This item breaks down as follow:

Euro million	2016	2015
- Other purchases and external charges	(11.8)	(14.8)
- Taxes and related payments	(0.6)	(0.4)
- Employee benefits expenses	(0.1)	(0.1)
- Amortisation charges	(1.3)	(1.6)
Total operating costs	**(13.8)**	**(16.9)**

14 - FINANCE COSTS (NET)

This item breaks down as follow:

Euro million	2016	2015
- Financial income from investments	283,2	595,7
- Other interest income and similar income	13,9	16,3
- Interest expense and similar expense	(96,2)	(94,0)
- Net foreign exchange differences	13,5	46,3
- Results of sale of marketable securities	-	33,2
- (Depreciation) Reversal net of impairment	20,8	(18,0)
Net finance costs (a)	**235,2**	**579,5**

(a) Including related companies:		
- Dividends or quota shares received	282,0	551,7
- Merger (mali)/boni and total assets and liabilities transfer	0,4	37,5
- Interests (net)	(32,9)	(29,9)

15 - NON RECURRING INCOME

This item breaks down as follow:

Euro million	2016	2015
- Income from operations **(a)**	(156.8)	218.7
- Income from capital transactions **(b)**	(68.8)	(3.6)
- Net (depreciation) / reversal of risks and impairments	224.6	(65.5)
Non recurring income	**(1.0)**	**149.6**

(a) In 2015, mainly consisting of an additional charge of € 68.7 million following the Executive Life trial and the proceeds from the re-invoicing of the transaction amounts to Financière Pinault for an amount of € 292.5 million (Procedures described in note 20).

(b) Relating, in particular, to the sale of securities.

16 - INCOME TAXES

Artémis is a member of the tax consolidation of Financière Pinault. In this context, its tax profit is transferred to Financière Pinault.

In addition, under the neutrality method adopted by the group agreement, the company pays Financière Pinault the corporate income tax it should have paid to the French Treasury in the absence of tax consolidation.

17 - OFF-BALANCE SHEET COMMITMENTS

This item breaks down as follow:

Euro million	2016	2015
Guarantees given to related entities ; (Rocka, Arok International, Artémis 24, Ter Obligations, Semirat, Terisam, Financière Lumis et Kerwin Estate)	2,339.5	2,251.1
Future lease payments	30.7	34.8
Total	**2,370.2**	**2,285.9**

As at December 31, 2016, the interest rate related financial instruments consist of:

- Euribor 3-month fixed rate swaps / 5-year fixed rate for an amount of € 500 million maturing in 2018,
- Euribor 3-month fixed rate swaps / 5-year fixed rate for € 220 million maturing in 2019,
- Euribor 3-month fixed rate swaps / 5-year fixed rate for an amount of € 400 million maturing in 2020,
- 3-month Euribor interest rate swaps / 6-year fixed rate for an amount of € 250 million maturing in 2021,
- 3-month Euribor interest rate swaps / 7-year fixed rate for an amount of € 300 million maturing in 2022,
- 3-month Euribor interest rate swaps / 7-year fixed rate for an amount of € 300 million maturing in 2023.

18 - REMUNERATION

The total gross direct and indirect remuneration received from French and foreign companies in 2016 totalled € 3,777,673 for corporate officers and directors.

The value of multi-annual variable remuneration granted during the year in 2016 totalled € 1,092,633 for board members (managers).

19 - TRANSACTIONS WITH SHAREHOLDERS

With the exception of the transaction mentioned in note 15, no transaction between the company and its main shareholders and the company and the members of the administrative and supervisory to the extent that such transactions are concluded at normal market conditions.

20 - LITIGATION

Executive Life – California's Department of Insurance

Judge Matz of the federal court in Los Angeles delivered two decisions at first instance, on October 3rd 2005 and February 13th 2006 ruling that the acquisition by Artémis of junk bonds was not unlawful. However, because Artémis had participated in the process to purchase the insurance company Aurora, it should pay back half of the profits realized by it, i.e. $ 189 million plus interest at 7%, or a total amount of $ 241 million. The Department of Insurance appealed against this decision in June 2006 and Artémis filed a cross-appeal. The Appeal hearing was held in December 2007.

(a) The Federal Court of Appeal (9th circuit) delivered a decision on August 26th, 2008 which annulled the ruling ordering - Artémis to pay $ 241 million and upheld the decision of Judge Matz not to apply punitive damages.

The Court of Appeal also permitted the Department of Insurance to bring new proceedings limited to a legal argument ruled out by Judge Matz at first instance.

The new proceedings were held before a jury in Los Angeles between October 17th and 29th 2012. The jury rejected all claims made by the Department of Insurance against Artémis.

However, ruling ex aequo et bono, the Federal Court of Los Angeles, in a judgment dated 26 February 2013, decided to reinstate the order to Artémis should pay $ 241 million.

The Department of Insurance lodged a new appeal against this decision in April 2013. In reply, Artémis has lodged a cross-appeal.

On 8 July 2015 all parties to the proceedings signed an amicable agreement approved by the Federal Court of Los Angeles on 12 January 2016 bringing the dispute to a full and final conclusion.

The impacts of this agreement were recorded in the financial statements for the year ended 31 December 2015 and are detailed in note 15.

ARTEMIS
TABLE OF SUBSIDIARIES AND INVESTMENTS
AS AT 31 DECEMBER 2016

Euro million Subsidiaries and investments	Share capital	Other shareholders' equity excluding the result of the financial year **(1)**	Share of capital held as a %	Carrying amount of securities held Gross	 Net	Loans and advances granted by the company and not yet repaid	Amount of guarantees and endorsements given by the company	Turnover excluding taxes for the last financial year	Prof loss the r rece comp finan ye
I. <u>DETAILED INFORMATION</u> (2)									
A. <u>Subsidiaries (more than 50% owned)</u>									
AROK INTERNATIONAL	632,079	137,087	99.99%	704,986	704 986	-	650,000	-	43
ARTEMIS DOMAINES	20,524	60,645	99.99%	112,865	112 865	4	-	1,031	7
EPS	82,300	(73,236)	100.00%	87,105	40 714	57,901	-	-	31
FININTEL	10,053	(4,592)	100.00%	37,602	7 860	3,045	-	420	2
LE POINT	10,100	(5,133)	99.99%	27,254	9 558	-	-	70,090	
ARTEMIS 24	40,020	228	95.00%	38,020	38 020	-	350,000	-	6
SOCIETE NOUVELLE DU THEATRE MARIGNY	7,137	(8,292)	99.94%	19,785	900	1,100	-	82	(
B. <u>Investments (held between 10 and 50%)</u>									
KERING	505,117	9,951,000	40.88%	3,722,724	3 722 724	-	-	12,384,900	813
Groupe FNAC-Darty	26,100	1,007,700	24.70%	128,869	128 869	-	-	5,369,200	(
II. <u>GLOBAL INFORMATION</u>									
A. <u>Subsidiaries not included in paragraph I.A</u> (2)									
a) French subsidiaries (together)				5,500	5 500	-	780,000		
b) Foreign subsidiaries (together)				-	-	-	-		
B. <u>Investments not included in paragraph I.B</u>									
a) In French companies (together)				1,531	1 531	4,263	-		
b) In foreign companies (together)				-	-	-	-		

(1) After deduction of any interim dividends paid.
(2) Subsidiaries and participations included in I.A, I.B and II. Are included in the accounting category of equity securities (with the exceptio
(3) Sub-group parent companies: other group shareholders' equity, consolidated group sales and net income (group share).

CASH FLOW STATEMENT
2016

Euro million	2016	2015
Net income for the year	209.8	663.9
Net (write-backs) to provisions, depreciation and amortization	(244.0)	12.3
Cancellation of capital gains (losses) on disposal, net of tax	68.8	3.6
Self-financing capacity	**34.6**	**679.8**
Change in inventories and other receivables	800.3	(686.0)
Change in operating liabilities	(46.6)	46.5
(Increase) or decrease in working capital	**753.7**	**(639.5)**
CASH FLOW FROM OPERATIONS	**788.3**	**40.3**
Acquisitions of property, plant and equipment and intangible assets	(15.9)	(0.2)
Disposals of property, plant and equipment and intangible assets	-	25.8
(Investment) or Net Operating Disinvestment	**(15.9)**	**25.6**
Acquisitions or increases in financial assets	(862.1)	(9.0)
Disposals or decreases in financial assets	351.5	35.4
(Investment) or net financial divestment	**(510.6)**	**26.4**
CASH FLOW FROM INVESTMENT OPERATIONS	**(526.5)**	**52.0**
Increase (decrease) in shareholders' equity	-	-
Dividends paid	(643.7)	(352.6)
Increase (decrease) in financial liabilities	68.7	275.5
CASH FLOW FROM FINANCING OPERATIONS	**(575.0)**	**(77.1)**
NET CASH FLOW	**(313.2)**	**15.2**
Marketable securities	329.3	304.7
Cash	20.9	30.3
Current bank and bank credit balances	-	-
CASH AT THE OPENING OF THE FINANCIAL YEAR	**350.2**	**335.0**
Marketable securities	-	329.3
Cash	36.9	20.9
Current bank and bank credit balances	-	-
CASH AT THE END OF THE FINANCIAL YEAR	**36.9**	**350.2**
NET CASH FLOW	**(313.2)**	**15.2**

RESULTS OF THE COMPANY DURING THE LAST FIVE YEARS
(Expressed in millions of euros, unless otherwise indicated)

	2012	2013	2014	2015	2016
CAPITAL AT END OF YEAR					
Share capital	862.0	862.0	862.0	862.0	862.0
Number of existing ordinary shares	*55,975,155*	*55,975,155*	*55,975,155*	*55,975,155*	*55,975,155*
OPERATIONS AND RESULTS FOR THE YEAR					
Turnover excluding taxes	13.0	8.4	8.6	9.7	8.7
Profit before tax, employee profit-sharing and Amortization, depreciation and provisions	150.6	204.2	154.9	807.0	(14.9)
Income taxes	0.1	(0.9)	(0.3)	(58.0)	(19.3)
Employee contribution due for the year	-	-	-	-	-
Profit after tax, employee profit-sharing and Amortization, depreciation and provisions	81.7	116.8	184.9	663.9	209.8
Distributed Result	30.2	30.2	352.6	643.7	**(a)**
EARNINGS PER SHARE (in euros)					
Profit after tax, employee profit-sharing but before Depreciation, amortization, depreciation and provisions	2.69	3.63	2.77	13.38	(0.61)
Profit after tax, employee profit-sharing and Amortization, depreciation and provisions	1.46	2.09	3.30	11.86	3.75
Net dividend allocated to each share	0.54	0.54	6.30	11.50	**(a)**
STAFF					
Average number of employees employed during the financial year	2	1	1	1	1
Amount of payroll for the year	0.4	0.1	0.3	0.1	0.1
Amounts paid for employee benefits The exercise (social security, social work, etc.)	0.1	-	0.1	-	-

(a) For 2016, the appropriation of the result will be submitted to the next meeting.

II B – AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF THE GUARANTOR

KPMG S.A.
Tour EQHO
2 avenue Gambetta
CS 60 055
92 066 Paris la Défense Cedex

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

- **ERNST & YOUNG et Autres**

1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Artemis S.A.

Share capital : €. 862,017,387

Year ended December 31, 2016

Statutory auditors' report on the financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying financial statements of Artemis S.A.;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the board of directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other method of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

The methods used for the appraisal of equity holdings are disclosed in the note 3.3 “Financial assets” to the financial statements. We have verified the reasonable nature of the data and assumptions on which these estimates are based, and have ascertained that the methods adopted by the company were properly applied.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the board of directors and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Paris-La Défense, May 24, 2017

The statutory auditors

French original signed by

II C – CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR

CONSOLIDATED FINANCIAL STATEMENTS

ARTEMIS S.A.

UNDER IFRS

FINANCIAL YEAR ENDED DECEMBER 31, 2016

CONTENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2016 and 2015

ASSETS

In Million Euros	*Notes*	December 31, 2016	December 31, 2015
Goodwill	*4*	5 538,6	6 043,5
Other intangible assets	*5*	11 463,6	11 343,0
Tangible assets	*6*	3 264,2	3 126,1
Investments in associates	*7*	311,2	237,7
Non-current financial assets	*8*	531,9	503,4
Deferred tax assets	*9*	1 047,7	984,4
Other non-current assets and derivatives	*10 - 22*	67,7	81,2
Non-current assets		**22 224,9**	**22 319,3**
Inventories	*11*	2 601,4	2 386,6
Trade receivables	*12*	2 059,9	2 675,9
Current tax receivables	*9*	173,9	154,3
Current financial assets	*8*	336,1	327,3
Other current assets and derivatives	*12 - 22*	926,3	849,0
Cash and cash equivalents	*13*	1 305,8	1 671,0
Current assets		**7 403,4**	**8 064,1**
Assets classified as held for sale or for distribution to owners		-	-
TOTAL ASSETS		**29 628,3**	**30 383,4**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at December 31, 2016 and 2015

LIABILITIES

In Million Euros	*Notes*	December 31, 2016	December 31, 2015
Share capital	*14*	862,0	862,0
Cumulative translation adjustments		(187,9)	(52,5)
Other reserves		2 758,2	3 179,4
Equity attributable to owners of the parent		**3 432,3**	**3 988,9**
Non-controlling interests		**7 372,9**	**7 165,2**
Total Shareholders' equity		**10 805,2**	**11 154,1**
Provisions	*15*	84,5	93,2
Provisions for retirement and similar benefits	*16*	214,8	217,9
Long-term borrowings	*17-28*	8 604,4	8 299,2
Deferred tax liabilities	*9*	2 868,3	2 888,2
Other non-current liabilities and derivatives	*20-22*	27,9	19,2
Non-current liabilities		**11 799,9**	**11 517,7**
Provisions	*15*	144,5	158,4
Provisions for retirement and similar benefits	*16*	8,5	9,1
Short-term borrowings	*17-18*	2 112,4	2 684,4
Liabilities trade payables	*21*	2 191,6	2 462,7
Current tax liabilities	*9*	416,5	412,2
Other current liabilities and derivatives	*21-22*	2 149,7	1 984,8
Current liabilities		**7 023,2**	**7 711,6**
Liabilities associated with assets classified as held for sale or for distribution to owners		-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**29 628,3**	**30 383,4**

CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2016 and 2015

In Million Euros	Notes	2016	2015
Continuing operations			
Revenue		13 453,7	12 672,0
Cost of goods and services sold		(4 846,7)	(4 766,7)
Gross margin		**8 607,0**	**7 905,3**
Employee benefits and expenses		(2 368,4)	(2 237,6)
Other recurring operating income and expenses		(4 284,2)	(3 964,3)
Recurring operating income		**1 954,4**	**1 703,4**
Other non-recurring operating income and expenses		(541,6)	(171,6)
Operating income	*23*	**1 412,8**	**1 531,8**
Net Financial Expenses	*24*	**(271,8)**	**(239,8)**
Income before Tax		**1 141,0**	**1 292,0**
Income taxes	*25*	(329,3)	(407,1)
Net income from consolidated companies		**811,7**	**884,9**
Share in net income of equity-accounted companies		(4,9)	16,2
Net income from continuing operations		**806,8**	**901,1**
Discontinued operations			
Net income from discontinued operations	*26*	(11,6)	41,0
Net income of consolidated companies		**795,2**	**942,1**
Net income attributable to non-controlling interests		535,1	435,5
Net income attributable to owners of the parent		**260,1**	**506,6**
Net earnings per Group share (in € thousand)		4,6	9,0
Net diluted earnings per Group share (in € thousand)		4,6	9,0
Net earnings per share from Continuing Operations (in € thousand)		14,4	16,1
Net diluted earnings per share from Continuing operations (in € thousand)		14,4	16,1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2016 and 2015

In Million Euros	2016	2015
Net income	**795,2**	**942,1**
Unrecognised surplus of pension plan assets	-	-
Actuarial gains and losses (1)	(8,4)	(8,5)
Share in other comprehensive income of associates - items not reclassified to income	(4,6)	(1,4)
Total items not reclassified to income	**(13,0)**	**(9,9)**
Foreign exchange gains (losses)	(118,3)	184,4
Cash flow hedges (1)	31,5	67,3
Available-for-sale financial assets (1)	4,9	(68,6)
Share in other comprehensive income of associates	4,6	(4,3)
Total items to be reclassified to income	**(77,3)**	**178,8**
Other comprehensive income (expense), net of tax	**(90,3)**	**168,9**
Total comprehensive income	**704,9**	**1 111,0**
o/w attributable to owners of the parent	128,5	572,0
o/w attributable to non-controlling interests	576,4	539,0

(1) Net of tax

CONSOLIDATED CASH FLOW STATEMENT

In Million Euros	2016	2015
Net income from continuing operations	806,8	901,1
Dividends received from associates	-	-
Adjustements to reconcile net income from consolidated companies to net cash provided (used) by operations		
- net depreciation, amortisation and provision	405,7	477,5
- (gains) or losses on sales of fixed asset net of tax	8,5	26,2
- other no cash income and expenses	231,4	220,3
Cash flow from operating activities	**1 452,4**	**1 625,1**
Interest paid/received	299,8	309,1
Dividends received	(0,7)	(7,6)
Net income tax payable	419,3	464,0
Cash flows before tax, dividends and interest	**2 170,8**	**2 390,6**
Change in working capital	**191,7**	**(637,2)**
Income tax paid	**(449,9)**	**(373,4)**
NET CASH FROM OPERATING ACTIVITIES	**1 912,6**	**1 379,9**
Acquisition of intangible and tangible assets	(729,2)	(761,7)
Proceeds from sales of intangible and tangible assets	34,0	65,0
Net operating investments	**(695,2)**	**(696,8)**
Acquisition of subsidiaries and other financial investments, net of cash acquired	(12,2)	(295,2)
Proceeds from sales of subsidiaries and other financial investments, net of cash transferred	(1,9)	321,3
Impact of changes in Group structure on cash position	(0,1)	44,1
Net increase/(decrease) in other financial assets	(46,0)	(75,8)
Interest and dividends received	22,9	59,2
Net cash from (used in) financial investments	**(37,3)**	**53,6**
Change in Insurance Division investment portfolio	-	-
NET CASH USED IN INVESTING ACTIVITIES	**(732,5)**	**(643,1)**
Net increase (decrease) in borrowings	(352,7)	663,5
Capital increases (decreases) by Financière Pinault, parent company	-	-
Capital increases (decreases) by subsidiaries	0,3	(3,2)
Dividends paid by Financière Pinault, parent company	(643,7)	(352,6)
Dividends paid by subsidiaries to minority shareholders	(336,1)	(354,6)
Interest paid	(312,9)	(353,2)
NET CASH USED IN FINANCING ACTIVITIES	**(1 645,1)**	**(400,1)**
Net cash flow from (used in) discountinued operations	(17,7)	3,5
Effect of exchange rate changes	(35,0)	(80,7)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(517,7)**	**259,6**
Cash and cash equivalents at the beginning of the year	1 510,6	1 250,9
Cash and cash equivalents at the end of the year	992,8	1 510,6

CHANGE IN SHAREHOLDERS' EQUITY

In Million Euros	Share capital	Cumulative translation adjustments	Remeasurement of financial instruments	Other reserves and net income for the year attributable to owners of the parent	Equity attributable to owners of the parent	Non-controlling interests	Shareholders' equity
As at December 31, 2014	**862,0**	**(159,4)**	**22,6**	**3 102,6**	**3 827,8**	**6 941,8**	**10 769,6**
Opening adjustments	-	-	-	-	-	-	-
Total comprehensive income	**-**	**102,7**	**(44,8)**	**514,1**	**572,0**	**539,0**	**1 111,0**
Dividends paid	-	-	-	(352,6)	(352,6)	(354,6)	(707,2)
Valuation of share subscription programmes	-	-	-	0,8	0,8	0,4	1,2
Other changes	-	4,2	(2,8)	(60,6)	(59,2)	38,6	(20,6)
Transactions recognised directly in shareholders equity	**-**	**4,2**	**(2,8)**	**(412,4)**	**(411,0)**	**(315,6)**	**(726,6)**
As at December 31, 2015	**862,0**	**(52,5)**	**(25,1)**	**3 204,3**	**3 988,8**	**7 165,2**	**11 154,1**
Total comprehensive income	**-**	**(135,4)**	**12,0**	**251,9**	**128,5**	**576,4**	**704,9**
Dividends paid	-	-	-	(643,7)	(643,7)	(336,0)	(979,7)
Valuation of share subscription programmes	-	-	-	0,2	0,2	-	0,2
Other changes	-	-	(2,4)	(39,1)	(41,5)	(32,7)	(74,2)
Transactions recognised directly in shareholders' equity	**-**	**-**	**(2,4)**	**(682,6)**	**(685,0)**	**(368,7)**	**(1 053,7)**
As at December 31, 2016	**862,0**	**(187,9)**	**(15,5)**	**2 773,6**	**3 432,3**	**7 372,9**	**10 805,2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 - INTRODUCTION

Artémis, the Group's parent company, is a "Société Anonyme" whose registered office is located at 12, rue François 1er, 75008 Paris.

