MERCIALYS

2023 UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT, THE INTEGRATED REPORT AND THE EXTRA-FINANCIAL PERFORMANCE STATEMENT

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The Universal Registration Document from the **www.mercialys.fr** website can be consulted and downloaded

AFR Identifies the information contained in the Annual Financial Report, as required of listed companies in accordance with Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulation of the AMF, the French Financial Markets Authority.

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INCLUDING THE ANNUAL FINANCIAL REPORT, THE INTEGRATED REPORT AND THE EXTRA-FINANCIAL PERFORMANCE STATEMENT

This Universal registration document is a reproduction of the official version of the Universal registration document including the 2023 annual financial report, which was drawn up in ESEF format (European Single Electronic Format).

The Universal Registration Document was filed on March 13, 2024, with the French Financial Markets Authority (AMF) as the competent authority in accordance with Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said regulation. The Universal Registration Document may be used for the purposes of a public offering of financial securities or the admission of financial securities to trading on a regulated market if it is accompanied by an offering circular, or securities note, and, where applicable, a summary and all the amendments made to the Universal Registration Document. The entirety thus constituted is approved by the AMF in accordance with Regulation (EU) 2017/1129.

FINANCIAL CALENDAR

April 18, 2024[1]
2024 first-quarter activity

April 25, 2024
Annual General Meeting

April 29, 2024[2]
Ex-dividend date

May 2, 2024[2]
Dividend payment

July 24, 2024[1]
2024 first-half results

July 25, 2024
Financial information meeting

October 17, 2024[1]
Activity at end-September 2024

Important information

This integrated report is modeled on the reference framework established by the International Integrated Reporting Council (IIRC). It covers all of Mercialys' consolidated entities and naturally contains forward-looking data and information.

This document contains certain forward-looking statements regarding future events, trends, projects or targets. These forward-looking statements are subject to identified and unidentified risks and uncertainties that could cause Mercialys' actual results and strategy to differ materially from those anticipated in or based on these forward-looking statements.

Please refer to Mercialys' Universal Registration Document for the year ended December 31, 2023, available on the Company's website (www.mercialys.com), and specifically Section 5 "Risk factors", for a description of the main risk factors and uncertainties that could affect Mercialys' business.

Mercialys makes no undertaking in any form to publish updates or adjustments to these forward-looking statements, nor to report new information, in case of future events or any other circumstances that might cause these statements to be revised.

(1) After market close.
(2) Subject to approval at the Annual General Meeting on April 25, 2024.

MESSAGE FROM THE CHAIRMAN, ÉRIC LE GENTIL

2023 was marked by the international tensions, as well as social disruption in France, the inflationary context and the climate emergency. In this environment, Mercialys offers a profile that combines stability and resilience, reflected in a sustained return, fulfilling its role as a listed real estate investment company.

Dear stakeholders,

With its long-term operational focus, the real estate sector has faced a series of crises over the last three years linked to the pandemic in 2020 and 2021, the Ukrainian crisis and the sharp rise in prices and interest rates that began in 2022 and continued in 2023. However, faced with this disruption, Mercialys' indicators show positive trends, from both an operational and a financial perspective, enabling it to submit a proposal to its shareholders, in April 2024, for a higher dividend of Euro 0.99 per share, delivering a return on its very strong share price of nearly 10%.

I would like to express my gratitude to the Company's teams who have coped with the various disruptive factors from the past few years, and whose commitment and dedication enable Mercialys to maintain a high occupancy rate for its assets, as well as an industry-leading operating margin and net recurrent earnings per share growth of + 3.3%, higher than our target of + 2%.

Alongside this, despite the adverse impact of interest rate rises on asset values, the Company's loan to value ratio remains effectively under control thanks to Mercialys' financial management, protecting its core balances and supporting its headroom for investment in 2024.

In addition, Mercialys' corporate social responsibility commitments continue to be an integral part of its business model. The Company has made concrete progress with various major milestones, moving forward with the rollout of its 2020-2030 strategy. A number of accomplishments are presented in this document relating to the climate, societal and governance challenges faced and the stakes involved. I would like to highlight some outstanding results, published by the leading sustainability rating agencies and public authorities, which illustrate your Company's tangible achievements. For instance, in 2023, Mercialys was once again ranked second for the representation of women in management structures on the SBF 120. The Company also maintained its second-place ranking in its category (listed retail property companies in Europe) in the GRESB[1]. Lastly, in February 2024, Mercialys was included in the Carbon Disclosure Project's Climate A List for the sixth consecutive year.

These performances make it possible to look ahead to 2024 with confidence Your Company has a portfolio of assets on a human scale in dynamic mid-size cities which has demonstrated its solidity across multiple cycles.

This year is also expected to see a positive diversification of the Company's rental exposure to include leading French food retailers, through the Casino group's divestment of various business assets. Lastly, Mercialys has continued to put in place tools that will support its capacity for innovation, as illustrated by its acquisition of a stake in the DEPUR group, a major player in the Food & Beverage & Entertainment sector.

The interest acquired in ImocomPartners, an investment management company, will also pave the way for new investments.

Yours sincerely.

Éric Le Gentil
Chairman of the
Board of Directors

(1) Global Real Estate Sustainability Benchmark.

QUESTIONS FOR THE LEADERSHIP TEAM

HOW WILL THE COMPANY'S BUSINESS MODEL BE RECONCILED WITH THE PURCHASING POWER PRESSURES FACING CONSUMERS?

While inflation remained high in 2023, consumption in France did not see any major drop, supported no doubt by the relatively favorable employment trends and strong savings rate. Nevertheless, French consumers were forced to make various trade-offs.

This pressure linked to the general environment and the withdrawal of the support measures granted to retailers during the health crisis led to difficulties for a certain number of retailers, particularly in the already fragile textiles sector.

Mercialys successfully maintained a high occupancy rate across its portfolio. To achieve this, the excellent geographical positioning of the Company's sites, the regular investments made to support their attractive features, and the price positioning of the retailers, which Mercialys pays particular attention to when selecting its tenants, are all decisive factors.

The benefits of this efficiency of the Company's sites are fully shared with its tenants, which saw their sales increase in 2023.

The growth in Mercialys' rents remained in line with indexation, a fundamental channel for transmission for the real estate ecosystem. While prices saw an upwards trend, leading to higher indexation in 2022 then 2023, interest rates also rose sharply. Real estate companies use debt to finance the holding of real estate assets and are therefore exposed to changes in borrowing costs. Indexation makes it possible to absorb this impact with a balanced approach.

WHAT DOES THE CASINO GROUP'S RESTRUCTURING MEAN FOR MERCIALYS?

The Casino group withdrew from Mercialys' capital in April 2023, and all the support functions that were historically outsourced by the Company have been brought back in-house. At the end of 2023, Casino was still a tenant for several hypermarkets anchoring Mercialys centers.

The Casino group will sell virtually all of its hypermarket operations to other major French food retailers : Intermarché, Auchan and also Carrefour.

These developments will benefit Mercialys as a landlord through a better diversification of its tenants with solid operators.

Mercialys will become the only European retail property company to partner with all of France's main food retailers, positioned to support them with the resizing of their stores.

To date, some sites will not be taken over and will continue to be managed by Casino. However, the attractive locations of these hypermarkets, in a context in which regulations are drastically limiting new openings, indicate that business assets are expected to be sold to other operators in time.

While the synergies between the centers and food anchors in terms of footfall and sales are limited, the Company's exposure to hypermarkets makes sense.

On the one hand, from an operational perspective, because the attractive price positioning of these food retailers supports the retail mix of affordable day-to-day products offered by retailers in Mercialys centers.

On the other hand, as a foundation for recurring index-linked revenues, contributing to the stability of the Company's profile.

WHAT CAN SHAREHOLDERS EXPECT TO SEE IN 2024?

The central banks' position concerning changes in rates remains uncertain, which continues to represent a source of uncertainty for a real estate sector which may be affected through changes in the value of its assets in particular. However, Mercialys continues to benefit from a resilient risk profile, thanks to the strength of its sites and its balanced financial ratios.

The Company will also benefit from the relaunch of the hypermarkets anchoring its portfolio, deploying its resources to work on its project pipeline and potential for investments.

These fundamentals make it possible to set a net recurrent earnings per share growth target of + 2% for 2024, with a dividend to range from 75% to 95% of these net recurrent earnings.

Elizabeth Blaise
Deputy Chief Executive Officer
and **Vincent Ravat**
Chief Executive Officer

€2,872.0M
portfolio value
(including transfer taxes)

€109.0M
net recurrent earnings

€0.99
dividend per share

MERCIALYS ESSENTIALS

Founded in 2005, Mercialys is one of the leading real estate companies in France and Europe. Adapting center formats to further strengthen their attractive positioning and optimize their value, supporting our partner retailers and helping them to anticipate consumer trends are at the heart of the Company's strategy.

OUR VALUES

Proximity
Agility
Commitment
Innovation

OUR MISSION

Satisfying the day-to-day needs of as many clients as possible

OUR VISION

Offering shopping centers that are leaders in their catchment areas, are on a human scale, have close links with their communities and create sustainable value for all our stakeholders.

Mercialys' portfolio is made up of 48 shopping centers (1), with nearly 780,000 sq.m of space. The Company's assets are home to around 800 international, national and local retailers, attracting more than 110 million visitors each year.

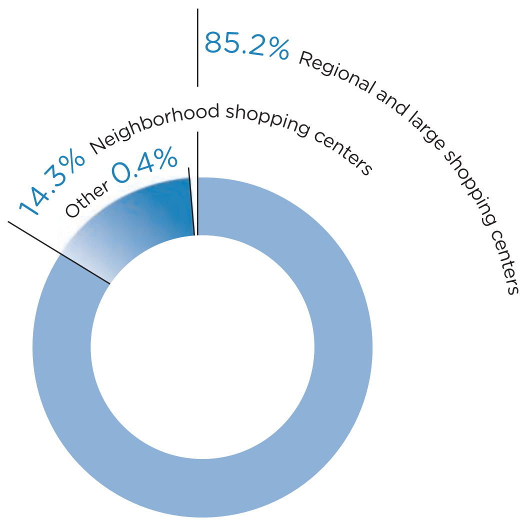
Mercialys' asset portfolio is made up primarily of leading retail sites, located in mainland France and on Reunion Island and positioned in key regional hubs with demographic and income trends that are higher than the national average. These shopping centers on a human scale are located close to vibrant midsize cities are outstanding examples of convenience retail.

Looking beyond the intrinsic quality of Mercialys' portfolio and the buoyant underlying socioeconomic factors, the Company is developing a proactive portfolio management approach, while capitalizing on its entire range of expertise, from asset management to lettings, operations, CSR, physical and digital marketing, to further strengthen their appeal.

BREAKDOWN OF THE PORTFOLIO BY REGION (2)

BREAKDOWN OF ASSETS BY CATEGORY

% of the portfolio's total value including transfer taxes



(1) In addition to two geographically dispersed assets.
(2) Excluding dispersed assets.