The consolidated financial statements for the year ended December 31, 2016 reflect the accounting position of Artémis and its subsidiaries, together with its interests in associates and joint ventures.

The Supervisory Board approved the consolidated financial statements for the year ended December 31, 2016 on April 28, 2017.

These consolidated financial statements will become definitive following their adoption by the Annual General Shareholders' meeting of June 12, 2017.

2 - CONSOLIDATION SCOPE

The Artémis consolidated financial statements include the financial statements of Artémis SA, parent company, and essentially those of the Artémis Group.

Artémis SA, is an investment company whose subsidiaries and interests are involved in diverse activities. The largest subsidiary is **Kering**, whose activities are focused on apparel and accessories brands, in the dynamic Luxury and Sport & Lifestyle sectors.

Beyond the intermediate holding companies, the scope of consolidation can be summarized as follows:

N.B.: the full list of companies consolidated as at December 31, 2016, as well as the percentage of interests held by Artémis is indicated in the notes.
Unless stated otherwise, the percentage interest in the following companies held at each stage of consolidation is close to 100%.

2-1 KERING

Artémis owns 40.88% (40.89% in 2015) of **Kering**. Its activities are organised around two operating branches, including a Luxury Division and a Sport & Lifestyle Division.

Kering's activity is based on powerful international brands, in integrated market sectors and a dynamic consumer sector.

The non-controlling interests amount to 59.12%, which in 2016 represent:

- €536.0 million of net income,
- €7,358.7 million of equity,
- €335.1 million of dividends paid to non-controlling interests.

The financial statements of Kering are available on the Kering's website at the following address: http://kering.com/en/publications

2-1-1 Luxury Goods activities

The Luxury Division includes the prestigious **Gucci, Bottega Veneta, Saint Laurent Paris, Alexander McQueen, Balenciaga, Boucheron, Brioni, Christopher Kane, Girard-Perregaux and JeanRichard, Pomellato and Dodo, Qeelin, Ulysse Nardin** and **Stella McCartney** brands.

Creative and managerial change in the Luxury – Couture & Leather Goods division

On March 23, 2016, Brioni announced the appointment of Justin O'Shea as Creative Director, responsible for the brand's collections as well as its image. He held this position from April 1 until October 4, 2016. The strategy of re-energising the Brioni House that began in early 2016 was pursued during the course of the year through long-term action plans aimed at strengthening Brioni's positioning in the men's ready-to-wear market.

On April 1, 2016, Yves Saint Laurent announced the departure of Hedi Slimane as its Creative and Image Director at the end of a four year mission which has led to the complete repositioning of the brand. On April 4, 2016, Yves Saint Laurent announced the appointment of Anthony Vaccarello as Creative Director of Yves Saint Laurent. Before joining Yves Saint Laurent, Anthony Vaccarello was Creative Director of his eponymous brand, which he founded in 2009 following two years working for Fendi.

2016 also saw the arrival of new CEOs within the Luxury – Couture & Leather Goods division: Claus-Dietrich Lahrs at Bottega Veneta (also appointed a member of the Group Executive Committee), Emmanuel Gintzburger at Alexander McQueen, Nikolas Talonpoika at Christopher Kane, and Cédric Charbit at Balenciaga.

2-1-2 Sport & Lifestyle

The Sport & Lifestyle Division includes **Puma** and **Volcom.**

On March 16, 2016, Volcom announced that it had sold the Electric brand via a management buyout to a group led by Eric Crane, Electric's Chief Executive Officer. The transaction, which included all the assets of the Electric brand, did not have a material impact in 2016 as the cost of the sale had already been factored in at the end of 2015.

2-2 Auction and Art

12 Artémis owns the British company, **Christie's International**, one of the world's leading art auctioneers.

13

2-3 Wine activities

Artémis is a shareholder in several estates producing outstanding wines:

- **Société Civile du Vignoble Château Latour**, 95.48% - owned, located in Pauillac,
- **Domaine d'Eugénie**, 100% - owned, located in Vosne-Romanée,
- **Société Civile du Vignoble de Château Grillet et Domaine de Château Grillet**, 100% - owned, located in Rhone Valley, beside the Condrieu and Côte-Rotie appellations,
- **Kerwin Estate,** 100% - owned, located in Napa Valley, California,
- and **Château Siaurac and Co** and **PAN,** 100% - owned. Château Siaurac and Co operates three vineyards from the Right Bank in Bordeaux : Château Vray Croix de Gay (Pomerol), Chateau le Prieuré (Grand Cru Classé of Saint-Emilion) and Château Siaurac (Lalande-de-Pomerol).

2-4 Other activities

Artémis is involved in several other activities and has therefore integrated the following assets in its consolidation scope:

2-4-1 Press

Artémis owns several newspapers and magazines in France through **Sebdo Le Point** and **Finintel**) fully consolidated in the accounts of Artémis:

- the weekly magazines **Le Point**, **L'Agefi Actifs** and **L'Agefi Hebdo**,
- the electronic daily newspaper **L'Agefi**,
- The job reference website and training courses in Finance for students and young graduates, **Wall Finance**.

2-4-2 Cruises

Artémis acquired on October 8, 2015, the French luxury cruise line **Ponant**.

The company founded in 1998 and based in Marseille, builds and operates luxury cruise ships.

Goodwill recognized at the acquisition date represents a positive gross amount of € 237.3 million. The purchase price allocation has changed during the one-year allocation period and is broken down as follows:

In Million Euros	
Acquisition cost	**313,6**
Ships (Boréal, Austral, Ponant, Lyrial et Soléal)	381,0
Debts, subordinated loans	(320,3)
Other assets and liabilities	180,7
o /w :	
- Brand	*106,0*
- Customer relationship	*40,0*
Net asset acquired	**241,4**
Goodwill	**72,2**

The impacts of the Ponant purchase price allocation have not been restated in the 2015 accounts and are fully taken into account as of January 1, 2016.

Arvag, which owns 100% of Compagnie du Ponant SAS, is 90.3% owned and is fully consolidated in Artémis' accounts.

2-4-3 Other investments

Artémis has consolidated the following companies:

- **Stade Rennais Football Club**,
- **Marigny SAS**, concessionaire of the Théâtre Marigny (50% owned, fully consolidated),
- **Société Nouvelle du Théâtre Marigny**, the company operating Marigny,
- **Fnac**, (24.7% owned, accounted for by the equity method),
- **SCAR**, helicopter chartering company (49% owned, accounted for by the equity method)

3 - ACCOUNTING RULES AND METHODS

3-1 Reference accounting principles: application of IAS/IFRS

Pursuant to European Regulation N° 1606/2002 of July 19, 2002, Artémis Group's consolidated financial statements for 2016 the financial year have been prepared in accordance with the international accounting standards applicable at the closing date. International standards consist of the IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and the interpretations of the SIC (Standing Interpretations Committee) and the IFRIC (International Financial Reporting Interpretations Committee).

Artémis Group's consolidated statements comply with the following amendments to published standards and the interpretations which came into effect on January 1, 2016 and which have been adopted by the European Union:

- The amendments to IAS 1, IAS 16, IAS 19 and IAS 38,

• The amendments contained in the Annual Improvements to IFRSs 2010-2012 cycle and 2012-2014 cycle, published in December 2014 and December 2015, respectively.

- These texts do not have a significant impact on the Group's consolidated financial statements.

- *Standards, amendments and interpretations published but not yet mandatory as at 1 January 2016:*

- The Group has not opted for early application of standards and interpretations adopted by the European Union for which application is not mandatory as at January 1, 2016.

• IFRS 9 – Financial Instruments, published in November 2016, which sets out the recognition and disclosure principles for financial assets and financial liabilities. These principles will ultimately supersede those contained in IAS 39 – Financial Instruments as from January 1, 2018;

• IFRS 15 – Revenue from Contracts with Customers, published in September 2016, which establishes new revenue recognition principles and will ultimately supersede IAS 18 – Revenue as from January 1, 2018.

- The other standards and interpretations that have not yet been adopted by the European Union are primarily as follows:

• IFRS 16 – Leases, which establishes an accounting model for the recognition of leases and will ultimately supersede IAS 17 – Leases, which the IASB indicates will be mandatorily applicable as from January 1, 2019;

• The various amendments to IAS 7 and IAS 12, which the IASB indicates will be mandatorily applicable as from January 1, 2017.

The Group is currently assessing the impacts of IFRS 9 – Financial Instruments, which are not specifically known at to date. IFRS 9 is applicable as from January 1, 2018.

The Group is currently assessing the impacts of IFRS 15 – Revenue from Contracts with Customers, which are not specifically known at to date. IFRS 15 is applicable as from January 1, 2018. Given the nature of its business activities, the impacts of this standard are not expected to be material for the Group. It will therefore apply the "cumulative catch-up" transition method.

The Group is currently assessing the impacts of IFRS 16 – Leases, which are not specifically known at to date. IFRS 16 is applicable as from January 1, 2019, pending adoption by the European Union. Given the importance of the Group's retail operations, particularly within its Luxury activities, it leases a large network of owned stores. The impacts are therefore expected to be highly material, as it will be the case of other Luxury sector players. These impacts can be estimated based on the obligations in the operating leases presented in contractual obligations.

3-2 Basis of evaluation

The consolidated financial statements are prepared in accordance with the historical cost convention, with the exception of:

- certain financial assets and liabilities recorded at fair value ;
- defined benefit plan assets measured at fair value ;
- liabilities in respect of cash-settled shared-based payments (share appreciation right or SARs) measured at fair value ;
- non-current assets held for sale, which are measured and recognised at the lower of net carrying amount and fair value less costs to sell as soon as their sale is considered highly probable. These assets are no longer depreciated from the time they qualify as assets (or disposal groups) held for sale.

3-3 Use of estimates and judgment

The preparation of consolidated financial statements implies taking into consideration estimates and assumptions by Group management that can affect the carrying amount of certain assets and liabilities, income and expenses, and the information disclosed in the notes to the financial statements. Group management reviews these estimates and assumptions on a regular basis to ensure their pertinence with respect to past experience and the current economic situation. Items in future financial statements could differ from current estimates based on changes in these assumptions.

The impact of changes in accounting estimates is recognised during the period in which the change occurs and all affected future periods.

The main estimates used in the preparation of the financial statements by Group management are the valuation and the useful lives of operating, tangible and intangible assets and goodwill, the amount of provisions for risks and other business-related provisions, as well as assumptions used to calculate retirement benefits, share-based payments, deferred tax commitments and derivatives. The Artémis Group notably uses discount rate assumptions based on market data to estimate the value of long-term assets and liabilities.

The main assumptions made by the Group are specified in the respective paragraphs in the notes to the consolidated financial statements.

In addition to the use of estimates, Group management also relies on its judgment to determine the appropriate accounting treatment for certain transactions, pending the clarification of certain IFRS or when the standards in force do not deal with the problems concerned. This applies particularly to put options granted to non-controlling interests.

3-4 Consolidation methods

Subsidiaries are all entities (including special-purpose entities) over which the Group exercises control. Control is defined according to three criteria: namely power over the investee, exposure to variable returns from involvement with the investee, and the ability to affect the amount of the investor's returns. This definition of control implies that power over an investee can take many forms, not just the ability to direct the relevant activities of the investee. The existence and effect of potential voting rights are considered when assessing control, if the rights are substantive. This situation generally implies directly or indirectly holding more than 50% of the voting rights but can also exist when less than half of the voting rights are held.

Subsidiaries are consolidated from the effective date of control.

Inter-company assets and liabilities and transactions between consolidated companies are eliminated. Gains and losses on internal transactions with controlled companies are fully eliminated.

Business combinations, where the Artémis group obtains control of one or several other activities, are recognised by applying the acquisition method.

Business combinations prior to January 1, 2009 have been accounted for in accordance with the accounting principles used for the preparation of financial statements as at December 31, 2008.

Business combinations post to January 1, 2009 are recognised and measured in accordance with the provisions of the revised IFRS 3 : the consideration transferred (acquisition cost) is measured at the fair value, at the date of exchange of the assets transferred, equity interests issued and liabilities incurred by the acquirer. Identifiable assets and liabilities are measured at their fair value on the acquisition date. Costs directly attributable to the acquisition are recognised in expenses.

Any excess purchase cost on the Artémis Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity is recognised as goodwill. If the purchase cost is less than the Artémis Group's interest in the net assets of the subsidiary acquired measured at fair value, the difference is recognised directly in net income for the period.

The Group may choose to measure any non-controlling interests resulting from a business combination at fair value. In this case, goodwill is recognised on all of the identifiable assets and liabilities (full goodwill method).

Goodwill is determined at the date of obtaining control over the acquired entity and may not be adjusted after the measurement period. No additional goodwill is recognised on any subsequent acquisition of non-controlling interests. Acquisitions and/or disposals of non-controlling interests are recognised directly in consolidated equity.

Any badwill is excluded from the carrying amount of the latter and is instead included as income in determining the investor's share in the associate's result for the period in which the shareholding is required.

All major fully consolidated inter-company transactions as well as assets and liabilities have been eliminated; the same holds true for the Artémis Group's intra-group results (capital gains, dividends, margin included in inventories, etc.).

The consolidated income statement includes the income statements of companies sold out at the disposal date, and that of companies purchased as from the date of acquisition.

The accounting principles and methods of controlled companies are modified where necessary to ensure consistency of accounting treatment at Artémis Group level.

Associates are all entities over which the Artémis Group exercises a significant influence in respect of financial policy management, without exercising control, and generally holds 20 to 50% of voting rights.

Associates are recognised using the equity method and initially measured at cost, except when Artémis Group previously held control. The shares are then measured at fair value at the date of loss of control by net income.

Subsequently, the profits or losses of the associate attributable to Artémis Group are booked as "Equity income of affiliates". The share in other elements of the overall result originating from affiliates is recognised on a separate line of the overall income statement. Should the Artémis Group's share in the losses of an associate equal or exceed its investment in the associate, the Artémis Group shall cease to recognise its share of losses, unless it has incurred legal or implicit obligations or has to make payments on behalf of the associate.

Goodwill related to an associate is included in the carrying amount of the investment.

Gains or losses on internal transactions with equity accounted associates are eliminated in the amount of the Artémis Group's investment in these companies.

The accounting principles and methods of associates have been modified where needed in order to ensure consistency of accounting treatments adopted at Artémis Group level.

3-5 Assets impairment

For the purposes of impairment testing, assets are grouped into cash-generating units (CGUs), i.e., the smallest group of assets that generates cash inflows from continuing use, that are largely independent of the cash inflows from other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

CGUs comprising goodwill and/or intangible assets with indefinite useful lives, such as certain brands, are tested for impairment at least annually.

An impairment test is also performed for all CGUs when events or circumstances indicate that they may be impaired. Such events or circumstances concern material unfavourable changes of a permanent nature affecting either the economic environment or the assumptions or objectives used on the acquisition date of the assets.

Impairment tests seek to determine whether the recoverable amount of a CGU is less than its net carrying amount.

The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

The value in use is determined with respect to future cash flow projections, taking into account the time value of money and the specific risks attributable to the asset, CGU or group of CGUs.

Fair value corresponds to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These values are determined based on market data (comparison with similar listed companies, values adopted in recent transactions and stock market prices).
When the CGU's recoverable amount is less than its net carrying amount, an impairment loss is recognised.

Impairment is charged first to goodwill where appropriate, and recognised under "Other non-recurring operating income and expenses" in the income statement as part of operating income.

Impairment losses recognised in respect of property, plant and equipment and other intangible assets may be reversed at a later date if there is an indication that the impairment loss no longer exists or has decreased. Impairment losses in respect of goodwill may not be reversed.

Goodwill relating to the partial disposal of a CGU is measured on a proportionate basis, except where an alternative method is more appropriate.

3-6 Financial liabilities

With the exception of derivative liabilities, all financial liabilities, especially borrowings and financial debt, suppliers' debts and other debts are initially recognised at fair value less transaction costs, then at amortised cost using the effective interest rate method.
The effective interest rate is determined for each transaction and corresponds to rates that would provide a net carrying amount of a financial liability by discounting its estimated future cash flows until maturity or until the nearest date on which the price is reset at market rates. This calculation includes the dealing costs of the transaction as well as any premiums and/or discounts. Dealing costs correspond to the costs directly attributable to the acquisition or the issue of a financial liability.
Financial liabilities that qualify as hedged items as part of fair value hedging relationships and that one valued at amortised cost are subject to an adjustment of their net carrying amount with respect to the hedged risk

Put options granted to non-controlling interests

The Artémis Group has committed to repurchase the non-controlling interests of shareholders with respect to certain fully consolidated subsidiaries. These repurchase commitments by the Group correspond to optional commitments (written put options).

The strike price of these options may be set or determined according to a predefined calculation formula; and the options may be exercised at any time or on a specific date.

The appropriate accounting treatment for acquisitions of additional shares in a subsidiary after control is obtained is prescribed by IFRS. As permitted by the French financial markets authority, the Group has decided to apply two different accounting methods to these put options, depending on whether they were granted before or after the date the revised IFRS 3 first came into effect.