Mercialys also applies a proactive, but rational development strategy, reallocating the proceeds from the disposal of its assets that have reached maturity to support its development project pipeline or acquire assets, while safeguarding its balance sheet positions.
The sharp rise in interest rates from mid-2022 led to a 44% contraction in the volumes invested in retail real estate in 2023 according to the latest study by Knight Frank (review of 2023 and outlook for 2024). Mercialys has continued to apply its very rigorous approach to selecting targets, while maintaining its profitability requirements for acquisitions, with a target of 250bp above the refinancing cost. As it did not identify any targets that met this demanding criterion, the Company did not acquire any retail assets last year.

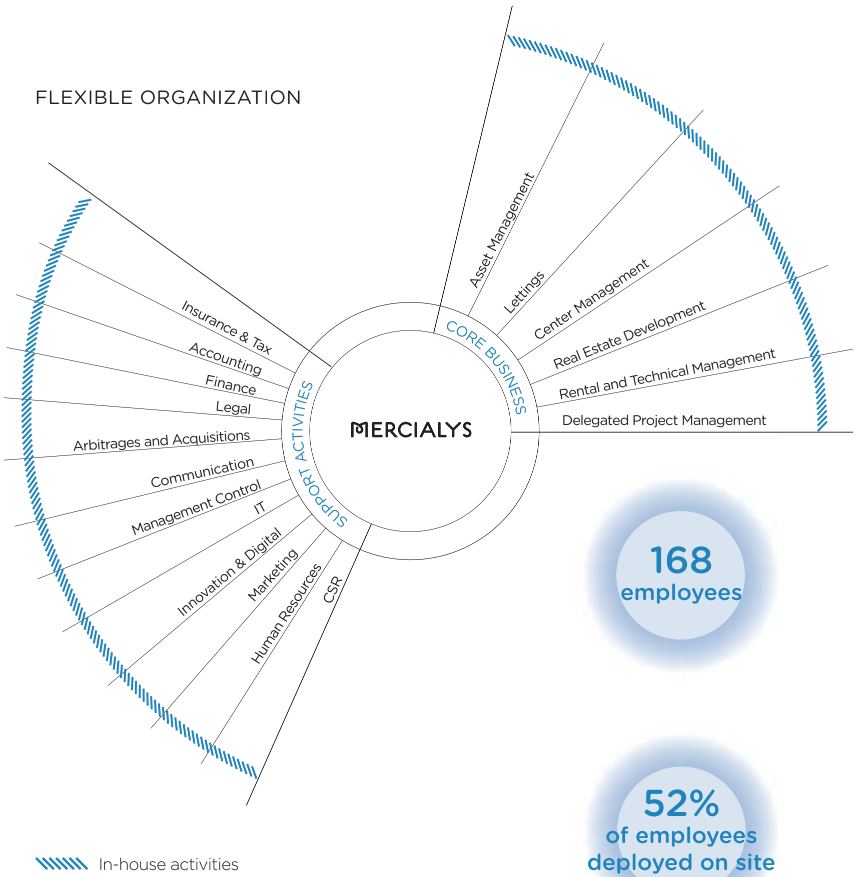
However, Mercialys carried out two external growth operations in 2023 in line with its commitment to developing and creating new real estate tools. In December 2023, Mercialys finalized its acquisition of a 30% stake in the investment management company ImocomPartners. The company acquired manages the OPPCI investment fund ImocomPark, which holds a portfolio of 33 retail parks in France, with a total rental area of over 385,000 sq.
In July, Mercialys also became a shareholder in the DEPUR group with a 23% interest. This investment in this company specialized in the design and execution of major Food & Beverage & Entertainment (F&B&E) projects further strengthened Mercialys' expertise covering fine-grained consumption trends. At end-2023, the Company had a project pipeline representing Euro 430 million for the period from 2024 to 2028 and beyond.
This pipeline is constantly reviewed in order to ensure the relevance of the projects and their expected profitability. For development projects, the same profitability requirements are applied as for external growth, with a target yield of 250 bp above the refinancing cost.

Mercialys' business strategy is built around three core pillars:
• A precision retail mix.
Mercialys has developed a dynamic commercial strategy since it was created, tailoring its retail mix to each catchment area and regular changes in consumers' expectations;
• Creating service platforms
in line with socioeconomic changes. The Company has developed a proprietary digital ecosystem, Le Shop, which includes a marketplace for each center. Le Shop offers clients all of the products available in the center, with the option to receive them at home or use the click and collect service through its Le Shop platform;
• Capitalizing on all spaces, thanks in particular to a modular layout design for centers, opening up opportunities for new forms of retail. The strong development of Casual Leasing, alongside traditional leases, provides a new dynamic approach thanks to the frequency of retailer rotations. Mercialys is also rolling out its coworking spaces through its Cap Cowork platform. 150 workspaces across four sites (Angers, Grenoble, Toulouse and Nîmes) are already in place, with a further six sites to open in the medium term.

As a leading retail real estate company, Mercialys interacts with retailers, end clients, public authorities and local non-profit organizations, and plays a key role in terms of achieving a balanced urban ecosystem. In line with this economic and societal responsibility, the Company is committed to listening to its stakeholders and operating with the greatest respect for ethics and compliance principles at all times.
Mercialys has a flexible, multi-local operational organization. It is structured around central functions, located at the Paris headquarters and Saint-Étienne site, that regularly carry out work on the centers, and operational teams, which represent 52% of the workforce and are permanently located at the sites. There is at least one center manager for each site, overseen by a regional director.

Mercialys has expertise across the entire retail real estate value chain since it brought back in-house the rental and technical management of its centers at the end of 2022.