- **Put options granted before January 1, 2009, existing goodwill method retained**

The Group records a financial liability in respect of the put options granted to holders of non-controlling interests in the entities concerned. The corresponding non-controlling interests are reclassified and included in this financial liability.
The difference between the debt representing the commitment to repurchase the shares held by non-controlling interests and the carrying amount of reclassified non-controlling is recorded as goodwill.

This liability is initially recorded at the present value of the strike price and at subsequent period-ends, based on the fair value of shares potentially purchased if the strike price is linked to the fair value. Subsequent changes in the value of the commitment are recorded by an adjustment to goodwill.

- **Put options granted after January 1, 2009**

According to IFRS, all equity transactions with the non-controlling interests which do not result in a change in control are to be recognised within equity. The Group records a financial liability at its present value in respect of the put option granted to holders of non-controlling interest in the entities concerned. Subsequent changes in the value of the commitment are recorded by an adjustment to equity.

The offsetting entry for this financial liability will differ depending on whether the non-controlling interests have maintained present access to economic benefit of the entity.

In the first case (access to economic benefits), non-controlling interests are maintained in the statement of financial position and the liability is recognised against equity attributable to owners of the parents. In the second case, the corresponding non-controlling interests are derecognised. The difference between the debt representing the commitment to repurchase the non-controlling interests and the carrying amount of reclassified non-controlling interest is recorded as a deduction from equity attributable to owners of the parent.

Subsequent changes in the value of the commitment are recorded by an adjustment to equity.

Hybrid instruments

Certain financial instruments have both a standard debt component and an “equity” or ‘embedded derivative’ component.

Under IAS 32, convertible bonds are considered as hybrid instruments insofar as the conversion option provides for the repayment of the instrument against a fixed number of equity instruments. There are several components:

- a financial liability (corresponding to the contractual commitment to pay cash), representing the bond component;
- the conversion option into a fixed number of ordinary shares, offered to the subscriber, similar to a call option written by the issuer, representing either an equity instrument or an embedded derivative;
- where appropriate, one or more embedded derivatives.

The accounting principles applicable on the issue date and at subsequent balance sheet dates of each of these components are as follows:

- debt component: the amount initially recorded as debt corresponds to the present value of future flows of interest payments and capital at the market rate applicable to a similar bond without the conversion option. The debt is then recognised at amortised cost;
- embedded derivatives not closely related to the debt are recognised at fair value with changes in fair value recognised in income;
- shareholders' equity component: the value of the conversion option is determined by deduction between the amount of the issue less the carrying amount of the debt component and the potential value of the embedded derivatives. The conversion option continues to be recorded in shareholders' equity for its initial value. Changes in value of the conversion option are not recorded;
- transaction costs are calculated on a pro rata basis for each component.

3-7 Treasury shares held by subsidiaries

Treasury shares are recognised at their purchase cost, deducted from shareholders' equity. Profit on the sale of these shares is directly booked to shareholders' equity and does not contribute to net income for the period.

3-8 Share-based payments

In accordance with IFRS 2 – *Share-based payments*, the fair value of stock purchase and subscription plans, corresponding to the fair value of services rendered by the option holders, is valued definitively on the attribution date.

During the acquisition period, the fair value of options is amortised in proportion to the vesting of rights. This expense is recorded in employee expenses with an offsetting increase in shareholders' equity. When the options are exercised, the strike price received is recorded in cash with an offsetting entry in shareholders' equity.

Free share allocation plans and Stock Appreciation Rights with cash settlement (SARs) granted by the Group also lead to the booking of an employee expense spread over the rights vesting period and whose fair value is reassessed by profit and loss on each closing date.

In accordance with the provisional measures of IFRS 2 for equity-settled payment transactions, the Group has opted to apply the standard solely to those plans issued subsequent to November 7, 2002 and for which the rights were not vested as of January 1, 2005.

3-9 Share options

Share options held by subsidiaries are treated according to their characteristics as derivative instruments, equity instruments or financial liabilities.
Options classified as derivatives are recorded at fair value through the income statement.
Options classified as equity instruments are recorded in shareholder's equity for their initial amount. Changes in value are not recorded.

The accounting treatment of financial liabilities is described in note 3-6.

3-10 Contingent assets

The standard defines a contingent asset as a potential asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of the entity. Contingent assets are not recognised in financial statements if this results in recognition of income that may never be realised.

3-11 Guarantees

Provisions booked for the estimated cost of guarantees granted for products sold are recorded as debt due to the type of expense.

3-12 Consolidated balance sheet

Assets and liabilities are classified according to their nature in current or non-current items. Current items consist of assets and liabilities that will be recovered or settled, sold or used during the entity's business cycle within twelve months of the balance sheet date.

3-13 Cash flow statement

The Artémis Group cash flow statement is prepared in accordance with IAS 7 -Ca*sh flow statements*. The Artémis Group prepares its cash flow statement using the indirect method.

3-14 Translation of financial statements and foreign currency translations

The financial statements for foreign subsidiaries are translated into euros as follows:

- balance sheet items are translated at the exchange rate prevailing at year-end;

- income statement items and cash flow items are translated at the average rate for the year;

- translation differences resulting from the change between the year-end exchange rate and that of the previous financial year, as well as those due to a difference between the average rate and the year-end exchange rate, are booked under ‘Cumulative translation adjustments’ recognised in consolidated shareholders’ equity. However, translation differences between the average rate and the year-end exchange rate, for partnerships whose income is automatically booked to the parent company, are recognised as currency gains or losses for the year in which they arise.

- translation differences relating to foreign currency borrowings used to hedge foreign currency investments or permanent advances to foreign subsidiaries are booked under 'Cumulative translation adjustments’ recognised in consolidated shareholders’ equity.

Goodwill and fair value adjustments arising from a business combination with a foreign activity are recognised in the functional currency of the entity acquired. They are then translated at the closing exchange rate in the Group’s presentation currency, the resulting differences being transferred to consolidated shareholders’ equity.

Foreign exchange gains or losses on the translation of a net investment of a foreign subsidiary are recognised in the consolidated financial statements as a separate component of shareholders’ equity and in income on disposal of the net investment.
Foreign exchange gains or losses on foreign currency borrowings used to hedge foreign currency investments or permanent advances to foreign subsidiaries are also recognised in equity and are recognised in income or expenses when the net investment is sold.

Transactions denominated in foreign currencies are recognised at the exchange rate prevailing on the transaction date. At year-end, monetary assets and liabilities in foreign currency are translated at the rate prevailing at accounting year-end. Unrealised foreign exchange differences resulting from these translations are recognised in finance costs.
Non-monetary assets and liabilities in foreign currency valued at historical cost are translated at the rate prevailing on the transaction date, and non-monetary assets and liabilities in foreign currency valued at fair value are translated at the rate prevailing on the date the fair value was determined. When a gain or loss on a non-monetary item is recognised directly in shareholders’ equity, the foreign exchange component of this gain or loss is also recognised in equity. Otherwise, the component is recognised in income or expenses of the period.

4 - GOODWILL

Goodwill is measured at its cost, corresponding to the difference between the cost of a business combination and the interest in the fair value of the identifiable assets, liabilities and contingent liabilities on the date of acquisition. If the Group chooses to measure non-controlling interests in a given business combination at fair value, goodwill is calculated on all identifiable assets and liabilities.

As of the acquisition date, goodwill is allocated to each of the cash-generating units likely to benefit from business combinations.

The principles for impairment of goodwill are detailed in Note 3.5

Goodwill on the asset side of the balance sheet breaks down as follows:

In Million Euros	2016	2015
Gross		
At beginning of the year	**6,855.7**	**6,695.2**
Acquisition	8.0	229.8
Assets classified as held for sale, discontinued operations	(17.1)	-
Put options granted to non-controlling shareholders	-	2.5
Other movements	(164.3)	(183.0)
Translation adjustment	(98.8)	111.0
At year-end	**6,583.7**	**6,855.7**
Impairment loss		
Cumulative impairment at beginning of the year	**(812.1)**	**(636.2)**
Impairment losses	(240.9)	(150.0)
Assets classified as held for sale, discontinued operations	17.1	-
Other movements	(0.4)	(0.7)
Translation adjustment	(8.6)	(25.1)
Cumulative impairment at year-end	**(1,044.9)**	**(812.1)**
Net		
At beginning of the year	**6,043.5**	**6,059.0**
At year-end	**5,538.6**	**6,043.5**

The pre-tax discount and perpetual growth rates applied to expected cash flows in connection with the economic assumptions and forecast operating conditions retained by Artémis Group are as follow:

	Discounted rate before taxes		Perpetual growth rate	
	2016	2015	2016	2015
Luxury and Sport & Lifestyle Divisions	7.6% - 11.6%	8.3% - 10.5%	3.0%	3.0%
Auction Division	10.1% - 11.9%	9.8% - 11.0%	2.25%	2.25%
Others	8.5% - 13.1%	8.2% - 13.1%	2% - 3%	1% - 3%

The sensitivity to changes in key assumptions is shown below:

	Value of net intangible assets concerned as at Dec. 31, 2016	10 basis point increase in post-tax discount rate	10 basis point decrease in perpetual growth rate	10 basis point decrease in normative cash flow
Luxury and Sport & Lifestyle Divisio	4 739,0	(9,0)	(6,0)	-
Auction Division	673,6	-	-	-
Others	126,1	-	-	-

Charges related to impairment tests have been recorded in the income statement under 'Other non-recurring operating income and expenses' (cf. note 23).

5 - OTHER INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, which are controlled by the Group and can be measured reliably, and which are separable or arise from contractual or other legal rights, are recognised separately from goodwill. These assets, in the same way as intangible assets acquired separately, are amortised over their useful life if it is finite and written down if their value in use is less than the net carrying amount. Intangible assets with an indefinite useful life are not amortised but systematically subject to annual impairment tests when there in an indication of potential impairment.

Given the sectors in which the group operates (Luxury and Sport & Lifestyle goods), the brands, banners and market shares can make up for a large part of the difference between the cost of shares in newly- acquired subsidiaries and the net assets acquired. This difference is booked under the intangible asset items concerned when they meet the criteria imposed by IAS 38.
Recognition and durability criteria are then taken into account to assess the useful life of the brand.

The principles for impairment of other intangible assets are detailed in Note 3.5

The amortisation of these brands and any impairment losses recognised at the time of impairment tests is booked under operating income as "Other non-recurring operating income and expenses".

Software acquired as part of recurring operations is usually amortised over a period that does not exceed 12 months.

Software developed in-house by the Group and meeting all the criteria set out in IAS 38 is capitalised and amortised on a straight-line basis over its useful life, which is generally between 3 and 10 years.

Value of insurance business in force

At the time of acquisition of insurance companies, the present value of business in force at the acquisition date, corresponding to the discounted present value of future profits from the insurance portfolio, is recorded under assets in the consolidated balance sheet.

This contract portfolio value is then amortised according to assumptions made at the time of acquisition and depending on the early generation of benefits over the lifespan of the contract portfolio. The depreciation schedule can, where necessary, be subject to adjustments after each year.

This item breaks down as follows:

In Million Euros	Brands/Banners	Leaseholds	Other intangible assets	Total other intangible assets
Gross				
As at December 31, 2015	**10 897,8**	**221,7**	**812,2**	**11 931,7**
Changes in Group structure	-	-	8,8	8,8
Acquisitions	0,1	21,0	116,9	138,0
Assets classified as held for sale, discontinued operations	(24,8)	(1,2)	(0,4)	(26,4)
Other disposals	-	-	(13,8)	(13,8)
Translation adjustment	18,4	(3,3)	3,2	18,3
Other movements	(0,2)	(2,5)	148,4	145,7
As at December 31, 2016	**10 891,3**	**235,7**	**1 075,3**	**12 202,1**
Amortisation				
As at December 31, 2015	**-**	**(114,6)**	**(423,1)**	**(537,7)**
Changes in Group structure	-	-	(5,7)	(5,7)
Assets classified as held for sale, discontinued operations	-	1,2	2,7	3,9
Other disposals	-	-	8,3	8,3
Allowances for amortisation and provision	-	(13,3)	(106,6)	(119,9)
Reversal of amortisation and provision	-	-	-	-
Translation adjustment	-	1,3	(2,4)	(1,1)
Other movements	-	0,3	(0,9)	(0,6)
As at December 31, 2016	**-**	**(125,1)**	**(527,7)**	**(652,8)**
Impairment loss				
As at December 31, 2015	**(47,0)**	**(2,0)**	**(2,0)**	**(51,0)**
Impairment losses	(60,7)	-	(0,4)	(61,1)
Other movements	23,9	0,4	1,9	26,2
As at December 31, 2016	**(83,8)**	**(1,6)**	**(0,5)**	**(85,9)**
Net				
As at December 31, 2015	**10 850,8**	**105,1**	**387,1**	**11 343,0**
As at December 31, 2016	**10 807,5**	**109,0**	**547,1**	**11 463,6**

In Million Euros	Brands/Banners	Leaseholds	Other intangible assets	Total other intangible assets
Gross				
As at December 31, 2014	**10 487,1**	**208,1**	**586,6**	**11 281,8**
Changes in Group structure	319,3	1,1	16,0	336,4
Acquisitions	0,1	11,3	216,2	227,6
Assets classified as held for sale, discontinued operations	-	-	-	-
Other disposals	-	(1,6)	(21,7)	(23,3)
Translation adjustment	91,3	5,6	18,2	115,1
Other movements	-	(2,8)	(3,1)	(5,9)
As at December 31, 2015	**10 897,8**	**221,7**	**812,2**	**11 931,7**
Amortisation				
As at December 31, 2014	**(21,5)**	**(102,3)**	**(367,0)**	**(490,8)**
Changes in Group structure	-	-	(2,3)	(2,3)
Acquisitions	-	-	-	-
Assets classified as held for sale, discontinued operations	-	-	-	-
Other disposals	-	1,4	19,1	20,5
Allowances for amortisation and provision	-	(10,1)	(69,3)	(79,4)
Reversal of amortisation and provision	-	-	-	-
Translation adjustment	-	(3,8)	(11,2)	(15,0)
Other movements	21,5	0,2	7,6	29,3
As at December 31, 2015	**-**	**(114,6)**	**(423,1)**	**(537,7)**
Impairment loss				
As at December 31, 2014	**(0,5)**	**(1,9)**	**5,7**	**3,3**
Impairment losses	(24,5)	-	(1,9)	(26,4)
Other movements	(22,0)	(0,1)	(5,8)	(27,9)
As at December 31, 2015	**(47,0)**	**(2,0)**	**(2,0)**	**(51,0)**
Net				
As at December 31, 2014	**10 465,0**	**103,9**	**225,3**	**10 794,3**
As at December 31, 2015	**10 850,8**	**105,1**	**387,1**	**11 343,0**

Charges related to impairment tests have been recorded in the income statement under 'Other non-recurring operating income and expenses' (cf. note 23).

6 - TANGIBLE ASSETS

Tangible assets are recognised at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate component.

The Group mainly uses the straight-line depreciation method. The amount which can be amortised takes into account the residual value when it is considered to be high.

Depreciation periods depend on useful lives, as shown below:

Buildings	40 to 50 years
Improvements to land and buildings	10 to 20 years
Plant and equipment	3 to 20 years
Vehicles	4 to 8 years
Office equipment and furniture	7 to 10 years
Computer equipment	3 to 10 years

The principles for impairment of tangible assets are detailed in Note 3.5

Leasing contracts, which transfer nearly all the risks and benefits of ownership to the Artémis Group, are considered as finance lease contracts and recognised as tangible assets with an offsetting entry in financial debt of an equal amount, at lower of the fair value of the asset rented and the present value of minimal payments. The corresponding assets are amortised over a useful life identical to that of tangible asset acquired outright.
The implementation of finance leases results in the booking of deferred taxes where necessary.

Leasing contracts that do not transfer nearly all the risks and benefits of ownership to Artémis Group are classified as operating leases. Payments made under operating leases are recognised in recurring operating expenses on a straight-line basis over the term of the contract.

Capital gains on the sale and leaseback of assets are fully recognised in income at the time of disposal when the lease qualifies as an operating lease and the transaction is performed at fair value.

The same accounting treatment is applied to agreements that, despite not presenting the legal form of a lease contract, confer to the Group the right to use a specific asset in exchange for a payment or series of payments.

4. Biological assets

IAS 41 – *Agriculture* applies to biological assets (wine stocks) owned by sociétés civiles du Vignoble de Château Latour, Domaine d'Eugénie, Domaine de Château Grillet, Domaine de Château Siaurac, Château Siaurac and Co and Kerwin Estate.

IAS 41 requires measurement of biological assets at fair value less estimated point-of-sale costs, from initial recognition of biological assets up to the point of harvest.
Fair value can be measured by the existence of a reliable active market, the most recent transaction price or the market price for similar assets.
If active markets or makeshift active markets do not exist, fair value is measured at the present value of expected net cash flows.

Given the specific nature of the biological assets owned by the Group, a reliable estimate of their fair value cannot be determined by applying these methods.

Investment property

Investment property as defined in IAS 40 is property held (by the owner or the lessee through a finance leasing contract) to earn rentals or for capital appreciation or both, rather than for:

- Use in the production or supply of goods or services or for administrative purposes; or
- Sale in the ordinary course of business.

Property investment is recognised when it is likely that future economic benefits related to the property investment will go to the company, and that the cost of the investment property can be measured reliably.

The cost model is used to measure property investments. This option requires the application of IAS 16 – *Property, plant and equipment*, i.e. their cost less any accumulated amortisation and impairment losses.

This item breaks down as follows:

In Million Euros	Land	Buildings **(a)**	Plant and equipment	Other tangible assets **(b)**	Total tangible assets
Gross					
As at December 31, 2015	**537.0**	**1,113.3**	**3,009.4**	**836.9**	**5,496.6**
Changes in Group structure	-	-	1.1	0.6	1.7
Acquisitions	10.4	40.8	340.2	200.6	592.0
Assets classified as held for sale, discontinued operations	-	-	(2.9)	(7.7)	(10.6)
Other disposals	-	(38.1)	(237.5)	(15.0)	(290.6)
Translation adjustment	6.1	(10.1)	(5.8)	4.1	(5.7)
Other movements	2.5	6.9	155.9	(156.1)	9.2
As at December 31, 2016	**556.0**	**1,112.8**	**3,260.4**	**863.4**	**5,792.6**
Amortisation					
As at December 31, 2015		**(416.2)**	**(1,773.1)**	**(177.7)**	**(2,367.0)**
Changes in Group structure		-	(0.6)	(0.5)	(1.1)
Assets classified as held for sale, discontinued operations		-	0.3	3.9	4.2
Other disposals		35.5	233.7	13.6	282.8
Allowances for amortisation and provision		(47.0)	(347.6)	(45.8)	(440.4)
Reversal of amortisation and provision		-	-	-	-
Translation adjustment		1.8	0.7	(2.5)	0.0
Other movements		2.6	12.6	4.8	20.0
As at December 31, 2016		**(423.3)**	**(1,874.0)**	**(204.2)**	**(2,501.5)**
Impairment loss					
As at December 31, 2015	**(1.0)**	**(2.4)**	**-**	**(0.1)**	**(3.5)**
Impairment losses	-	-	(24.7)	-	(24.7)
Other movements	(0.1)	0.1	-	0.1	0.2
Translation adjustment	-	0.2	1.1	(0.1)	1.1
As at December 31, 2016	**(1.1)**	**(2.1)**	**(23.6)**	**(0.1)**	**(26.9)**
Net					
As at December 31, 2015	**536.0**	**694.7**	**1,236.3**	**659.1**	**3,126.1**
As at December 31, 2016	**554.9**	**687.4**	**1,362.7**	**659.2**	**3,264.2**

(a) As at December 31, 2016, the net carrying amount of investment property totalled € 15 million.
(b) As at December 31, 2016, the net carrying amount of biological assets totalled € 7.4 million.