FLEXIBLE ORGANIZATION



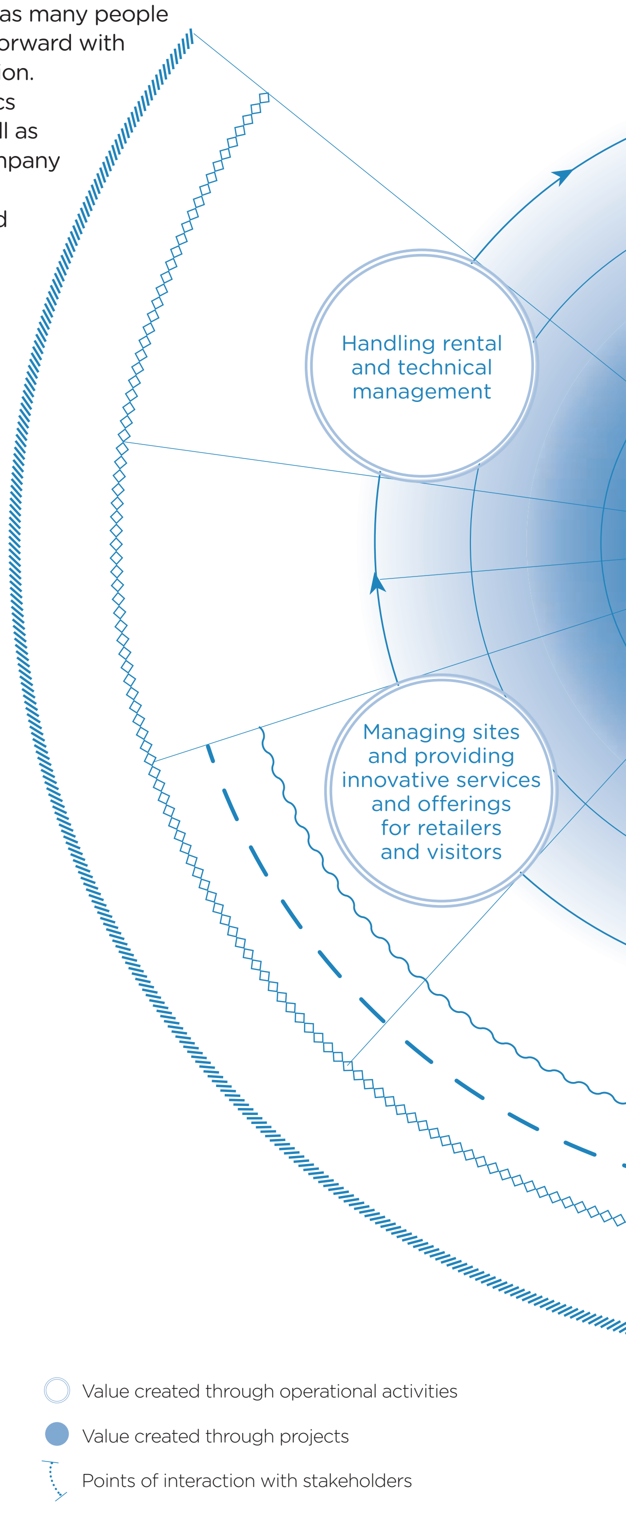
168
employees

52%
of employees deployed on site

ROBUST BUSINESS MODEL THROUGH THE CYCLES

Mercialys is continuously transforming its retail offering and real estate assets to ensure increasingly close alignment with its clients' expectations. This strategy enables it to generate sustainable rental revenues, while respecting the environment. Mercialys' business model, built around six types of resources, is focused on creating both financial and sustainability-based value for all of its stakeholders.

Mercialys' business model has confirmed its resilience in an environment subject to various pressures, marked in the last three years by the health crisis, the geopolitical crisis in Ukraine and the return of inflation at levels not seen since the early 1980s. Mercialys' societal benefits, thanks to retail mixes focused on serving day-to-day needs for as many people as possible, were perfectly illustrated. The Company continued moving forward with its strategy to create value across its portfolio and its digital transformation. Mercialys is rolling out its innovative offers, including the Le Shop logistics services solutions and its 100% digital loyalty program Prim' Prim', as well as coworking spaces supporting the activity of its centers. In 2023, the Company made concrete progress with key milestones from the roadmap set out with its CSR strategy "4 Fair Impacts for 2030". Various objectives aimed at improving the environmental footprint of sites show very positive trends, with greenhouse gas emissions reduced by 25% in three years. This strategy also concerns the Company's ethical management, illustrated in particular by its workplace gender equality index rating of 93/100 in 2023, compared with a national average of 88/100.



Resources serving the strategy

ORGANIZATIONAL AND GOVERNANCE RESOURCES

- Organizational capital, perfectly reflected in the Company's four values: proximity, agility, commitment and innovation;
- Board of Directors aligned with best practices for independence and gender parity.

HUMAN RESOURCES

- 168 expert staff;
- 38.5 average age;
- 57% women;
- 74% management-grade employees.

INTELLECTUAL AND TECHNOLOGICAL RESOURCES

- Intangible capital, including the G La Galerie brand and Mercialys' digital ecosystem, with 1.0 million qualified clients in its databases.

FINANCIAL RESOURCES

- Euro 385 million of undrawn financial resources;
- Resilient financial profile:
  - 2.3% (1) average cost of drawn debt,
  - 3.8 years average maturity of drawn debt,
  - 38.9% LTV excluding transfer taxes (2),
  - 5.1x ICR (3),
  - 7.1x net debt/EBITDA.