In Million Euros	Land	Buildings **(a)**	Plant and equipment	Other tangible assets **(b)**	Total tangible assets
Gross					
As at December 31, 2014	**477,0**	**1 059,5**	**2 658,7**	**374,6**	**4 569,8**
Changes in Group structure	26,2	(10,7)	2,9	383,2	401,5
Acquisitions	1,9	11,4	354,1	186,1	553,5
Assets classified as held for sale, discontinued operations	-	-	-	-	-
Other disposals	(5,1)	(10,1)	(209,8)	(51,9)	(276,9)
Translation adjustment	18,3	54,2	156,2	7,5	236,2
Other movements	18,7	9,0	47,3	(62,6)	12,4
As at December 31, 2015	**537,0**	**1 113,3**	**3 009,4**	**836,9**	**5 496,6**
Amortisation					
As at December 31, 2014		**(379,0)**	**(1 478,7)**	**(150,7)**	**(2 008,4)**
Changes in Group structure		10,5	4,8	(26,4)	(11,1)
Acquisitions		-	-	-	-
Assets classified as held for sale, discontinued operations		-	-	-	-
Other disposals		6,2	200,3	25,7	232,2
Allowances for amortisation and provision		(35,7)	(408,1)	(31,0)	(474,8)
Reversal of amortisation and provision		-	-	-	-
Translation adjustment		(17,6)	(86,4)	(4,2)	(108,2)
Other movements		(0,6)	(5,0)	8,9	3,3
As at December 31, 2015		**(416,2)**	**(1 773,1)**	**(177,7)**	**(2 367,0)**
Impairment loss					
As at December 31, 2014	**(1,1)**	**(2,2)**	**-**	**(1,0)**	**(4,3)**
Impairment losses	-	(0,2)	-	-	(0,2)
Other movements	0,1	-	-	0,9	1,0
Translation adjustment	-	-	-	-	-
As at December 31, 2015	**(1,0)**	**(2,4)**	**-**	**(0,1)**	**(3,5)**
Net					
As at December 31, 2014	**475,9**	**678,3**	**1 180,0**	**222,9**	**2 557,1**
As at December 31, 2015	**536,0**	**694,7**	**1 236,3**	**659,1**	**3 126,1**

(a) As at December 31, 2015, the net carrying amount of investment property totalled € 18.6 million.
(b) As at December 31, 2015, the net carrying amount of biological assets totalled € 7.7 million.

Depreciation is recorded in the income statement under ‘Cost of goods and services sold’ and ‘Other recurring operating income and expenses’.

Charges related to impairment tests have been recorded in the income statement under 'Other non-recurring operating income and expenses’ (cf. note 23).

7- INVESTMENTS IN ASSOCIATES

The Group's share in the net equity of associates breaks down as follows:

In Million Euros	2016 Net	2015 Net
Fnac	261,7	215,5
Luxury and Sport & Lifestyle Divisions	48,3	20,9
Others	1,1	1,4
Total	**311,2**	**237,7**

The major associates are:

In Million Euros	Country	% interest 2016	% interest 2015	Share of earnings 2016	Share of earnings 2015	Share of interest 2016	Share of interest 2015
Fnac	France	24,7%	38,7%	(2,4)	18,5	261,7	215,5

The summarised financial information of associates is shown on a 100% basis:

In Million Euros	FNAC 2016	FNAC 2015
Non-current assets	2,579.1	606.1
Current assets	2,309.6	1,306.6
Total Assets	4,888.6	1,912.7
Non-current liabilities	1,366.8	77.7
Current liabilities	2,518.0	1,270.7
Net Asset	1,003.8	564.3
Revenue	5,369.1	3,875.8
Net Income	(0.4)	48.3

8- CURRENT AND NON-CURRENT FINANCIAL ASSETS

Financial assets valued at fair value through profit and loss: the Artémis Group's financial assets held for trading in the short term, or financial assets voluntarily classified in this category, are valued at fair value with changes in fair value recognised in income.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
These assets are initially recognised at fair value, then at amortised cost using the effective interest rate method. These assets are subject to impairment tests when there is an indication of impairment loss. An impairment loss is recognised if the net carrying amount exceeds the estimated recoverable amount and is reversible if the recoverable amount increases in the future.

Loans to participating interests, other loans and receivables and trade receivables are included in this category and are presented in non-current financial assets, trade receivables, and current financial assets.

Held-to-maturity investments are non-derivative, financial assets other than loans and receivables, with fixed or determinable payments and fixed maturity that the Group intends and has the ability to hold to maturity.
These assets are initially recognised at fair value, then at amortised cost using the effective interest rate method.
These assets are subject to impairment tests when there is an indication of impairment loss. An impairment loss is recognised if the net carrying amount exceeds the estimated recoverable amount and is reversible if the recoverable amount increases in the future.

Held-to-maturity investments are considered as non-current financial assets.

Available-for-sale financial assets are non-derivative financial assets that are not included in the aforementioned categories. This category mainly comprises non-consolidated investments and marketable securities that do not meet other financial asset definitions. They are considered as non-current financial assets.

They are measured at fair value. For quoted securities, fair value corresponds to a market price and for unquoted securities, to recent transactions or a technical valuation based on reliable and objective indicators. However, when the fair value of a security cannot be reasonably estimated it is recorded at historical cost.

Changes in fair value are recorded in equity. In the event of an objective indication of impairment loss of the financial asset (notably a considerable or long-term decrease in the value of the asset), an irreversible impairment loss is recognised in income. The impairment loss will be written back only when the securities are sold.

The Group uses quantitative criteria to identify a significant or prolonged decrease: the Group considers a significant decline to be one in which the fair value is below the cost by more than 40% or a prolonged decline to be one in which fair value is below the cost for longer than 24 consecutive months.

This item breaks down as follows:

In Million Euros	2016	2015
Equity investments	142.2	158.0
Available for sale assets	26.3	20.7
Share at fair value through the income statement	3.1	8.0
Loans and receivables	360.3	316.7
Net assets from defined benefit plans	-	-
Non current financial assets	**531.9**	**503.4**
Loans and receivables	336.1	327.3
Current financial assets	**336.1**	**327.3**
Total financial assets	**868.0**	**830.7**

The item "Non-current loans and receivables" is represented by deposits and guarantees for € 168.6 million and investments related loans for € 220.1 million.

As at December 31, 2016, the change in fair value of available for sale assets breaks down as follows:

	Amount as at 12/31/2016		Change in fair value	
In Million Euros	Fair value in balance sheet	Acquisition cost	Fair value reserve	Loss in value
- Listed shares	26,3	26,3	-	-
- Non-listed shares	-	-	-	-
Available for sale assets	**26,3**	**26,3**	**-**	**-**

9- DEFERRED TAX AND PAYABLE TAX

Deferred tax is calculated using the liability method on all temporary differences between the carrying amounts recorded in the consolidated statement of financial position and the tax value of assets and liabilities, except for goodwill that is not deductible for tax purposes. The valuation of deferred tax balances depends on the way in which the Group intends to recover or settle the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are not discounted and are classified in the statement of financial position within non-current assets and liabilities.

A deferred tax asset is recognised on deductible temporary differences and for tax loss carry-forwards and tax credits to the extent that their future offset is probable.
A deferred tax liability is recognised on taxable temporary differences relating to investments in subsidiaries, associates and joint ventures unless the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

This item breaks down as follows:

In Million Euros	2016	Net income	Payments	Assets classified as held for sale	Changes in Group structure	Other items recognised in shareholders' equity	2015
Deferred tax							
Intangible assets	(2 742,8)	1,7	-	-	(5,2)	-	(2 739,3)
Tangible assets	40,5	1,5	-	-	(2,7)	0,5	41,2
Other non-current assets	52,5	18,4	-	-	0,4	(0,8)	34,5
Other current assets	402,6	47,5	-	-	7,0	(4,4)	352,5
Shareholders' equity	7,2	0,6	-	-	-	(13,5)	20,1
Borrowings	1,0	5,9	-	-	(0,1)	(18,3)	13,5
Provisions for retirement and similar benefits	82,5	(2,4)	-	-	(3,6)	2,6	85,9
Provisions	47,6	-	-	-	0,5	(5,7)	52,8
Other current liabilities	95,0	8,9	-	-	5,7	3,7	76,7
Unused tax losses and tax credits	193,3	22,6	-	-	(6,8)	19,2	158,3
Net deferred tax	**(1 820,6)**	**104,7**	-	-	**(4,8)**	**(16,7)**	**(1 903,8)**
Of which deferred tax assets	**1 047,7**						**984,4**
Of which deferred tax liabilities	**(2 868,3)**						**(2 888,2)**
Net payable tax	**(242,6)**	**(434,0)**	**449,9**	-	**(2,4)**	**1,8**	**(257,9)**
Of which current tax receivables	**173,9**						**154,3**
Of which current tax liabilities	**(416,5)**						**(412,2)**

10- OTHER NON-CURRENT ASSETS AND DERIVATIVES

This item breaks down as follows:

In Million Euros	2016	2015
Other non-current assets	67,7	81,2
Total	**67,7**	**81,2**

11 - INVENTORIES

Inventories are valued at the lower of their cost and the net realisable value. The net realisable value is the estimated sales price in the normal course of business, minus any estimated costs deemed necessary to carry out the sale.

Inventories are valued using the retail, first-in-first-out (FIFO) or weighted average cost method depending on the Group activity.

Interest expenses are excluded from inventories and expensed as finance costs in the year they are incurred.

The Group may recognise an inventory allowance based on expected turnover, if inventory items are damaged, have become wholly or partially obsolete, the selling price declined, or if the estimated costs for completion and realisation of the sale have increased.

This item breaks down as follows:

In Million Euros	2016	2015
Commercial inventories	2 992,8	2 717,9
Industrial inventories	562,8	460,3
Gross	**3 555,6**	**3 178,2**
Depreciation	**(954,2)**	**(791,7)**
Net total	**2 601,4**	**2 386,6**

There is no collateralised inventory as at December 31, 2016 (same as at December 31, 2015).

Changes in depreciation:

As at December 31, 2014	**(620,2)**
(Charge)/reversal	(47,7)
Assets classified as held for sale	-
Changes in Group structure	(87,9)
Translation adjustment	(35,9)
As at December 31, 2015	**(791,7)**
(Charge)/reversal	(149,0)
Assets classified as held for sale	-
Changes in Group structure	4,2
Translation adjustment	(6,4)
Other	(11,3)
As at December 31, 2016	**(954,2)**

12- RECEIVABLES AND OTHER CURRENT ASSETS

This item breaks down as follows:

In Million Euros	2016 Gross	2016 Depreciation	2016 Net	2015 Net
Trade receivables	**2 154,2**	**(94,3)**	**2 059,9**	**2 675,9**
Other operating debtors	603,7	(7,4)	596,4	591,7
Others debtors	11,3	-	11,3	9,6
Regulation accounts (debtor)	196,1	-	196,1	175,7
Current derivative instruments (according to breakdown note 22)	122,6	-	122,6	72,0
Other current assets and derivatives	**933,7**	**(7,4)**	**926,3**	**849,0**
Total	**3 087,9**	**(101,7)**	**2 986,2**	**3 524,9**

13- CASH AND CASH EQUIVALENTS

The ‘cash and cash equivalents’ item recorded on the asset side of the consolidated balance sheet includes cash, shares in money market funds and short-term investments and other liquid and easily convertible instruments with a negligible risk of change in value and a maximum maturity of three months as of the purchase date.

Investments with a maturity exceeding three months, and blocked or pledged bank accounts are excluded from cash. Bank overdrafts are presented in borrowings on the liability side of the balance sheet.

In the cash flow statement, ‘Cash and cash equivalents’ includes accrued interest receivable on assets presented in cash and cash equivalents and bank overdrafts.

The change in cash and cash equivalents in the cash flow statement breaks down as follows:

In Million Euros	2016	2015
Cash and cash equivalents	1 305,8	1 671,0
Bank overdrafts	(313,0)	(264,7)
Total	**992,8**	**1 406,3**

14- SHARE CAPITAL

As at December 31, 2016, the share capital of Artémis SA amounted to € 862,017,387 divided into 55,975,155 shares, each with a nominal value of € 15.40.

As at December 31, 2016, the share capital of Artémis is 99.99 % owned by Financière Pinault.

To date, no potentially dilutive instruments issued by Artémis exist.

15- PROVISIONS

A provision is booked for the full cost of restructuring, when the following conditions are fulfilled:

- the restructuring plan is formalised and detailed,
- the restructuring plan is known by the third parties concerned at fiscal year-end.

These costs represent essentially employee costs (severance pay, early retirement plan, payment in lieu of notice, etc.), closures and penalties for breach of contract with third parties.

Provisions for litigation and disputes, and provisions for various risks are recognised as soon as a present obligation arises from past events, likely to result in an outflow of resources, and for which the amount can be reliably estimated.

This item breaks down as follows:

In Million Euros	2016	Allocation	Reversal	Translation adjustment	Changes in Group structure	Other	2015
Claims and litigation	13.2	8.2	(2.5)	0.1	-	(0.9)	8.3
Restructuring costs	14.2	9.8	(2.8)	-	-	1.2	6.0
Other provisions	57.2	4.4	(30.8)	1.3	-	3.4	78.9
Non-current provisions	**84.5**	**22.4**	**(36.1)**	**1.4**	-	**3.7**	**93.2**
Claims and litigation	34.6	7.2	(25.6)	-	-	2.9	50.1
Restructuring costs	24.1	19.5	(25.5)	(0.1)	(0.7)	5.5	25.4
Other provisions	85.8	27.2	(23.2)	**0.1**	-	(1.2)	82.9
Current provisions	**144.5**	**53.9**	**(74.3)**	-	**(0.7)**	**7.2**	**158.4**
Total	**229.0**	**76.3**	**(110.4)**	**1.4**	**(0.7)**	**10.9**	**251.6**

16- PROVISIONS FOR RETIREMENT AND SIMILAR BENEFITS

In accordance with the laws and practices of each country, the Artémis Group recognises various types of employee benefits.

For defined benefit plans, the Artémis Group's obligations for pensions and additional retirement benefits are determined using the projected credit unit method based on agreements in effect in each company. Actuarial valuations are carried out each year for the most important plans and on a regular basis for the other plans.

The actuarial assumptions used to determine the obligations vary according to economic conditions in the country where the plan is established. These valuations take into account the level of future compensation, the probable active life of employees, life expectancy and staff turnover. Future obligations calculated as such are restated at their present value using an appropriate discount rate.

Actuarial gains and losses are mainly the result of changes to assumptions and the difference between results estimated according to actuarial assumptions and the actual results of defined benefit plans.
These differences are immediately recognised in other elements of the overall result for all actuarial gains and losses on defined benefit plans.

Past service cost designating the increase of an obligation following the introduction of a new plan or changes to an existing plan is recognised immediately in expenses if the benefit rights are already vested or are in the process of being vested.

The expense relating to this type of plan is recognised in recurring operating income (current service costs) and in financial income (finance costs, net income on liabilities or net assets). Curtailments, settlements and past service costs are recognised in recurring operating income.

The provision recognised in the balance sheet corresponds to the present value of the valued obligations, net of the fair value of the plan assets.

For defined contribution plans, contributions are expensed when incurred.
The future expense of medical costs for staff members who have already retired or who are due to retire is covered by an insurance fund.

Change during the period

The change in the present value of the defined benefit plan obligation is shown below:

In Million Euros	Present value of obligation	Fair value of plan assets	Financial position	Change	Provision	Other comprehensive income	Expense recognised
Present value at January 1	**794.2**	**567.2**	**227.0**	**-**	**227.0**		
Current service cost	18.0	0.1	17.9	-	17.9	-	(17.9)
Curtailments and settlements	(4.0)	(3.4)	(0.6)	-	(0.6)	-	-
Interest cost	20.9	-	20.9	-	20.9	-	(21.7)
Interest income on plan assets	0.0	16.3	(16.3)	-	(16.3)	-	16.9
Past service cost	(2.6)	-	(2.6)	-	(2.6)	-	2.6
Actuarial gains and losses	-	-	-	-	-	-	-
Impact of changes in demographic assumptions	(9.1)	-	(9.1)	-	(9.1)	9.1	-
Impact of changes in financial assumptions	31.2	-	31.2	-	31.2	(31.2)	-
Impact of experience adjustments	74.0	-	74.0	-	74.0	(74.0)	-
Return on plan assets (excludinginterest income)	-	88.8	(88.8)	-	(88.8)	88.8	-
Effect of asset ceiling	-	-	-	-	-	-	-
Benefits paid	(22.9)	(19.0)	(3.9)	-	(3.9)	-	-
Contributions paid by beneficiaries	5.4	7.4	(2.0)	-	(2.0)	-	-
Contributions paid by employer	-	15.4	(15.4)	-	(15.4)	-	-
Changes in Group Structure	(0.5)	(0.2)	(0.3)	-	(0.3)	-	-
Non-current assets held for sale and discontinued operations	-	-	-	-	-	-	-
Insurance premium for risks benefits	(1.3)	(1.3)	-	-	-	-	-
Administrative expense	(0.1)	(0.7)	0.6	-	0.6	-	(0.6)
Exchange differences	(64.2)	(54.9)	(9.3)	-	(9.3)	3.6	-
Present value at December 31	**838.9**	**615.7**	**223.3**	**-**	**223.3**	**(3.7)**	**(20.7)**

As at December 31, 2016, the present value of the obligation amounting to € 838.9 million is broken down as follows:

- €62.4 million related to unfunded plans,
- €776.5 million related to plans that are entirely or partly funded.

The breakdown of the present value of the obligation by type of plan and country as at December 31, 2016 is as follows:

In Million Euros	2016	2015
Retirement gratuities - France	25.1	23.0
Long-service awards - France	-	-
Statutory termination indemnities (TFR) - Italy	34.7	33.5
Supplementary plans - United Kingdom	483.4	462.8
Supplementary plans (LPP) - Switzerland	191.9	175.9
Other	103.8	98.9
Present value of obligation at December 31	**838.9**	**794.2**

The Group expects to pay an estimated € 17.4 million in contributions in 2017.

In Million Euros	2017	France	Switzerland	Italy	UK	Other
Employer contributions	**17,4**	-	6,7	-	8,2	2,5

Funded defined benefit plan assets are invested as follows:

- Insurance contracts account for 18.5% of the total fair value of assets;
- Equity instruments, 9.6%;
- Debt instruments, 13.6%;
- Other miscellaneous assets, 58.3%.