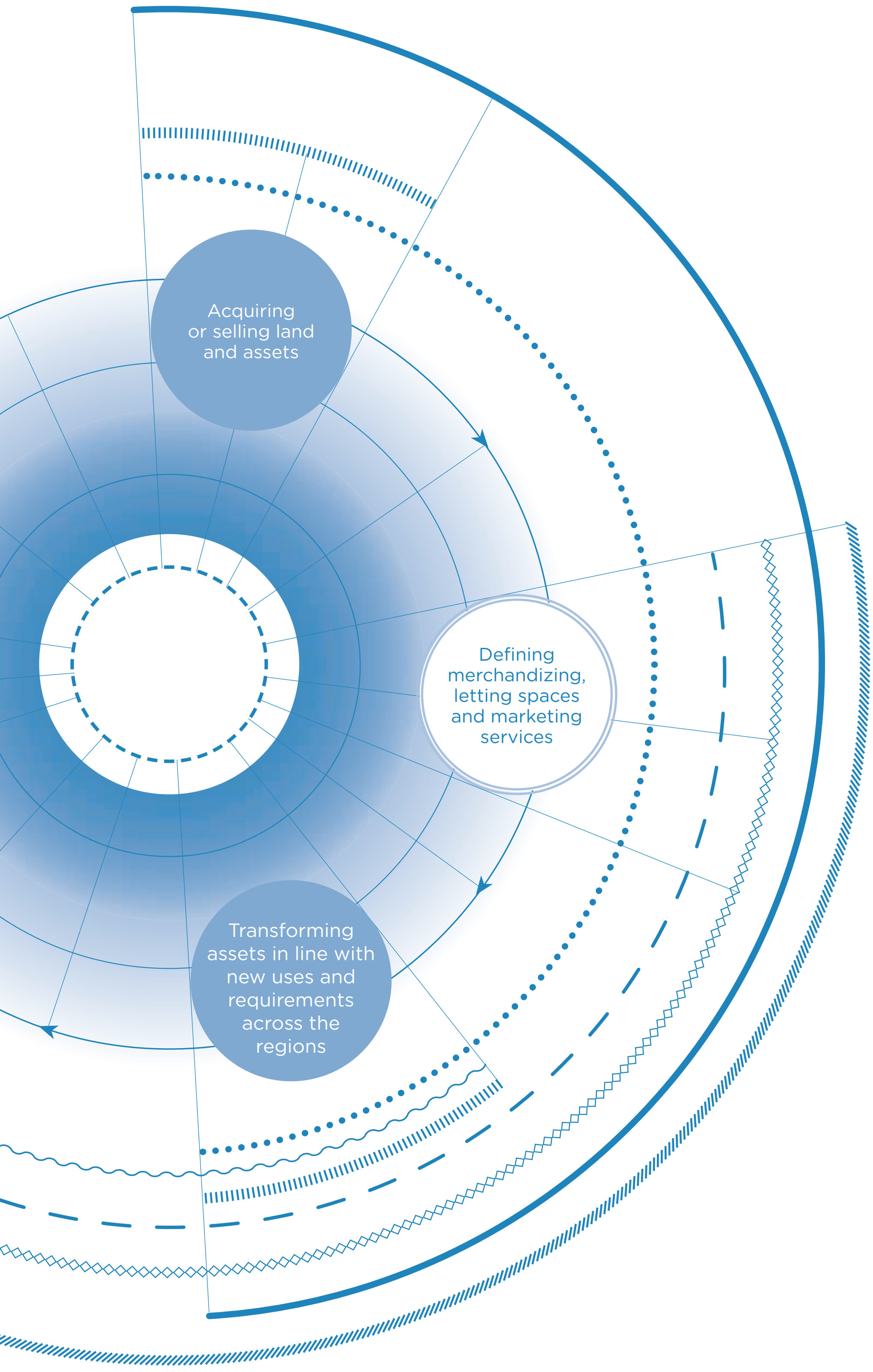
LAND RESOURCES

- Euro 430 million of development projects for 2023/>2028;
- 28 assets concerned, representing 58% of the number of assets in the portfolio (4).

ENVIRONMENTAL RESOURCES

- 100% of the strategic portfolio in value terms BREEAM In-Use certified;
- 36,566 MWh of energy consumed;
- 110,468 m³ of drinking water consumed.

Virtuous circle of activities across the entire real estate cycle



Value creation shared with stakeholders

EMPLOYEES
- €20.2m of compensation.

PROVIDERS AND SUPPLIERS
- €12m of purchases.

FINANCIAL COMMUNITY
- €99.3m of dividends paid;
- €35m of financial expenses.

STATE AND LOCAL AUTHORITIES
- €0.5m of taxes.

PROFESSIONAL ORGANIZATIONS AND COMPETITORS
- €147k of annual contributions.

TENANT RETAILERS
- +2.2% sales growth in 2023;
- €5.8 of sales generated on average for each euro of vouchers spent with the loyalty program.

VISITORS AND END CLIENTS
- €6.7m budget for marketing funds, associations and economic interest groups (GIE [5]);
- Nearly 800 retailers present in the centers, ensuring a balanced retail mix focused on essential needs.

NON-PROFIT ORGANIZATIONS
- €218k of contributions to support the local non-profit ecosystem.

(1) This rate does not include the net expense linked to the non-recurring bond redemption premiums, costs and amortization, as well as the proceeds and costs from unwinding swaps in connection with these redemptions. / (2) LTV (Loan To Value): net financial debt / (portfolio market value excluding transfer taxes + market value of investments in associates for Euro 45.1 million in 2023 and Euro 52.7 million in 2022, since the value of the portfolio held by associates is not included in the appraisal value). / (3) ICR, Interest Coverage Ratio = EBITDA / net finance costs. / (4) Excluding the two dispersed assets. / (5) Groupement d'intérêt économique (GIE).

RETAIL REAL ESTATE AND CONSUMPTION TRENDS

As a retail real estate company, Mercialys' business is positioned at the crossroads between two key sectors for the French economy: retail and real estate.
The Company therefore faces two challenges:
1. Understanding changes in the way that end clients consume, and adapting accordingly to support and meet the needs of its tenant retailers;
2. Managing its real estate portfolio effectively and specifically its ability to transform them and develop their value in line with its positioning as a multi-local real estate company, the new conception of urban spaces and the challenges relating to the green transition.