In accordance with the option provided under IAS 19 as revised in December 2004, the Group recognises actuarial gains and losses on defined benefit plans directly in equity for the period.

In 2016, actuarial loses were recognised for a total of € 7.3 million before the impact of deferred tax.

The cumulative actuarial losses recognised in equity since January 1, 2004 amounted to € 332.9 million before the impact of deferred tax.

Actuarial assumptions

The main actuarial assumptions used to estimate the Group's obligations related to pensions and other post – retirement benefits are as follows:

	France		Switzerland		Italy		UK	
	2016	2015	2016	2015	2016	2015	2016	2015
Average maturity of plans	10 - 26	12 - 26	16	17	13	11	24	24
Discount rate	1% - 2.6%	2% - 2.5%	0.4%	0.9% - 1%	1.3%	2,0%	2.8%	3% - 4%
Expected rate of increase in salaries	1% - 3.2%	1% - 3.3%	1.1%	1% - 1.2%	3,0%	2.9%	1,0%	4.2%

17- BORROWINGS

This item breaks down as follows:

In Million Euros	2016	2015
Long-term borrowings		
Bonds	4,607.8	4,450.1
Bank borrowings	3,803.8	3,662.6
Other borrowings	77.8	93.1
Borrowings under finance leases	115.0	93.4
Total	**8,604.4**	**8,299.2**
Short-term borrowings		
Bonds	360.9	11.2
Bank borrowings	683.6	851.7
Other borrowings	1,056.1	1,809.2
Borrowings under finance leases	11.8	12.2
Total	**2,112.4**	**2,684.4**
Total borrowings	**10,716.8**	**10,983.6**

As at December 31, 2016:

- 33.6 % of borrowings are related to floating interest rates,
- € 2,373.5 million are secured by collateral.

Borrowings can be analysed as follows by maturity:

In Million Euros	Amount
2017	2 112,4
2018	1 219,2
2019	2 109,8
2020	2 087,2
2021 and beyond	3 188,2
Total	**10 716,8**

N.B.: Short term draw-downs on credit lines backed by confirmed long - term facilities are included in debt maturing beyond one year.

- ## Bonds

In Million Euros Issuer	Issue date	Interest rate at date of issue	Effective interest rate	Hedging	Maturity	Amount as of 12/31/2016	Amount as of 12/31/2015
Kering	6/29/2009	Fixed 6.50%	6.57%	-	6/29/2017	149,8	149,7
Kering	11/6/2009	Fixed 6.50%	6.57%	-	11/6/2017	199,8	199,7
Kering	4/23/2012	Fixed 3.125%	3.31%	-	4/23/2019	497,9	497,0
Terisam	6/21/2013	Fixed 4.012%	-	-	6/21/2020	386,4	385,7
Kering	7/15/2013	Fixed 2.50%	2.58%	-	7/15/2020	498,6	498,3
Kering	10/8/2013	Fixed 1.875%	2.01%	-	10/8/2018	498,8	498,2
Kering	04/08/2014 & 05/30/2014 & 06/26/2014 & 09/22/2015 & 11/05/2015	Fixed 2.75%	2.81% & 2.57% & 2.50% & 2.01% & 1.87%	-	4/8/2024	512,6	514,3
Semirat	07/31/2014	Fixed 3.00%	-	-	07/31/2021	202,5	202,5
Kering	10/1/2014	Fixed 1.375%	1.47%	-	10/1/2021	497,7	497,2
Kering	3/9/2015	Floating 3-month USD Libor +0.73%	1,55%	2.589% fixed rate swap for the full amount	3/9/2020	142,1	137,5
Kering	3/27/2015	Fixed 0.875%	1,02%	-	3/28/2022	496,3	495,6
Kering	4/16/2015	Fixed 1.60%	1,66%	-	4/16/2035	49,5	49,5
Kering	6/9/2015	Fixed 2.887%	2,94%	-	6/9/2021	142,1	137,5
Ter Obligation	11/24/2015	Fixed 3.0%	-	-	11/24/2022	198,9	198,6
Kering	10/5/2016	Fixed 1,25%	1,35%	-	10/5/2026	495,7	-
Total						**4 968,7**	**4 461,3**

(a) Partially indexed on changes in KERING share price.

The amounts recorded in the balance sheet as at December 31, 2016 are recognised at amortised cost on the basis of the effective interest rate determined after factoring in the 'shareholders' equity' or 'derivative' component and the reallocation of issuance costs and redemption premiums.

18- NET DEBT

The concept of net indebtedness used by the Group comprises gross indebtedness less net cash, as defined by the French National Accounting Council recommendation n° 2009 – R.03 of July 2, 2009.

Net debt breaks down as follows:

In Million Euros	2016	2015
Borrowings	10 716,8	10 983,6
Fair value hedging derivative instruments	(6,8)	0,2
Cash and cash equivalents	(1 305,8)	(1 671,0)
TOTAL	**9 404,2**	**9 312,8**

19- CASH FLOW STATEMENT

19-1 Reconciliation of cash and cash equivalents as reported in the statement of financial position with cash and cash equivalents as reported in the statement of cash flows

Cash and cash equivalents net of bank overdrafts amounted to € 992.8 million as of December 31, 2016, reflecting total cash and cash equivalents presented in the statement of cash flows.

In Million Euros	2016	2015
Cash and cash equivalents as reported in the statement of financial position	1 305,8	1 671,0
Depreciation	-	104,3
Bank overdrafts	(313,0)	(264,7)
Cash and cash equivalents as reported in the cash flow statement	**992,8**	**1 510,6**

19-2 Breakdown of cash flow from operating activities

In Million Euros	2016	2015
Net income from continuing operations	**806.8**	**901.1**
Net recurring charges to depreciation, amortisation and provisions on current operating assets	405.7	477.5
Other non-cash income and expenses :	239.9	246.5
Recurring operating income and expenses (note 27)	22.4	258.2
- Fair value of foreign exchange rate hedges	*7.5*	*249.5*
- Other	*14.9*	*8.7*
Non-recurring operating income and expenses	217.5	(11.7)
- Impairment losses on non-current operating assets	*296.6*	*174.3*
- Asset impairment	*53.2*	*63.1*
- Fair value of foreign exchange rate hedges in net finance costs	*(10.6)*	*(265.6)*
- Other	*(121.7)*	*16.5*
Total	**1,452.4**	**1,625.1**

19-3 Debt issues and redemptions

In Million Euros	2016	2015
Bond issue	663,1	2 692,1
Debt redemptions / repayments	(187,8)	(2 110,0)
Increase / decrease in other borrowings	(828,0)	81,4
Total	**(352,7)**	**663,5**

20- OTHER NON-CURRENT LIABILITIES AND DERIVATIVES

This item breaks down as follows:

In Million Euros	2016	2015
Derivative liabilities at market value (according to breakdown, note 22)	19,6	14,8
Other non-current liabilities	8,3	4,4
Total	**27,9**	**19,2**

21- OTHER CURRENT LIABILITIES AND DERIVATIVES

This item breaks down as follows:

In Million Euros	2016	2015
Trade payables	**2 191,6**	**2 462,7**
Other trade payables	1 781,2	1 681,3
Other liabilities	149,6	162,1
Adjustment accounts	86,8	63,6
Derivative instrument liabilities (according to breakdown note 22)	132,1	77,8
Other current liabilities and derivatives	**2 149,7**	**1 984,8**
Total	**4 341,3**	**4 447,5**

22- DERIVATIVE INSTRUMENTS AT MARKET VALUE

The Artémis Group controls the exposure of its balance sheet and income statement to foreign exchange and interest rate changes. It therefore carries out market transactions to control its sensitivity to these changes by using appropriate financial instruments: spot foreign exchange or foreign exchange forwards, swaps, futures and options.

All foreign exchange and interest rate positions are taken by means of financial instruments that are listed or traded on over the counter markets, representing minimal counterparty risks.

Derivatives designated as hedging instruments are classified by category of hedge based on the nature of the risks being hedged:

- the cash flow hedge is used to hedge the risk of cash flow changes with respect to assets or liabilities recognised or a highly probable transaction that would impact consolidated net income;

- the fair value hedge is used to hedge the risk of fair value changes of recognised assets or liabilities, or a firm commitment not yet recognised that would impact consolidated net income;

- the net investment hedge is used to hedge foreign exchange risk of foreign activities.

The accounting treatment of financial instruments qualified as hedging instruments, and their impact on the income statement and balance sheet, is distinguished based on the type of hedging relationship:

- for cash flow and net investment hedges:

    - ✓ the effective portion (confidence level of between 80% and 125%) of the change in fair value of the hedging instrument is offset directly in equity. The amounts recorded in equity are transferred to the income statement in parallel to the method of recognition used for hedged items;
    - ✓ the ineffective portion of the hedge is recognised in the income statement.

- for fair value hedges, the hedged component of these items is measured on the balance sheet at its fair value. The change in this fair value is recorded in the income statement and is offset, at the nearest level of ineffectiveness, by recognising in the income statement the symmetrical changes in fair value of the financial instruments used as hedges.

When derivatives do not constitute hedge risks, gains or losses resulting from the changes in their market value are recorded in the income statement.

In Million Euros	2016	Interest rate risk	Foreign exchange risk	Other market risks	2015
Derivative assets	**122.6**	**0.7**	**121.9**	**-**	**72.0**
Non-current	**-**	**-**	**-**	**-**	**-**
At fair value through income	-	-	-	-	-
Cash flow hedges	-	-	-	-	-
Fair value hedges	-	-	-	-	-
Current	**122.6**	**0.7**	**121.9**	**-**	**72.0**
At fair value through income	1.6	-	1.6	-	2.7
Cash flow hedges	104.6	-	104.6	-	53.1
Fair value hedges	16.4	0.7	15.7	-	16.2
Derivative liabilities	**151.6**	**27.8**	**123.8**	**-**	**92.6**
Non-current	**19.5**	**1.6**	**17.9**	**-**	**14.8**
At fair value through income	17.9	-	17.9	-	12.3
Cash flow hedges	1.6	1.6	-	-	2.5
Fair value hedges	-	-	-	-	-
Current	**132.1**	**26.2**	**105.8**	**-**	**77.8**
At fair value through income	5.2	-	5.2	-	2.5
Cash flow hedges	117.3	26.2	91.1	-	58.8
Fair value hedges	9.6	-	9.6	-	16.5
Total	**(29.0)**	**(27.2)**	**(1.8)**	**-**	**(20.6)**

23- OPERATING INCOME

Operating income includes all revenue and expenses directly related to the Artémis Group activities, whether these revenues and expenses are recurrent or arise from non-recurring decisions or transactions.

Recurring operating income, as defined by the French National Accounting Council recommendation of July 2, 2009, is a provisional aggregate that should facilitate the understanding of the entity’s operating performance. It corresponds to the operating income before impairment of goodwill and other operating income and expenses as defined below:

- gains or losses on disposals of intangible assets and tangible assets, operating assets or investments;
- restructuring costs and cost relating to worker retraining measures;
- non-recurring items corresponding to revenue and expenses that are unusual due to their frequency, nature or amount.

This item breaks down as follows:

In Million Euros	2016			2015		
	Luxury and Sport & Lifestyle	Other businesses	Total	Luxury and Sport & Lifestyle	Other businesses	Total
Revenue	12 384,7	1 069,0	13 453,7	11 584,2	1 087,8	12 672,0
Cost of goods and services sold	(4 594,6)	(252,0)	(4 846,6)	(4 510,0)	(256,7)	(4 766,7)
Gross margin	**7 790,1**	**817,0**	**8 607,1**	**7 074,2**	**831,2**	**7 905,3**
Employee benefits and expenses	(1 983,7)	(384,7)	(2 368,4)	(1 820,6)	(417,0)	(2 237,6)
Other recurring operating income and expenses	(3 920,2)	(364,0)	(4 284,2)	(3 606,9)	(357,4)	(3 964,3)
Recurring operating income	**1 886,2**	**68,3**	**1 954,5**	**1 646,7**	**56,8**	**1 703,5**
Other non-recurring operating income and expenses	(506,0)	(35,5)	(541,5)	(393,5)	221,9	(171,6)
Operating income	**1 380,2**	**32,8**	**1 413,0**	**1 253,2**	**278,6**	**1 531,8**

For the financial year ended December 31, 2016, other non-recurring operating income and expenses include:

- impairment of intangible assets (goodwill and brands) within Other Luxury brands (Brioni and Ulysse Nardin) for €296.6 million;
- impairment of property, plant and equipment within Luxury activities and Kering's industrial operations for €38.8 million;
- costs of restructuring industrial and sales operations, mainly within the Luxury – Couture & Leather Goods division for €57.2 million,
- other items mainly relate to operating losses of €61.5 million for Kering Eyewear, which continued to ramp up operations in 2016 with the launch of the first Gucci collections slated for early 2017, and the outcome of disputes arising in prior years,
- pursuant to the agreement with Safilo announced on January 12, 2015 and the payment of €90 million in compensation - of which the first two instalments were paid in January 2015 and December 2016 – the Group recognised an intangible asset in an amount of €60 million. The remaining balance was considered to be compensation and was recorded in other non-recurring expenses in the 2016 financial statements. In light of the additional cash flows expected by the Group, it confirms that it will recover this intangible asset which will be amortised as of January 1, 2017,
- cost of restructuration and impairment of tangible assets for € 38.5 million for Christie's.

For the financial year ended December 31, 2015, other non-recurring operating income and expenses include:

- restructuring costs for €39.6 million, mainly concerning Luxury Division of Kering,

- asset impairment totalling €503.8 million, including €150 million charged against Puma and others Sport & Lifestyle brands' goodwill and €192 million charged against Gucci assets in connection with the brand's current period of transition,
- net capital gains on disposal totalling €151 million mainly including the sale of a property complex by Kering for €148.3 million,
- and a complementary cost of €68.7 million for Executive Life litigation.

24- NET FINANCIAL EXPENSES

This item breaks down as follows:

In Million Euros	2016 Luxury and Sport & Lifestyle	2016 Other businesses	2016 Total	2015 Luxury and Sport & Lifestyle	2015 Other businesses	2015 Total
Income from cash and cash equivalents	8,9	5,2	14,2	8,9	39,8	48,7
Cost of gross financial indebtedness	(137,2)	(62,1)	(199,4)	(137,7)	(55,8)	(193,5)
Cost of net financial indebtedness	**(128,3)**	**(56,9)**	**(185,3)**	**(128,8)**	**(16,0)**	**(144,8)**
Dividends received	-	-	-	0,4	6,2	6,6
Gains and losses on financial assets available for sell	(0,7)	(0,7)	(1,4)	0,1	67,3	67,4
Gains and losses on financial liabilities at the fair value by P/L	-	-	-	-	(43,2)	(43,2)
Exchange gains and losses, net	(2,8)	13,6	10,8	(14,8)	45,8	31,0
Gains and losses on derivative instruments not qualified for hedge accounting	0,4	-	0,4	(0,3)	(1,1)	(1,4)
Impact of discounting assets and liabilities	(4,8)	-	(4,8)	(10,2)	-	(10,2)
Ineffective portion of cash flow hedge	(62,9)	-	(62,9)	(95,1)	-	(95,1)
Other financial income/(costs)	(2,8)	(25,9)	(28,7)	(0,4)	(49,7)	(50,1)
Other financial income and finance costs	**(73,6)**	**(13,0)**	**(86,6)**	**(120,3)**	**25,3**	**(95,0)**
Net finance costs	**(201,9)**	**(69,9)**	**(271,8)**	**(249,1)**	**9,3**	**(239,8)**

25- INCOME TAXES

Income tax corresponds to tax payable by each consolidated subsidiary, adjusted for deferred tax. Deferred tax results from temporary differences between the accounting values recorded on the balance sheet and the tax value of assets and liabilities.
The Group recognises deferred tax according to the liability method of tax allocation. Net deferred tax assets are limited, for each fiscal entity, to the amount of deferred liabilities recorded, unless there is a likelihood of these tax assets being deducted from past or future tax credits.

Deferred tax assets and liabilities are not discounted and are recorded as non-current assets and liabilities on the balance sheet.

Income tax breaks down as follows:

In Million Euros	2016	2015
Income before tax	**1 141,0**	**1 292,0**
Current taxes	433,9	494,4
Deferred tax income (expense)	(104,6)	(87,3)
Total tax charge	**329,3**	**407,1**
Effective tax rate	**28,86%**	**31,51%**

Movement in tax loss carry forwards for which no deferred tax asset has been recognised can be summarised as follows:

In Million Euros	2016	2015
At beginning of the year	**3,848.4**	**4,197.0**
Tax losses generated during the year	215.1	210.8
Tax losses utilised during the year	(161.6)	(427.1)
Tax losses time - barred during the year	-	-
Change in scope and translation adjustments	(33.9)	(132.1)
At year-end	**3,868.1**	**3,848.4**

Rationalisation of the tax rate

The difference between the standard corporate income tax rate in France and the effective tax rate of the Group breaks down as follows:

In % of income before tax	2016	2015
Tax rate in France	**34,40%**	**38,00%**
Effect of differencies in foreign tax - rates	(23,05%)	(15,67%)
Theorical tax rate	**11,35%**	**22,33%**
Surtaxes levied in France	1,76%	0,83%
Effect of items taxed at reduced rate	0,10%	0,06%
Effect of permanent differences	4,59%	1,92%
Effect of unrecognised temporary differences	(0,20%)	4,83%
Tax loss carry forwards arising (used) during the year, net of group relief	6,65%	(2,07%)
Others	4,61%	3,63%
Effective tax rate	**28,86%**	**31,51%**

26- NET INCOME FROM DISCONTINUED OPERATIONS

Income statement and cash flow statements for discontinued operations, sold or to be sold are as follows:

In Million Euros	2016	2015
Revenue	**-**	**77.9**
Cost of goods and services sold	-	(40.5)
Gross margin	**-**	**37.4**
Employee benefits expenses	-	(19.4)
Other recurring operating income and expenses	-	(34.0)
Recurring operating income	**-**	**(16.0)**
Other non-recurring operating income and expenses	-	(1.8)
Operating income	**-**	**(17.8)**
Net finance costs	-	(0.7)
Income from ordinary operations before tax	**-**	**(18.5)**
	-	**-**
Income tax	-	1.9
Equity in income of affiliates	-	-
Net income from discontinued operations	(11.6)	57.6
Net income of consolidated companies	**(11.6)**	**41.0**
Owners of the parent	(4.7)	16.8
Non-controlling interets	(6.9)	24.2

In Million Euros	2016	2015
Cash flow from operating activities	(17.7)	(52.9)
Cash flow from investment activities	-	21.0
Cash flow from financing activities	-	35.4
Impact of exchange rate variations	-	-
Net cash flow	**(17.7)**	**3.5**
Cash and cash equivalents at the beginning and intra-Group cashflows	-	-
Net cash flow from discontinued operations (1)	**(17.7)**	**3.5**

As on 31 December 2016 the Artémis Group reported a net loss of €11.6 million in respect of discontinued operations, due mainly to the revised vendor warranties from Kering relating to disposals in prior periods.

27- OPERATING SEGMENT

In accordance with IFRS 8, Operating Segments, segment information presented below is based on the internal reporting used by the General Management to evaluate performance and allocate resources to different sectors. The General Management represents the main operational decision maker within the meaning of IFRS 8.

An operating segment is a distinguishable component of the Group Artémis that is engaged in providing products or services and is exposed to risk and returns that are different from those of other operating segments.

The information presented concerning operating segments follows the same accounting rules as those used for the consolidated financial statements as described in the notes to the financial statements.

The selected sectors, numbering four, correspond to the Group's organization by Division. They are defined as follows:

- Luxury division, which brings together the luxury brands of the group, including Gucci, Bottega Veneta and Saint-Laurent Paris among others.
- Sport & Lifestyle division, which brings together the Puma and Volcom brands
- Auction division is mainly represented by Christie's
- Holdings and others, which includes holding companies and activities whose turnover is not yet significant in view of the Group (real estate, cruises, vineyards ...)

The measurement of the performance of each operating segment, used by the main operating decision-maker, is based on the recurring operating result.
Current allowances for depreciation and provisions for non-current operating assets correspond to net allowances for depreciation and provisions for intangible and tangible assets recognised in the current operating result.

Acquisitions of tangible and intangible assets correspond to gross acquisitions of assets, including cash flow imbalances and rental of assets under finance-leasing contracts.
Non-current segment assets consist of goodwill, brands and other intangible assets, property, plant and equipment and other non-current assets.
Segment assets consist of non-current sector assets, inventories, receivables and other current assets.
Segment liabilities consist of deferred tax liabilities on brands, trade payables and other currents liabilities.

Business segment information

The main aggregates of the Group by business segment break down as follows:

In Million Euros	Luxury Goods activities	Sport & Lifestyle activities	Auctions	Other businesses and holding companies	Total consolidated
2016					
Revenue	**8,469.4**	**3,883.7**	**726.0**	**374.6**	**13,453.7**
- Non-Group	8,469.4	3,883.7	726.0	374.6	13,453.7
- Group	-	-	-	-	-
Recurring operating income	**1,936.0**	**123.2**	**52.6**	**(157.3)**	**1,954.5**
Net recurring charges to depreciation, amortisation and provisions on non-current operating assets	319.4	66.9	42.6	98.1	527.0
Other non cash recurring operating expenses	(85.8)	2.5	-	105.7	22.4
Acquisition of gross intangible and tangible assets	380.5	92.1	48.0	208.2	728.9
Segment assets	13,749.2	6,662.9	1,949.8	3,437.2	25,799.1
Segment liabilities	3,241.9	1,968.1	1,090.8	655.9	6,956.6

In Million Euros	Luxury Goods activities	Sport & Lifestyle activities	Auctions	Other businesses and holding companies	Total consolidated
2015					
Revenue	**7,865.3**	**3,682.5**	**859.5**	**264.7**	**12,672.0**
- Non-Group	7,865.3	3,682.5	859.5	264.7	12,672.0
- Group	-	-	-	-	-
Recurring operating income	**1,708.0**	**94.8**	**50.1**	**(149.6)**	**1,703.4**
Net recurring charges to depreciation, amortisation and provisions on non-current operating assets	317.4	66.2	49.6	58.1	491.3
Other non cash recurring operating expenses	126.3	(2.7)	-	134.6	258.2
Acquisition of gross intangible and tangible assets	390.9	91.0	50.8	231.9	764.6
Segment assets	13,891.9	6,574.0	2,543.8	3,423.6	26,433.3
Segment liabilities	3,050.2	1,895.8	1,520.0	650.3	7,116.2

Information by geographical area

The Group's main aggregates by geographical area break down as follows:

In Million Euros	Western Europe	North America	Japan	Mature markets	Eastern Europe Middle East and Africa	South America	Asia Pacific (excluding Japan)	Emerging markets	Total consolidated
2016									
Revenue	4 541,7	3 022,7	1 226,5	**8 790,9**	822,6	514,3	3 325,9	**4 662,8**	**13 453,7**
2015									
Revenue	4 144,1	3 003,5	1 101,3	**8 248,9**	783,0	538,8	3 101,3	**4 423,1**	**12 672,0**

Reconciliation of segment assets and liabilities

The reconciliation of total segment assets with total Group assets breaks down as follows:

In Million Euros	2016	2015
Goodwill	5 538,6	6 043,5
Other intangible assets	11 463,6	11 343,0
Tangible assets	3 264,2	3 126,1
Other non-current assets	67,7	81,2
Inventories	2 601,4	2 386,6
Trade receivables	2 059,9	2 675,9
Other current assets	803,8	777,0
Segment assets	**25 799,1**	**26 433,3**
Investments in associates	311,2	237,7
Non-current financial assets	531,9	503,4
Deferred tax assets	1 047,7	984,4
Current tax receivables	173,9	154,3
Other current financial assets	336,1	327,3
Derivatives	122,6	72,0
Cash and cash equivalents	1 305,8	1 671,0
Assets classified as held for sale	-	-
Total assets	**29 628,3**	**30 383,4**

The reconciliation of total sector liabilities with total Group liabilities breaks down as follows:

In Million Euros	2016	2015
Deferred tax liabilities on brands	2 739,1	2 742,1
Trade payables	2 191,6	2 462,7
Other non-current liabilities	8,3	4,4
Other current liabilities	2 017,6	1 907,0
Segment liabilities	**6 956,6**	**7 116,2**
Shareholders' equity	10 805,2	11 154,1
Long-term borrowings	8 604,4	8 299,2
Non-current derivatives	19,6	14,8
Non-current provisions	299,3	311,1
Other deferred tax liabilities	129,2	146,1
Short-term borrowings	2 112,4	2 684,4
Current derivatives	132,1	77,8
Current provisions	153,0	167,5
Current tax liabilities	416,5	412,2
Liabilities associated with assets classified as held for sale	-	-
Total liabilities	**29 628,3**	**30 383,4**

28- EXPOSURE TO MARKET RISKS AND FINANCIAL INSTRUMENTS

28-1 Management of foreign exchange and interest rate risks

The Group uses a variety of financial instruments to reduce its exposure to currency and interest rate risks. The instruments are either listed in organised market or traded over the counter with highly rated counterparties.

The interest rate and foreign exchange derivatives are recognised in the balance sheet at their market value. The market value was supplied by financial institutions involved in the transactions or calculated on the basis of standard valuation methods factoring in market conditions at year-end.

Management policy for foreign exchange risk

Currency risks are generally hedged by means of forward purchases and sales of foreign currencies and currency options.

As at December 31, 2016, the outstanding notional amounts were as follows:

In Million Euros	2016	2015
Currency forwards and currency swaps	(3,361.0)	(3,434.4)
Currency options - Tunnels	(204.2)	(55.3)
Currency options - Purchases	(90.6)	(137.2)
Currency options - Sales	-	-
Total	**(3,655.8)**	**(3,626.9)**

Management policy for interest rate risk

Interest rate risks are hedged mainly by means of swap and options.

As at December 31, 2016, the outstanding notional amounts were as follows:

In Million Euros	2016	2015
Swaps fixed rate lender	400,0	500,0
Swaps fixed rate borrower	2 122,9	1 819,6
Other interest rate instruments	-	100,0
Total	**2 522,9**	**2 419,6**

Euro million		2017	2018	2019	2020	beyond
Swaps fixed rate lender	400,0	400,0	-	-	-	-
Swaps fixed rate borrower	2 122,9	-	500,0	220,0	542,3	860,6
Total	**2 522,9**	**400,0**	**500,0**	**220,0**	**542,3**	**860,6**

Analysis of sensitivity to interest rate risk

Given the information on liabilities detailed in note 17 “Borrowings” and the breakdown between fixed rate and floating rate after the impact of derivative instruments, a 50 basis point instantaneous increase or decrease in interests rates would have a full-year impact of € 18.7 million on Group consolidated net income before tax, excluding fair value adjustments in respect of derivative instruments not qualifying for hedge accounting, as at December 31, 2016.

As of December 31, 2015, the impact was estimated to € 17.6 million for a 50 basis point instantaneous change in interest rates.

The change of 50 basis points is considered consistent with the relevant interest rate levels observed at year-end.

28-2 Management of other market risks

Management of liquidity risk

Liquidity risk is closely monitored by the parent company or its subsidiaries with the help of company financial reporting procedures.

The Group optimizes its liquidity management through:

- diversifying its source of financing: issuance in the short term securities market and issuance in the bond market. The Group holds confirmed lines of credit including not yet drawn amounts with first class counterparties,
- maturity analysis: debt maturities are spread consistently over the next years,
- liquidity of investments: cash equivalent include mutual funds (OPCVM), negotiable debt securities and fixed term deposits of less than 3 months,
- management of covenants: confirmed lines of credit are subject to standard commitment and default clauses negotiated with each of its counterparties. The Group was in compliance with all these clauses as at December 31, 2016 and there is no likely risk of default.

Management of credit risk

The Group uses derivatives instruments solely to reduce its overall exposure to foreign exchange and interest rate risk and stock market fluctuations arising in the normal course of business. All transactions involving derivatives are carried out on organised markets or over-the-counter with leading firms and do not carry any counterparty risk.

The Group has a large number of customers in a wide range of business segments and is therefore not exposed to any concentration of credit risk on its receivables. Generally, the Group considers that it is not exposed to any specific credit risk.

28-3 Fair value hierarchy

The Group has identified three financial instrument categories based on the two valuation methods used (listed prices and valuation techniques). In accordance with international accountings standards, this classification is used as a basic for presenting the characteristics of financial instruments recognised in the statement of financial position at fair value through income at the end of the reporting period:

Level 1: financial instruments quoted on an active market;

Level 2: financial instruments whose fair value is determined using valuation techniques drawing on observable markets inputs;

Level 3: financial instruments whose fair value is determined using valuation techniques drawing on non-observable inputs (inputs whose value is the result of assumptions not based on prices of observable market transactions for the same instrument or from observable market data available at the end of the reporting period) or inputs which are only partly observable.

The following table does not include financial instruments entered in the balance sheet at their amortised cost, consisting essentially of bank debts, supplier debts, client receivables and cash.

In Million Euros	2016	Fair value hierarchy		
		Level 1	Level 2	Level 3
Non Current assets				
Non current financial assets	171.1	29.4	1.0	140.7
Current assets				
Current financial assets	177.7	-	177.7	-
Cash and cash equivalents	159.6	149.8	9.8	-
Total assets	**508.4**	**179.2**	**188.5**	**140.7**
Non Current liabilities				
Long-term borrowings	95.3	95.3	-	-
Other non-current liabilities and derivatives	27.9	-	27.9	-
Current liabilities				
Other current liabilities and derivatives	132.5	-	132.5	-
Total liabilities	**255.8**	95.3	**160.4**	-

In Million Euros	2015	Fair value hierarchy		
		Level 1	Level 2	Level 3
Non Current assets				
Non current financial assets	186.5	29.0	0.9	156.6
Current assets				
Current financial assets	-	-	-	-
Cash and cash equivalents	469.2	323.1	146.1	-
Total assets	**655.7**	**352.1**	**147.0**	**156.6**
Non Current liabilities				
Long-term borrowings	360.9	360.9	-	-
Other non-current liabilities and derivatives	14.8	-	14.8	-
Current liabilities				
Other current liabilities and derivatives	47.7	-	47.7	-
Total liabilities	**423.4**	360.9	**62.5**	-

29- OFF-BALANCE SHEET COMMITMENTS

Commitments given are broken down as follows:

In Million Euros	Pledged assets and collateral	Guarantees and endorsements	Other commitments given	Total
Commitments 2015	**2,352.7**	**419.4**	**4,707.8**	**7,479.9**
Banks, credit institutions	2,373.5	313.7	-	2,687.2
Customs duties	-	42.8	-	42.8
Simple leasing contracts	-	-	3,863.6	3,863.6
Vendor warranties	-	-	306.6	306.6
Others	-	29.2	904.4	933.6
Commitments 2016	**2,373.5**	**385.7**	**5,074.6**	**7,833.9**

30- REMUNERATION

The total gross direct and indirect remuneration received from French and foreign companies in 2016 totalled € 3,777,673 for corporate officers and directors.

The value of multi-annual variable remuneration granted during the year in 2016 totalled € 1,092,633 for board members (managers).

31- NUMBER OF EMPLOYEES

The average number of employees within fully-consolidated companies was 38,737 in 2016, versus 37,599 in 2015.

32- STATUTORY AUDITORS FEES

Fees paid by the Group to the statutory auditors and members of their organisation network in 2016 are shown below:

In Thousand Euros	2016			
	KPMG		E &Y	
Certification and half-year limited review of the individual and consolidated financial statements				
- Issuer	68.0	0.93%	35.0	2.52%
- Fully-consolidated subsidiaries	6,237.0	85.68%	144.0	10.38%
Sub-total	**6,305.0**	**86.62%**	**179.0**	**12.90%**
Services other than certification of financial statements				
- Issuer	-	0.00%	-	0.00%
- Fully-consolidated subsidiaries	974.0	13.38%	1,208.1	87.10%
Sub-total	**974.0**	**13.38%**	**1,208.1**	**87.10%**
TOTAL	**7,279.0**	**100.00%**	**1,387.1**	**100.00%**

YSL VENTES PRIVEES FRANCE SAS	F	40,88	F	40,89	YSL VENTES PRIVEES Fra
YVES SAINT LAURENT BOUTIQUE FRANCE SAS	F	40,88	F	40,89	YVES SAINT LAURENT BO
YVES SAINT LAURENT PARFUMS SAS	F	40,88	F	40,89	YVES SAINT LAURENT PA
YVES SAINT LAURENT SAS	F	40,88	F	40,89	YVES SAINT LAURENT SA
Germany					Al
BALENCIAGA GERMANY GMBH	F	40,88		Creation	BALENCIAGA GERMANY G
BOTTEGA VENETA GERMANY GMBH	F	40,88	F	40,89	BOTTEGA VENETA GERM
BRIONI GERMANY GMBH	F	40,88		Creation	BRIONI GERMANY GMBH
DODO DEUTSCHLAND GMBH	F	33,11	F	33,12	DODO DEUTSCHLAND Gmb
GG LUXURY GOODS GMBH	F	40,88	F	40,89	GG LUXURY GOODS Gmb
POMELLATO DEUTSCHLAND GMBH	F	33,11	F	33,12	POMELLATO DEUTSCHLAND
TRADEMA GMBH	F	40,88	F	40,89	TRADEMA GmbH
KERING WATCHES LUXURY DIVISION GmbH	F	40,88	F	40,89	KERING WATCHES LUXU
YVES SAINT LAURENT GERMANY GMBH	F	40,88	F	40,89	YVES SAINT LAURENT GE
South Africa					Afriq
GG LUXURY RETAIL SOUTH AFRICA PTE LTD	F	25,34	F	25,35	GG LUXURY RETA
Aruba					A
GEMINI ARUBA NV	F	40,88	F	40,89	GEMINI ARUBA NV
Australia					A
BOTTEGA VENETA AUSTRALIA PTY LTD	F	40,88	F	40,89	BOTTEGA VENETA AUST
GUCCI AUSTRALIA PTY LTD	F	40,88	F	40,89	GUCCI AUSTRALIA PTY L
SAINT LAURENT AUSTRALIA PTY LTD	F	40,88		Creation	SAINT LAURENT AUSTRA
Austria					A
ALEXANDER McQUEEN GMBH	F	40,88	F	40,89	ALEXANDER McQUEEN G
BOTTEGA VENETA AUSTRIA GMBH	F	40,88	F	40,89	BOTTEGA VENETA AUSTRIA
BRIONI AUSTRIA GMBH	F	40,88	F	40,89	BRIONI AUSTRIA GMBH
GUCCI AUSTRIA GMBH	F	40,88	F	40,89	GUCCI AUSTRIA GmbH
YVES SAINT LAURENT AUSTRIA GMBH	F	40,88	F	40,89	YVES SAINT LAURENT AUS
Bahrein					B
FLORENCE 1921 WLL	F	20,03	F	20,03	FLORENCE 1921 WLL
Belgium					B
GUCCI BELGIUM SA	F	40,88	F	40,89	GUCCI BELGIUM SA
Brazil					B
BOTTEGA VENETA HOLDING LTDA	F	40,88	F	40,89	BOTTEGA VENETA HOLD
GUCCI BRAZIL IMPORTACAO E EXPORTACAO LTDA	F	40,88	F	40,89	GUCCI BRAZIL IMPORTAC
SAINT LAURENT BRASIL IMPORTACAO E EXPORTACAO LTDA	F	40,88	F	40,89	**SAINT LAURENT BRASIL**
Canada					C
G. BOUTIQUES INC	F	40,88	F	40,89	G. BOUTIQUES INC
SAINT LAURENT CANADA BOUTIQUES INC	F	40,88		Creation	SAINT LAURENT CANADA
Chile					
LUXURY GOODS CHILE SPA	F	20,85	F	20,85	**Luxury Goods Chile SpA**
China					
1921 (SHANGHAI) RESTAURANT LTD	F	40,88	F	40,89	1921 (SHANGHAI) RESTA
ALEXANDER McQUEEN (HONG KONG) LTD	F	40,88	F	40,89	ALEXANDER McQUEEN (
ALEXANDER McQUEEN (MACAU) LTD	F	40,88	F	40,89	ALEXANDER McQ
ALEXANDER McQUEEN (SHANGAI) TRADING LTD	F	40,88	F	40,89	ALEXANDER McQUEEN (SH
BALENCIAGA ASIA PACIFIC LTD	F	40,88	F	40,89	BALENCIAGA ASIA PACIF
BALENCIAGA FASHION SHANGAI CO LTD	F	40,88	F	40,89	BALENCIAGA FASHION S
BALENCIAGA MACAU LTD	F	40,88	F	40,89	BALENCIAGA MAC
BOTTEGA VENETA (CHINA) TRADING LTD	F	40,88	F	40,89	BOTTEGA VENETA
BOTTEGA VENETA HONG KONG LTD	F	40,88	F	40,89	BOTTEGA VENETA HONG
BOTTEGA VENETA MACAU LTD	F	40,88	F	40,89	BOTTEGA VENETA MACA
BOUCHERON (SHANGHAI) TRADING LTD	F	40,88		Creation	BOUCHERON (SHANGHA
BOUCHERON HONG KONG LTD	F	40,88	F	40,89	BOUCHERON HONG KONG
BRIONI HONG KONG LTD	F	40,88	F	40,89	BRIONI HONG KON
BRIONI (SHANGAI) TRADING LTD	F	40,88	F	40,89	BRIONI (SHANGAI) TRAD
BRIONI MACAU LTD	F	40,88	F	40,89	**BRIONI MACAU LTD**
GUCCI (CHINA) TRADING LTD	F	40,88	F	40,89	GUCCI (CHINA) TRADING
GUCCI (HONG KONG) LTD	F	40,88	F	40,89	GUCCI (HONG KONG) LT
GUCCI ASIA COMPANY LTD	F	40,88	F	40,89	GUCCI ASIA COMPANY LTD
GUCCI MACAU LTD	F	40,88	F	40,89	GUCCI MACAU LTD
GUCCI WATCHES MARKETING CONSULTING (SHANGHAI) LTD	F	40,88	F	40,89	GUCCI WATCHES
LGI (SHANGHAI) ENTERPRISE MANAGEMENT LTD	F	40,88	F	40,89	LGI (SHANGHAI) E
LUXURY TIMEPIECES (HONG KONG) LTD	F	40,88	F	40,89	LUXURY TIMEPIECES (H
MOVEN INTERNATIONAL LTD	F	40,88	F	40,89	MOVEN INTERNA
POMELLATO CHINA LTD	F	33,11	F	33,12	POMELLATO CHINA LTD
POMELLATO PACIFIC LTD	F	33,11	F	33,12	POMELLATO PACIFIC LTD
POMELLATO SHANGAI CO LTD	F	33,11	F	33,12	POMELLATO SHANGAI CO
QEELIN LTD	F	40,88	F	40,89	QEELIN LTD
QEELIN MACAU LTD	F	40,88	F	40,89	**QEELIN MACAU LTD**
QEELIN TRADING (SHANGAI) CO LTD	F	40,88	F	40,89	QEELIN TRADING (SHANG
SOWIND ASIA LTD	F	40,88	F	40,89	SOWIND ASIA LTD
STELLA McCARTNEY (SHANGHAI) TRADING LTD	F	20,44	F	20,44	STELLA McCARTNEY (SH
STELLA McCARTNEY HONG KONG LTD	F	20,44		Creation	STELLA McCARTNEY HO
ULYSSE NARDIN (ASIA PACIFIC) LTD	F	40,88	F	40,89	ULYSSE NARDIN (
YVES SAINT LAURENT (HONG KONG) LTD	F	40,88	F	40,89	YVES SAINT LAUR
YVES SAINT LAURENT (SHANGHAI) TRADING LTD	F	40,88	F	40,89	YVES SAINT LAURENT (S
YVES SAINT LAURENT MACAU LTD	F	40,88	F	40,89	YVES SAINT LAURENT MAC
Korea					
BALENCIAGA KOREA LTD	F	40,88	F	40,89	BALENCIAGA KOREA LTD
BOTTEGA VENETA KOREA LTD	F	40,88	F	40,89	BOTTEGA VENETA KORE
BOUCHERON KOREA LTD	F	40,88	F	40,89	BOUCHERON KOREA LTD
GUCCI KOREA LTD	F	40,88	F	40,89	GUCCI KOREA Ltd
YVES SAINT LAURENT KOREA LTD	F	40,88	F	40,89	YVES SAINT LAUR
United Arab Emirates					Emirats
ATELIER LUXURY GULF LLC	F	20,03	F	20,03	ATELIER LUXURY GULF
LUXURY FASHION GULF LLC	F	20,03	F	20,03	LUXURY FASHION GULF LL
LUXURY GOODS GULF LLC	F	20,03	F	20,03	LUXURY GOODS GULF L
Spain					E
BALENCIAGA SPAIN SL	F	40,88	F	40,89	BALENCIAGA SPA