Triple polarization of flows

Real estate and retail are two sectors that are constantly evolving and follow the latest lifestyle developments. After seeing strong growth, linked to the health crisis in 2020 and 2021, e-commerce product sales dropped 7% in 2022, with this trend continuing in 2023, down 1.8% (source: Fevad[1]). The market share of e-commerce within the retail sector is expected to see a further decline in 2023. It came to 12.4% in 2022, down - 1.3 points from 2021, linked to the gradual reopening of physical stores. E-commerce seems to have found its position within consumer habits and has more or less replaced the mail-order sales from the 1970s. An Odoxa study for Fevad from February 8, 2024 shows that consumers are in favor of e-commerce in their day-to-day lives (time savings, price comparison, opening times, etc.). It provides valuable help in terms of supporting preparations to make in-store purchases.

However, the vast majority of consumers are still very attached to physical retail for finalizing their purchases, and a Quantaflow study from September 2022 found that 70% of them appreciated returning to their stores following the various lockdowns.

2023 saw inflation remain high, particularly food inflation, which, on account of the recurrence of these purchases, weighed on household purchasing power and resulted in extensive trade-offs within the purchases made. In this context, consumers appreciated the services offered by hypermarkets, which are still the preferred retail channel for "improving their purchasing power" according to an Opinionway study for Bonial from December 2023.

POLARIZATION OF REGIONS

Growth in the population, employment and wealth tend to be concentrated in the Paris Region and in France's coastal and border areas.

POLARIZATION TOWARDS PERIPHERAL AREAS

Outside of the Paris Region and very large cities, this growth tends to be concentrated in out-of-town areas, rather than city centers.

POLARIZATION AROUND MASTER AREAS

In these medium-sized cities, consumption is concentrated in dominant out-of-town retail hubs, which account for the majority of retail stores and are preferred destinations for consumers.

(1) French e-commerce and distance selling federation.

The changes in consumption habits are therefore opening up opportunities for real estate companies if they can successfully identify the complex underlying factors behind them.
Drawing on its experience and listening to its stakeholders, Mercialys, through its strong local roots and its development of business intelligence tools, has a fine-grained understanding of the various trends, with a view to anticipating these changes.

In light of mobility constraints, specific regional development trends and French lifestyle choices, a polarization can be seen on three levels in particular.

This polarization is linked directly to the different forms of transport and residential preferences.

The public consultation process Habitons la France de demain (Living in the France of tomorrow) in October 2021 perfectly illustrated the complex realities of regional development to reconcile the political ambition for intensive urban development and individual aspirations for a more dispersed approach.

This study showed that the primary concern of the people surveyed relates to the way we consume, reflected in the very widespread use of large-format stores, where the choice of products, diverse store selection and prices are more attractive than with e-commerce.

Diverse consumption practices and expectations

The expectations and practices of people living in very large and medium-sized cities in France are summarized below:

	HOUSING	MOBILITY	CONSUMPTION
VERY LARGE CITIES	• Intensive and focused on centrality • Collective • Reduced living spaces, notably limiting storage capacity	• Extensive public transport network and use of soft forms of transport • Reduced number of car owners, against a backdrop of restrictive public policies for this means of transport	• Fragmentation in time and space • Multiple buying journeys • Weaker commercial loyalty
MEDIUM-SIZED CITIES	• Extensive and focused on peripheral areas • Low-rise individual homes • Larger living spaces, notably with possibilities for storage	• Weaker regional coverage with public transport, against a backdrop of public policies to rationalize the network • Virtually systematic and daily use of cars and reduced use of soft forms of transport in relation to the distances to be covered	• Concentration in master areas • Increased recurrence • Interest in local products

Understanding and addressing consumers' needs through retail offerings adapted to the realities of each region is therefore an essential condition for performance in retail real estate. The sustainability of the portfolio's value depends on the Company's ability to provide an effective response to the expectations of target clients, while the size of the sites is not a criterion for performance or resilience.

Accessibility is a key factor since cars are still the widely preferred option. Similarly, the client experience is still crucial and goes hand-in-hand with the investments made to continuously renew the appeal of both the centers and the retail mix.
Ongoing dialogue with local stakeholders to ensure successful integration into the environment is also essential, along with the functional mix of the retail hubs, which attract an extensive and varied clientele.

Understanding consumers' needs…

Technological progress has made consumers fundamentally omnichannel and therefore relatively indifferent to whether their distribution channels are physical or virtual. They are essentially looking to meet their consumption needs, with ongoing trade-offs concerning the effort that is needed to acquire them.

Furthermore, pricing accessibility is a major determining factor for buying decisions in a country where more than 50% of consumption is linked to social transfers.

But it is not the only factor and new technologies are valuable tools, because they multiply the opportunities for contacts and exchanges with consumers in order to better understand their aspirations and provide an appropriate response.

Offering each client a personalized solution and understanding their expectations means being attentive to them and avoiding traditional undifferentiated sales and marketing approaches for instance. This is valid for both shopping centers and retailers, independently from their scale, their reputation or their business sector.

…to meet them effectively by adapting the offering

The digitalization of points of sale is a vital development in order to identify and support their expectations. However, this will not replace the in-store experience, which benefits from crucial assets in terms of the client experience (availability, practicality, traceability, after-sales service, advice, etc.).

The client experience and the human contact that it involves represent the primary determining factor behind consumers' preference for physical points of sale. This observation reveals the importance for retailers to adapt and modernize their formats and concepts, focused on more qualitative human interactions, within a highly regulated framework for using personal data.

Food purchases are still a bastion of physical retail and the hypermarket format in particular. The digital market share is 11.5% (Fevad), linked almost exclusively to the drive-through services offered by "physical" retailers. The market share of virtual operators in the food segment is close to zero. Excluding food, physical retailers have also largely contributed to the growth in e-commerce by developing their digitalization and responding to consumers' needs and constraints. Thanks to their omnichannel or phygital approach, these retailers are ramping up their ability to serve their clients' needs.

While they appreciate the services offered, the vast majority of consumers view delivery as an automatic entitlement, which complicates the resolution of the economic equation for last-mile logistics.

This issue is exacerbated in medium-sized cities, where extensive peripheral urban developments make it complicated to achieve scale effects.

In these areas, "ship from store" delivery appears to be the most financially and environmentally sustainable option.

Store designs are therefore expected to evolve in order to be able to satisfy the logistics, delivery and click and collect constraints involved with an omnichannel offering.

A trend for a specialization of the offering has also been seen for several years to respond to the growing demand for advice and fair prices among consumers.

The age of "everything under the same roof" is over. This specialization is essential for retailers across all sectors, leading to a rationalization of marketing positionings, the creation of real client expertise and a reallocation of resources.

This trend is illustrated by the realignment of several food retailers around their historic business, as well as the success achieved by medium-sized stores specialized in sport, leisure or household equipment.

VALUE PROPOSITION ALIGNED WITH THESE CHANGING REALITIES

The challenge for physical retail players concerns their ability to maintain their commercial and societal benefits, and therefore meet local consumers' needs across each site.

Faced with the growing complexity of client journeys, the winning players, in terms of both retailers and shopping centers, stand out through the following key features:

- **clear positioning** and **strong identity**;
- **renewed attractive** features, centered around **clients' expectations**
- culture of more **local** and **responsible** retail;
- **fluid omnichannel** logistics.

Since it was founded in 2005, when it listed on the stock market, Mercialys has been developing or restructuring its assets in line with this approach, building and ensuring the sustainability of market-leading shopping destinations.

The Company's long-term outperformance reflects its value proposition: offering end clients, through a network of shopping centers that are on a human scale and firmly established within their communities, the certainty that they will be able to find the essential products that they consume, helping immediately satisfy the needs of as many people as possible through a quick and simple buying experience, combined with value for money.

The Company's three longstanding areas of expertise guide this value proposition, supported by its proven ability to anticipate trends around the three priority pillars for development.

3 longstanding areas of expertise generating competitive advantages

REAL ESTATE KNOW-HOW

Portfolio of evolving, modular real estate assets

RETAIL KNOW-HOW

Adaptive, omnichannel retail concept

CSR KNOW-HOW

Powerful, responsible dynamics with strong local roots

The Company has pioneered many different practices that have been adopted by the industry, such as Casual Leasing, a single commercial identity, coworking spaces, e-loyalty programs and reducing the size of hypermarkets.

The ambition is to convert the trends into outstanding ecosystems for retail, digital and logistics solutions, built around the foundations of a diversified selection with affordable pricing, adapted to local needs.

These pillars are broken down into a number of concrete operational projects, engaging all the employees, brought together in multidisciplinary project teams.

3 core pillars for development

PILLAR 1 PRECISION MERCHANDISING

KNOWLEDGE AND PERSONALIZATION

Multiplying personalized interactions with retailers and end clients by further enhancing the Company's proprietary digital and service ecosystem.

DATA MONETIZATION

Developing a personalized offering, thanks to the analysis of proprietary data, while ensuring strict General Data Protection Regulation (GDPR) compliance, and the development of business intelligence (BI) tools to enable our commercial teams to improve the letting potential of our sites.

PILLAR 2 SERVICE PLATFORM

ADAPTED OFFERING AND SERVICES

Further diversifying the centers' offering by including more services, leisure facilities and non-retail circuits, for a richer, differentiating client experience.

FIRST-MILE AND LAST-MILE LOGISTICS

Developing services that integrate centers into the first-mile and last-mile logistics chain, capitalizing on Mercialys' digital maturity to accelerate the omnichannel dimension of its sites.

PILLAR 3 MULTI-FUNCTIONALITY AND STRONG LOCAL ROOTS

MOVING BEYOND THE TRADITIONAL USE OF CENTERS

Establishing the centers as functionally diverse spaces, capitalizing on space not used previously for letting, and integrating local stakeholders' aspirations for limiting urban sprawl.

STRONG MULTI-LOCAL ROOTS

Positioning the centers within a more responsible and sustainable approach to retail and consumption, adapted to local needs, while exploring alternative concepts and ramping up the selection of non-retail events offered at sites, to consolidate their legitimacy.

REAL ESTATE KNOW-HOW

Portfolio of evolving, modular real estate assets

Mercialys' first competitive advantage lies in its proven real estate know-how, enabling it to hold a portfolio of market-leading assets. Its centers are designed in line with the specific urban features of the various medium-sized cities, based around two key factors to ensure a successful buying experience: accessibility and efficiency.

ACCESSIBILITY is ensured through the sites' design and prime locations. Mercialys' assets:

- are always located at the heart of their primary catchment area, not far from city centers, or in densely populated peripheral areas;
- have outstanding transport links;
- and offer long opening hours, optimized parking facilities, clear signs inside the shopping centers, etc.

EFFICIENCY refers to an efficient buying experience, made possible by its assets, as well as the Company's ability to make rapid changes to them. The positioning of Mercialys' centers is focused on satisfying essential needs for as many consumers as possible. These neighborhood centers, while not in opposition to destination centers, are characterized by frequent and efficient client visits. Consumers prepare their visits beforehand and visit centers with a clearly defined buying journey in mind. The average visit time is under one hour. Mercialys' ability to restructure sales spaces within its portfolio ensures that they are always effectively aligned with the needs of retailers and end clients, while securing their leadership within their catchment area.