United Kingdom					Grand
ALEXANDER McQUEEN TRADING LTD	F	40,88	F	40,89	ALEXANDER McQUEEN T
AUTUMNPAPER LTD	F	40,88	F	40,89	AUTUMNPAPER LTD
BALENCIAGA UK LTD	F	40,88	F	40,89	BALENCIAGA UK Ltd
BIRDSWAN SOLUTIONS LTD	F	40,88	F	40,89	BIRDSWAN SOLUTIONS L
BOTTEGA VENETA UK CO LTD	F	40,88	F	40,89	BOTTEGA VENETA UK CO
BOUCHERON UK LTD	F	40,88	F	40,89	BOUCHERON UK Ltd
BRIONI UK LTD	F	40,88	F	40,89	BRIONI UK Ltd
CHRISTOPHER KANE LTD	F	32,70	F	32,71	CHRISTOPHER KANE Ltd*
DODO UK LTD	F	33,11	F	33,12	DODO UK LTD
GUCCI LTD	F	40,88	F	40,89	GUCCI LTD
LUXURY TIMEPIECES UK LTD	F	40,88	F	40,89	LUXURY TIMEPIECES UK
LUXURY TIMEPIECES & JEWELLERY OUTLETS LTD	F	40,88		Creation	Luxury Timepieces & Jewe
PAINTGATE LTD	F	40,88	F	40,89	PAINTGATE LTD
POMELLATO UK LTD	F	33,11	F	33,12	POMELLATO UK LTD
QEELIN UK LTD	F	40,88	F	40,89	QEELIN UK LTD
STELLA McCARTNEY LTD	F	20,44	F	20,44	STELLA McCARTNEY Ltd
YVES SAINT LAURENT UK LTD	F	40,88	F	40,89	YVES SAINT LAURENT U
Greece					
LUXURY GOODS GREECE AE	F	40,79	F	38,74	LUXURY GOODS GREECI
Guam					
BOTTEGA VENETA GUAM INC	F	40,88	F	40,89	BOTTEGA VENETA GUAM
GUCCI GROUP GUAM INC	F	40,88	F	40,89	GUCCI GROUP GUAM INC
Hungary					
GUCCI HUNGARY KFT	F	40,88	F	40,89	GUCCI Hungary KFT
India					
GUCCI INDIA PRIVATE LTD	F	40,88	F	40,89	GUCCI INDIA PRIVATE LT
LUXURY GOODS RETAIL PRIVATE LTD LGR	F	20,85	F	20,85	LUXURY GOODS RETAIL
Ireland					
GUCCI IRELAND LTD	F	40,88	F	40,89	GUCCI IRELAND LTD
Italy					
ALEXANDER MCQUEEN ITALIA SRL	F	40,88	F	40,89	ALEXANDER McQUEEN ITA
ARDORA SRL	F	40,88	F	40,89	ARDORA SRL
BALENCIAGA LOGISTICA SRL	F	40,88	F	40,89	BALENCIAGA LOGISTICA
BALENCIAGA RETAIL ITALIA SRL	F	40,88	F	40,89	BALENCIAGA RETAIL IT
B.V. CALZATURE SRL	F	40,88	F	40,89	BV CALZATURE SRL
B.V. ITALIA SRL	F	40,88	F	40,89	BV ITALIA SRL
B.V. OUTLET SRL		Merger	F	40,89	BV Outlet SRL
B.V. SERVIZI SRL	F	40,88	F	40,89	BV SERVIZI SRL
BOTTEGA VENETA SRL	F	40,88	F	40,89	BOTTEGA VENETA SRL
BRIONI OUTLET SRL	F	40,88	F	40,89	BRIONI OUTLET SRL
BRIONI RETAIL ITALIA SRL	F	40,88	F	40,89	BRIONI RETAIL ITALIA SI
BRIONI RETAIL SRL	F	40,88	F	40,89	BRIONI RETAIL SRL
BRIONI SPA	F	40,88	F	40,89	BRIONI SPA
CALZATURIFICIO CREST SRL	F	40,88	F	40,89	CALZATURIFICIO CREST
CALZATURIFICIO FLORA SRL	F	40,88	F	40,89	CALZATURIFICIO FLORA
CAPRI GROUP SRL		Merger	F	40,89	CAPRI GROUP SRL
CARAVEL PELLI PREGIATE SPA	F	40,88	F	40,89	CARAVEL PELLI PREGIA
CHRISTOPHER KANE SRL	F	32,70	F	32,71	CHRISTOPHER KANE Sr
CONCERIA BLUTONIC SPA	F	20,85	F	20,85	CONCERIA BLUTONIC SI
DESIGN MANAGEMENT SRL	F	40,88	F	40,89	DESIGN MANAGEMENT S
DESIGN MANAGEMENT 2 SRL	F	40,88		Creation	DESIGN MANAGEMENT 2
E_LITE SPA	F	20,85	F	20,85	E_LITE SPA
G. COMMERCE EUROPE SPA	F	40,88	F	40,89	G COMMERCE EUROPE
GF LOGISTICA SRL	F	40,88	F	40,89	GF LOGISTICA SRL
GF SERVICES SRL	F	40,88	F	40,89	GF SERVICES SRL
GARPE SRL	F	40,88	F	40,89	GARPE SRL
GAUGUIN SRL	F	40,88	F	40,89	GAUGUIN SRL
GGW ITALIA SRL	F	40,88	F	40,89	GGW ITALIA SRL
GJP SRL	F	40,88	F	40,89	GJP SRL
GPA SRL	F	40,88	F	40,89	GPA SRL
GT SRL	F	40,88	F	40,89	GT SRL
GUCCI IMMOBILLARE LECCIO SRL	F	40,88	F	40,89	GUCCI IMMOBILLARE LE
GUCCI LOGISTICA SPA	F	40,88	F	40,89	GUCCI LOGISTICA SPA
GUCCIO GUCCI SPA	F	40,88	F	40,89	GUCCIO GUCCI SPA
LGM SRL	F	29,96	F	20,85	LGM SRL
LUXURY GOODS ITALIA SPA	F	40,88	F	40,89	LUXURY GOODS ITALIA
LUXURY GOODS OUTLET SRL	F	40,88	F	40,89	LUXURY GOODS OUTLE
MANIFATTURA VENETA PELLETERIE SRL	F	40,88	F	40,89	MANIFATTURA VENETA
PIGINI SRL	F	40,88	F	40,89	PIGINI SRL
POMELLATO EUROPA SPA	F	33,11	F	33,12	POMELLATO EUROPA SPA
POMELLATO SPA	F	33,11	F	33,12	POMELLATO SPA
ROMAN STYLE SPA	F	40,88	F	40,89	ROMAN STYLE SPA
SFORZA SRL	F	40,88	F	40,89	SFORZA SRL
SL LUXURY RETAIL SRL	F	40,88	F	40,89	SL Luxury Retail SRL
SOWIND ITALIA SRL	F	40,88	F	40,89	SOWIND ITALIA SRL
STELLA McCARTNEY ITALIA SRL	F	20,44	F	20,44	STELLA McCARTNEY ITA
THE MALL SRL	F	40,88	F	40,89	THE MALL SRL
TIGER FLEX SRL	F	40,88	F	40,89	TIGER FLEX SRL
ULYSSE NARDIN ITALIA SRL	F	40,88	F	40,89	ULYSSE NARDIN
YVES SAINT LAURENT DEVELOPMENT SRL	F	40,88	F	40,89	YVES SAINT LAURENT D
YSL LOGISTICA SRL	F	40,88	F	40,89	YSL LOGISTICA SRL
Japan					
BALENCIAGA JAPAN LTD	F	40,88	F	40,89	BALENCIAGA JAPAN LTD
BOTTEGA VENETA JAPAN LTD	F	40,88	F	40,89	BOTTEGA VENETA JAPA
BOUCHERON JAPAN LTD	F	40,88	F	40,89	BOUCHERON JAPAN LT
BRIONI JAPAN & CO LTD	F	40,88	F	40,89	BRIONI JAPAN & CO LTD
E_LITE JAPAN LTD	F	20,85	F	20,85	E_LITE JAPAN LTD*
LUXURY TIMEPIECES JAPAN LTD	F	40,88	F	40,89	LUXURY TIMEPIECES JA
POMELLATO JAPAN CO LTD	F	33,11	F	33,12	POMELLATO JAPAN CO LT

ULYSSE NARDIN MONGOLIA LLC	E	20,44	E	20,44
New Zealand				
GUCCI NEW ZEALAND LTD	F	40,88	F	40,89
Panama				
LUXURY GOODS PANAMA S de RL	F	20,85	F	20,85
Netherlands				
BOTTEGA VENETA HOLDING BV	F	40,88	F	40,89
G. DISTRIBUTION BV	F	40,88	F	40,89
GG MIDDLE EAST BV	F	40,88	F	40,89
GG OTHER TERRITORIES BV	F	40,88	F	40,89
GUCCI NETHERLANDS BV	F	40,88	F	40,89
KERING ASIAN HOLDING BV	F	40,88	F	40,89
OLIMA BV		Liquidation	F	40,89
Qatar				
SAINT LAURENT PARIS LLC	F	9,81	F	9,81
LUXURY GOODS QATAR LLC	F	20,03	F	20,03
Czech Republic				
BRIONI CZECH REPUBLIC SRO	F	40,88	F	40,89
LUXURY GOODS CZECH REBUBLIC SRO	F	40,88	F	40,89
Russia				
BOUCHERON RUSSIA OOO	F	40,88		Creation
GUCCI RUS OOO	F	40,88	F	40,89
ULYSSE NARDIN RUSSIA LLC	F	40,88	F	40,89
Serbia				
LUXURY TANNERY DOO	F	20,85	F	20,85
Singapore				
ALEXANDER McQUEEN (SINGAPORE) PTE LTD	F	40,88	F	40,89
BOTTEGA VENETA SINGAPORE PRIVATE LTD	F	40,88	F	40,89
GUCCI SINGAPORE PTE LTD	F	40,88	F	40,89
SAINT LAURENT (SINGAPORE) PTE LTD	F	40,88	F	40,89
Sweden				
GUCCI SWEDEN AB		Disposal	F	40,89
Switzerland				
BOTTEGA VENETA SA	F	40,88	F	40,89
BOUCHERON (SUISSE) SA	F	40,88	F	40,89
BRIONI SWITZERLAND SA	F	40,88	F	40,89
DONZE CADRANS SA	F	40,88	F	40,89
FABBRICA QUADRANTI SA	F	20,85	F	20,85
GT SILK SA	F	31,07	F	31,07
LUXURY FASHION SA	F	20,44	F	20,44
LUXURY GOODS INTERNATIONAL SA	F	40,88	F	40,89
LUXURY GOODS OUTLETS EUROPE SAGL	F	40,88	F	40,89
OCHS UND JUNIOR AG	E	13,41	E	13,41
SIGATEC SA	E	20,44	E	20,44
SOWIND GROUP SA	F	40,88	F	40,89
SOWIND SA	F	40,88	F	40,89
THE MALL LUXURY OUTLET SA	F	40,88	F	40,89
ULYSSE NARDIN LE LOCLE SA	F	40,88	F	40,89
UNCA SA	E	20,44	E	20,44
Taiwan				
BOUCHERON TAIWAN CO LTD	F	40,88	F	40,89
GUCCI GROUP WATCHES TAIWAN LTD	F	40,88	F	40,89
ULYSSE NARDIN (TAIWAN) LTD	F	40,88	F	40,89
Thailand				
CLOSED-CYCLE BREEDING INTERNATIONAL LTD	F	19,62	F	19,63
G. OPERATIONS FRASEC LTD	F	20,03	F	20,03
GUCCI (THAILAND) CO LTD	F	40,88	F	40,89
SAINT LAURENT (THAILAND) CO	F	40,88	F	40,89
Turkey				
POMELLATO MUCEVHERAT VE AKSESUAR DAGITIM VE TICARET LTD SIRKETI	F	33,11	F	33,12
Vietnam				
GUCCI VIETNAM CO LTD	F	40,88	F	40,89

SPORT & LIFESTYLE

PUMA				
PUMA SE (Germany)	F	35,08	F	35,08
France				
DOBOTEX FRANCE SAS	F	35,08	F	35,08
PUMA FRANCE SAS	F	35,08	F	35,08
South Africa				
PUMA SPORTS DISTRIBUTORS PTY LTD	F	35,08	F	35,08
PUMA SPORTS SA	F	35,08	F	35,08
Germany				
DOBOTEX DEUTSCHLAND GMBH	F	35,08	F	35,08
PUMA EUROPE GMBH	F	35,08	F	35,08
PUMA INTERNATIONAL TRADING GMBH	F	35,08	F	35,08
PUMA MOSTRO GMBH	F	35,08	F	35,08
PUMA SPRINT GMBH	F	35,08	F	35,08
PUMA VERTRIEB GMBH	F	35,08	F	35,08
Argentina				
UNISOL SA	F	35,08	F	35,08
Australia				
KALOLA PTY LTD	F	35,08	F	35,08
PUMA AUSTRALIA PTY LTD	F	35,08	F	35,08
WHITE DIAMOND AUSTRALIA PTY LTD	F	35,08	F	35,08
WHITE DIAMOND PROPERTIES PTY LTD	F	35,08	F	35,08
Austria				
AUSTRIA PUMA DASSLER GES MBH	F	35,08	F	35,08
DOBOTEX AUSTRIA GMBH	F	35,08	F	35,08

PUMA ESTONIA OU	F	35,08	F	35,08
United States				
BRANDON USA INC		Disposal	F	35,08
COBRA GOLF INC	F	35,08	F	35,08
JANED LLC	F	17,89	F	17,89
PUMA KIDS APPAREL NORTH AMERICA LLC	F	17,89	F	17,89
PUMA NORTH AMERICA INC	F	35,08	F	35,08
PUMA SUEDE HOLDING INC	F	35,08	F	35,08
PUMA ACCESSORIES NORTH AMERICA LLC	F	29,81	F	29,82
Finland				
BRANDON OY		Disposal	F	35,08
PUMA FINLAND OY	F	35,08	F	35,08
United Kingdom				
ADMIRAL TEAMSPORTS LTD	F	35,08		Creation
DOBOTEX UK LTD	F	35,08	F	35,08
BRANDED SPORTS MERCHANDISING UK LTD	F	35,08	F	35,08
GENESIS GROUP INTERNATIONAL LTD	F	35,08		Creation
PUMA PREMIER LTD	F	35,08	F	35,08
PUMA UNITED KINGDOM LTD	F	35,08	F	35,08
Greece				
PUMA HELLAS SA	F	35,08	F	35,08
Hong Kong				
BRANDON HONG KONG LTD		Disposal	F	35,08
DEVELOPMENT SERVICES LTD	F	35,08	F	35,08
DOBOTEX LTD	F	35,08	F	35,08
PUMA ASIA PACIFIC LTD	F	35,08	F	35,08
PUMA HONG KONG LTD	F	35,08	F	35,08
PUMA INTERNATIONAL TRADING SERVICES LTD	F	35,08	F	35,08
WORLD CAT LTD	F	35,08	F	35,08
British Virgin Islands				
LIBERTY CHINA HOLDING LTD	F	35,08	F	35,08
India				
PUMA INDIA CORPORATE SERVICES PVT LTD	F	35,08	F	35,08
PUMA SPORTS INDIA PVT LTD	F	35,08	F	35,08
WORLD CAT SOURCING INDIA LTD	F	35,08	F	35,08
Indonesia				
PT PUMA CAT INDONESIA	F	35,08	F	35,08
Israel				
PUMA SPORT ISRAEL LTD	F	35,08	F	35,08
Italy				
DOBOTEX ITALIA SRL	F	35,08	F	35,08
PUMA ITALIA SRL	F	35,08	F	35,08
Japan				
PUMA JAPAN KK	F	35,08	F	35,08
Lituania				
PUMA BALTIC UAB		Liquidation	F	35,08
Malaysia				
PUMA SPORTS GOODS SDN BHD	F	35,08	F	35,08
Malta				
PUMA MALTA LTD	F	35,08	F	35,08
PUMA RACING LTD	F	35,08	F	35,08
Mexico				
DOBOTEX DE MEXICO SA DE CV	F	35,08	F	35,08
IMPORTATIONES BRAND PLUS LICENSING SA DE CV	F	35,08	F	35,08
IMPORTACIONES RDS SA DE CV	F	35,08	F	35,08
PUMA MEXICO SPORT SA DE CV	F	35,08	F	35,08
SERVICIOS PROFESIONALES RDS SA DE CV	F	35,08	F	35,08
Norway				
PUMA NORWAY AS	F	35,08	F	35,08
New Zealand				
PUMA NEW ZEALAND LTD	F	35,08	F	35,08
Netherlands				
BRAND PLUS LICENSING BV	F	35,08	F	35,08
BRANDED SPORTS MERCHANDISING BV	F	35,08	F	35,08
DOBO LOGIC BV	F	35,08	F	35,08
DOBOTEX BV	F	35,08	F	35,08
DOBOTEX INTERNATIONAL BV	F	35,08	F	35,08
DOBOTEX LICENSING HOLDING BV	F	35,08	F	35,08
PUMA BENELUX BV	F	35,08	F	35,08
PUMA INTERNATIONAL SPORTS MARKETING BV	F	35,08	F	35,08
Peru				
DISTRUIBUIDORA DEPORTIVA PUMA SAC	F	35,08	F	35,08
DISTRUIBUIDORA DEPORTIVA PUMA TACNA SAC	F	35,08	F	35,08
PUMA RETAIL PERU SAC	F	35,08	F	35,08
Philippines				
PUMA INFORMATION TECHNOLOGY SERVICES PHILIPPINES COMPANY LTD INC	F	35,08		Creation
Poland				
PUMA POLSKA SPOLKA ZOO	F	35,08	F	35,08
Czech Republic				
PUMA CZECH REPUBLIC SRO	F	35,08	F	35,08
Romania				
PUMA SPORT ROMANIA SRL	F	35,08	F	35,08
Russia				
PUMA-RUS LTD	F	35,08	F	35,08
Singapore				
PUMA SPORTS SEA TRADING PTE LTD	F	35,08	F	35,08
PUMA SEA HOLDING PTE LTD	F	35,08	F	35,08
Slovakia				
PUMA SLOVAKIA SRO	F	35,08	F	35,08
Sweden				

PUMA ESTONIA OU
Eta
BRANDON USA INC
COBRA GOLF INC
JANED LLC
PUMA KIDS APPAREL NO
PUMA NORTH AMERICA I
PUMA SUEDE HOLDING IN
PUMA ACCESSORIES NO
Fi
BRANDON OY
PUMA FINLAND OY
Grand
ADMIRAL TEAMSPORTS
DOBOTEX UK LTD
BRANDED SPORTS MERC
GENESIS GROUP INTERN
PUMA PREMIER LTD
PUMA UNITED KINGDOM
PUMA HELLAS SA
Ho
BRANDON HONG KONG L
DEVELOPMENT SERVICES
DOBOTEX LTD
PUMA ASIA PACIFIC LTD
PUMA HONG KONG LTD
PUMA INTERNATI
WORLD CAT LTD
Iles Vierg
LIBERTY CHINA HOLDING
PUMA INDIA CORPORATE
PUMA SPORTS INDIA PVT
WORLD CAT SOURCING I
In
PT PUMA CAT INDONESIA
PUMA SPORT ISRAEL LTD
DOBOTEX ITALIA SRL
PUMA ITALIA SRL
PUMA JAPAN KK
L
PUMA BALTIC UAB
M
PUMA SPORTS GOODS SD
PUMA MALTA LTD
PUMA RACING LTD
M
DOBOTEX DE MEXICO SA
IMPORTATIONES BRAND
IMPORTACIONES RDS SA
PUMA MEXICO SPORT SA
SERVICIOS PROFESIONAL
N
PUMA NORWAY AS
Nouve
PUMA NEW ZEALAND LT
Pa
BRAND PLUS LICENSING
BRANDED SPORTS MER
DOBO LOGIC BV
DOBOTEX BV
DOBOTEX INTERNATION
DOBOTEX LICENSING HO
PUMA BENELUX BV
PUMA INTERNATIONAL SP
DISTRUIBUIDORA DEPOR
DISTRUIBUIDORA DEPOR
PUMA RETAIL PERU SAC
Ph
PUMA Information Techno
P
PUMA POLSKA SPOLKA Z
Républi
PUMA CZECH REPUBLIC S
Ro
PUMA SPORT ROMANIA S
PUMA-RUS Ltd
Si
PUMA Sports SEA Trading
PUMA SEA Holding Pte LT
Sl
PUMA SLOVAKIA SRO

VOLCOM DISTRIBUTION SPAIN SL	F	40,88	F	40,89
United States				
ELECTRIC VISUAL EVOLUTION LLC		Disposal	F	40,89
LS&S RETAIL LLC	F	40,88	F	40,89
VOLCOM RETAIL LLC	F	40,88	F	40,89
VOLCOM RETAIL OUTLET LLC	F	40,88	F	40,89
France				
ELECTRIC EUROPE SARL		Disposal	F	40,89
VOLCOM RETAIL FRANCE	F	40,88	F	40,89
VOLCOM SAS	F	40,88	F	40,89
United Kingdom				
VOLCOM DISTRIBUTION (UK) LTD	F	40,88	F	40,89
VOLCOM RETAIL (UK) LTD	F	40,88	F	40,89
Japan				
VOLCOM JAPAN GODOGAISHIYA	F	40,88	F	40,89
Luxembourg				
VOLCOM LUXEMBOURG HOLDING SA	F	40,88	F	40,89
New Zealand				
VOLCOM NEW ZEALAND Ltd	F	40,88	F	40,89
Switzerland				
VOLCOM INTERNATIONAL SARL	F	40,88	F	40,89
WELCOM DISTRIBUTION SARL	F	40,88	F	40,89

KERING HOLDING COMPANIES AND OTHER

KERING **	**F**	**40,88%**	**F**	**40,89%**
*** Voting rights : 57.41% in 2016 and 57.39% in 2015*				
France				
CONSEIL ET ASSISTANCE	F	40,88	F	40,89
DISCODIS SAS	F	40,88	F	40,89
GG FRANCE 13 SAS	F	40,88	F	40,89
GG FRANCE 14 SAS	F	40,88	F	40,89
GG FRANCE HOLDING SAS	F	40,88	F	40,89
KERING EYEWEAR FRANCE SAS	F	32,70	F	32,71
KERING FINANCE SNC	F	40,88	F	40,89
SAPARDIS	F	40,88	F	40,89
SAPRODIS SERVICES SAS	F	40,88	F	40,89
Germany				
KERING EYEWEAR DACH GMBH	F	32,70	F	32,71
SAPARDIS DEUTSCHLAND SE	F	40,88	F	40,89
China				
GUANGZHOU KGS CORPORATE MANAGEMENT & CONSULTANCY LTD	F	40,88	F	40,89
KERING (CHINA) ENTERPRISE MANAGEMENT Ltd	F	40,88	F	40,89
KERING ASIA PACIFIC LTD	F	40,88	F	40,89
KERING EYEWEAR APAC LTD	F	32,70	F	32,71
KERING EYEWEAR SHANGHAI TRADING ENTERPRISES LTD	F	32,70	F	32,71
KERING EYEWEAR SINGAPORE PTE LTD	F	32,70	F	32,71
KERING EYEWEAR TAIWAN LTD	F	32,70		Creation
KERING HOLDING LTD	F	40,88	F	40,89
KERING SOUTH EAST ASIA PTE LTD	F	40,88	F	40,89
KGS GLOBAL MANAGEMENT SERVICES LTD	F	40,88	F	40,89
KGS SOURCING LTD	F	40,88	F	40,89
REDCATS COMMERCE ET TRADING (SHANGHAI) CO LTD	F	40,88	F	40,89
REDCATS SOURCING (SHANGAI) LTD	F	40,88	F	40,89
Korea				
KERING KOREA LTD	F	40,88	F	40,89
Spain				
KERING EYEWEAR ESPANA SA	F	32,70	F	32,71
KERING SPAIN SL	F	40,88	F	40,89
United States				
KERING AMERICAS INC	F	40,88	F	40,89
KERING EYEWEAR USA INC	F	32,70	F	32,71
United Kingdom				
KERING EYEWEAR UK LTD	F	32,70	F	32,71
KERING INTERNATIONAL LTD	F	40,88	F	40,89
KERING UK SERVICES LTD	F	40,88	F	40,89
Italy				
KERING EYEWEAR SPA	F	32,70	F	32,71
KERING ITALIA SPA	F	40,88	F	40,89
KERING OPERATIONS & SERVICES ITALIA SRL	F	40,88		Creation
KERING SERVICE ITALIA SPA	F	40,88	F	40,89
India				
KGS SOURCING INDIA PRIVATE LTD	F	40,88	F	40,89
Japan				
GUCCI YUGEN KAISHA	F	40,88	F	40,89
KERING EYEWEAR JAPAN LTD	F	32,70	F	32,71
KERING JAPAN LTD	F	40,88	F	40,89
KERING TOKYO INVESTMENT LTD	F	40,88	F	40,89
Luxembourg				
BOUCHERON LUXEMBOURG SARL	F	40,88	F	40,89
E_KERING LUX SA	F	40,88	F	40,89
KERING LUXEMBOURG SA	F	40,88	F	40,89
KERING RE	F	40,88	F	40,89
PPR DISTRI LUX SA	F	40,88	F	40,89
PPR INTERNATIONAL	F	40,88	F	40,89
Mexico				
KERING MEXICO S DE RL DE CV	F	40,88	F	40,89
Netherlands				
G. OPERATIONS BV	F	40,88	F	40,89

CHRISTIE'S IMAGES LTD	F	100,00	F	100,00
CHRISTIE'S INTERNATIONAL EUROPE LTD		Liquidation	F	100,00
CHRISTIE'S INTERNATIONAL MEDIA DIVISION LTD	F	100,00	F	100,00
CHRISTIE'S INTERNATIONAL REAL ESTATE EUROPE LTD	F	100,00	F	100,00
CHRISTIE'S OVERSEAS HOLDINGS LTD	F	100,00	F	100,00
CHRISTIE'S PRIVATE SALES HOLDINGS LTD	F	100,00	F	100,00
CHRISTIE'S PRIVATE SALES LTD	F	100,00	F	100,00
CHRISTIE'S SCOTLAND LTD	F	100,00	F	100,00
CHRISTIE'S SOUTH KENSINGTON LTD	F	100,00	F	100,00
CI PROPERTY AND INVESTMENTS LTD	F	100,00	F	100,00
FIRST PROPERTY AND INVESTMENT MANAGEMENT LTD	F	100,00	F	100,00
HALL AND KNIGHT LTD	F	100,00	F	100,00
COLLECTRIUM LIMITED (ex KING STREET FINE ART LTD)	F	100,00	F	100,00
STUDIO SMK LTD	F	100,00	F	100,00
TOPSAIL INSURANCE COMPANY LTD	F	100,00	F	100,00
Germany				
CHRISTIE'S (DEUTSCHLAND) GMBH	F	100,00	F	100,00
CHRISTIE'S AUKTIONEN GMBH	F	100,00	F	100,00
HAUNCH OF VENISON GMBH	F	100,00	F	100,00
Australia				
CHRISTIE'S AUSTRALIA PTY LTD	F	100,00	F	100,00
Austria				
CHRISTIE'S KUNSTAUKTIONEN GMBH	F	100,00	F	100,00
Belgium				
CHRISTIE'S BELGIUM SA	F	100,00	F	100,00
Brazil				
CHRISTIE'S BRASIL NEGOCIOS EM ARTE LIMITADA	F	100,00	F	100,00
Canada				
CHRISTIE'S CANADA INC	F	100,00	F	100,00
Chile				
CHRISTIE'S CHILE SPA	F	100,00	F	100,00
China				
CHRISTIE'S AUCTION (SHANGAI) CO LTD	F	100,00	F	100,00
CHRISTIE'S AUCTION (SHANGAI) WAIGAOQIAO CO LTD	F	100,00	F	100,00
CHRISTIE'S CULTURAL AND ART (BEIJING) CO LTD	F	100,00	F	100,00
United Arab Emirates				
CHRISTIE'S LTD	F	100,00	F	100,00
Spain				
CHRISTIE'S IBERICA SL	F	100,00	F	100,00
United States				
CHRISTIE'S APPRAISALS INC	F	100,00	F	100,00
CHRISTIE'S ASSETS INC	F	100,00	F	100,00
CHRISTIE'S EDUCATION INC	F	100,00	F	100,00
CHRISTIE'S FINE ART STORAGE SERVICES INC	F	100,00	F	100,00
CHRISTIE'S HOLDINGS INC	F	100,00	F	100,00
CHRISTIE'S INC	F	100,00	F	100,00
CHRISTIE'S INTERNATIONAL REAL ESTATE INC	F	100,00	F	100,00
CHRISTIE'S INTERNATIONAL REAL ESTATE MANAGEMENT INC	F	100,00		Creation
CHRISTIE'S REALTY INTERNATIONAL INC	F	100,00	F	100,00
COLLECTRIUM LLC	F	100,00	F	100,00
HAUNCH OF VENISON INC	F	100,00	F	100,00
PARK ART HOLDINGS INC	F	100,00	F	100,00
France				
CHRISTIE'S FRANCE SAS	F	100,00	F	100,00
CHRISTIE'S FRANCE SNC	F	100,00	F	100,00
Hong Kong				
CHRISTIE, MANSON AND WOODS (HONG KONG) LTD	F	100,00	F	100,00
CHRISTIE'S CHINA LTD	F	100,00	F	100,00
CHRISTIE'S HONG KONG LTD	F	100,00	F	100,00
CHRISTIE'S INTERNATIONAL REAL ESTATE ASIA PACIFIC LTD		Liquidation	F	100,00
India				
CHRISTIE'S INDIA PRIVATE LTD	F	100,00	F	100,00
Israel				
CHRISTIE'S (ISRAEL) LTD	F	100,00	F	100,00
Japan				
CHRISTIE'S JAPAN LTD	F	100,00	F	100,00
Malaysia				
CHRISTIE'S MALAYSIA ART BUSINESS SDN BHD	F	100,00	F	100,00
Monaco				
CHRISTIE'S MONACO SAM	F	100,00	F	100,00
Netherlands				
CHRISTIE'S AMSTERDAM BV	F	100,00	F	100,00
CHRISTIE'S BV	F	100,00	F	100,00
Russia				
CHRISTIE'S LIMITED LIABILITY COMPANY	F	100,00	F	100,00
Singapore				
CHRISTIE'S FINE ART STORAGE SERVICES PTE LTD	F	100,00	F	100,00
CHRISTIE'S INTERNATIONAL SINGAPORE PTE LTD	F	100,00	F	100,00
Switzerland				
CHRISTIE'S INTERNATIONAL SA	F	100,00	F	100,00
CHRISTIE'S ECOMMERCE SA	F	100,00	F	100,00
HAUNCH OF VENISON AG	F	100,00	F	100,00
Thailand				
CHRISTIE'S AUCTION (THAILAND) CO LTD	F	100,00	F	100,00

OTHER BUSINESSES AND HOLDING COMPANIES

AUTRES ACTI

GROUPE FNAC	**E**	**24,70**	**E**	**38,66**

DOMAINE DE CHÂTEAU GRILLET (France)	**F**	**100,00**	**F**	**100,00**
SOCIETE CIVILE DU VIGNOBLE DE CHÂTEAU GRILLET (France)	**F**	**100,00**	**F**	**100,00**
CHÂTEAU SIAURAC AND CO	**F**	**100,00**	**F**	**100,00**
France				
DOMAINE DE SIAURAC	F	100,00	F	100,00
PAN	**F**	**100,00**	**F**	**100,00**
France				
BOTTLE	F	100,00	F	100,00
KERWIN ESTATE (United States)	**F**	**100,00**	**F**	**100,00**
STADE RENNAIS FOOTBALL CLUB SASP (France)	**F**	**100,00**	**F**	**100,00**
SOCIETE NOUVELLE DU THEATRE MARIGNY (France)	**F**	**100,00**	**F**	**100,00**
MARIGNY SAS (France)	**F**	**49,92**	**F**	**49,92**
SCAR (France)	**E**	**49,00**	**E**	**49,00**
MU INSURANCE (United Kingdom)	**F**	**100,00**		**Creation**
ARTEMIS SA HOLDING COMPANIES				
France				
AROK INTERNATIONAL	F	100,00	F	100,00
ARTEMIS 21	F	98,65	F	98,65
ARTEMIS 24	F	95,00	F	95,00
ARTEMIS 25	F	100,00	F	100,00
ARTEMIS 27	F	100,00	F	100,00
ARTEMIS 28	F	100,00		Creation
ARTEMIS DOMAINES (ex DELOR)	F	100,00	F	100,00
ARTEMIS FINANCE	F	100,00	F	100,00
ARTEMIS INVESTISSEMENTS	F	100,00	F	100,00
EPS	F	100,00	F	100,00
FINANCIERE LUMIS		Disposal	F	100,00
MISARTE (ex ARTEMIS 5)		Merger	F	100,00
SEMIRAT (ex ARTEMIS 22)	F	100,00	F	100,00
TER OBLIGATIONS (ex ARTEMIS 32)	F	98,65	F	98,65
TERISAM (ex ARTEMIS 19)	F	100,00	F	100,00

* Income of these companies is consolidated based on the Group's contractual share in ther operations which may differ from the Group's share in capital

II D – AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR

Artémis S.A.

Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2016

Artémis S.A.

12, rue François 1er - 75008 Paris

This report contains 76 pages

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English-speaking users.
The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.
This report also includes information relating to the specific verification of information given in the parent company's management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Artémis S.A.

Registered office: 12, rue François 1er - 75008 Paris
Share capital: €.862,017,387

Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying consolidated financial statements of Artémis S.A. ;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

4 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

5 Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de commerce*), we bring to your attention the following matter:

- Your Group performs annual impairment tests on goodwill and assets with an indefinite useful life and assesses whether there is an indication of impairment of its long-term assets, as described in note 3-5 to the consolidated financial statements. We have examined the methods used to implement these impairment tests as well as the cash flow projections and the assumptions used, and we have verified that notes 3-5, 4 and 5 to the consolidated financial statements provide appropriate information.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

6 Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information relative to the Group, given in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris La Défense, on the 24 May 2017,

The statutory auditors,

KPMG S.A.	Ernst & Young et Autres
French original signed by	French original signed by
Pascal Brouard *Partner*	Pierre Bourgeois *Partner*

THE ISSUER
ARCHER OBLIGATIONS
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75008 Paris
France

THE GUARANTOR
ARTEMIS
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75008 Paris
France

THE DELEGATED DEBTOR
CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK
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92547 Montrouge Cedex
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PRINCIPAL PAYING, EXCHANGE AND TRANSFER AGENT
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LISTING AGENT
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THE CALCULATION AGENT
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