(1) On average.

To support its real estate excellence, Mercialys has applied a dynamic asset rotation strategy since it was founded. This is built around its asset management approach, selling mature sites, based on the Company's criteria, and making selective reinvestments in assets with residual development potential. This recycling of capital enables the Company to support its development, while keeping debt levels effectively under control.

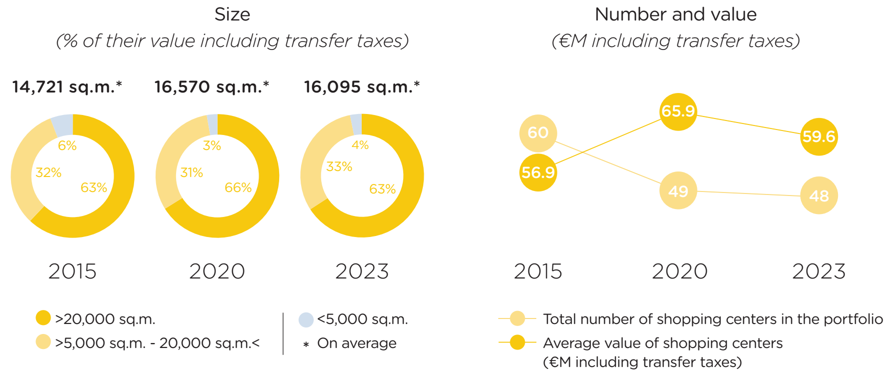
At end-December 2023, the Company's portfolio comprised 50 assets, with 48 shopping centers and two geographically dispersed assets, valued at a total of Euro 2,872.0 million including transfer taxes. These shopping centers have an average size of over 16,000 sq.m and an average value of Euro 59.6 million including transfer taxes.

This portfolio is made up primarily of sites that:

- are leaders or co-leaders in their catchment areas, *i.e.* located in key consumption areas in urban hubs;
- are located in dynamic regions in mainland France and overseas territories;
- offer residual real estate and commercial development potential.

This realignment of the portfolio around a limited number of centers with critical mass enables Mercialys to optimize its asset management, which also contributes to its industry-leading position for profitability.

BREAKDOWN OF MERCIALYS' SHOPPING CENTERS



Guided by its focus on creating value, Mercialys always invests with a selective, rational approach. The Company has a flexible project portfolio, realigned in the last few years around projects making it possible to diversify the use of its centers.

In a retail property sector that has reached maturity, the Company's investments include a detailed analysis of dynamics for their catchment area and the rationale behind the allocation of capital over the medium term. These investments concern assets that are in the portfolio or under development, but may also include assets outside of the Company's current scope if they will be accretive in the short term and offer potential for creating value over the medium term.

At end-2023, Mercialys had a Euro 430 million project pipeline, with:

- retail space projects (redevelopment of retail spaces, extension of shopping centers, construction of retail parks);
- dining and leisure projects;
- tertiary activity projects (housing, healthcare, coworking, etc.).

Projects covering **28 OF THE COMPANY'S 48** shopping centers.

DIVISIBLE and **PHASABLE** projects, enabling quick project launches and completion schedules.

Projects exclusively at **EXISTING** sites (brownfield), with a fully **CONTROLLED** risk profile.

MERCIALYS' DEVELOPMENT PIPELINE

(in millions of euros)

	Total investment	Completion date
Committed projects [1]	20.2	2024/26
Controlled projects	181.2	2024/25
Identified projects	227.5	2025/>28
Total projects [2]	428.8	2024/>28

(1) The investments to be committed for the pipeline for 2023 correspond primarily to the Saint-Denis mixed-use urban project, north of Paris, and coworking spaces.
(2) Excluding the impact of mixed-use high-street projects, which could also generate margins.

RETAIL KNOW-HOW

Adaptive, omnichannel retail concept

Mercialys' second competitive advantage concerns its retail know-how, which aims to ensure that the products and services offered are perfectly aligned with the needs of retailers and end customers. Mercialys provides responses that are aligned with the transformations taking shape in the retail sector, built around two key success factors: balance and adaptability.

BALANCE refers first of all to the core offering of "recurrent" consumer goods at Mercialys sites, with 20% of listings consumed 80% of the time. It aims to satisfy the essential day-to-day needs of as many clients as possible, with affordable pricing and products, which is a key factor in consumers' choices. This balance is also reflected in the diverse retail mix achieved, in terms of exposure to both different segments and types of retailers, making the assets highly resilient.

ADAPTABILITY characterizes the ability of these retail mixes to evolve in response to changes in the catchment areas' requirements, consumer habits, different times of the year, etc. From this perspective, Casual Leasing complements traditional leases, providing a strong source of retail innovation and opportunities for centers to stand out. Adaptability also refers to Mercialys' ability to understand and satisfy the increasingly specific and individualized expectations of versatile and demanding consumers.

Breakdown of annualized contractual rent by business sector

Personal items	29%
Food-anchored tenants	21%
Culture, gifts and sports	18%
Health and beauty	13%
Restaurants and catering	9%
Household equipment	8%
Services	3%

(1) On average. / (2) In accordance with the General Data Protection Regulation (GDPR). / (3) Non-French retailers (excluding stockrooms) with international exposure.

Mercialys builds its retail excellence by anticipating trends in the catchment areas and harnessing its fine-grained understanding of consumers' expectations, thanks to the Business Intelligence (BI) tools developed by the Company over several years. Mercialys owns all of its marketing and service tools (Le Shop, loyalty program, etc.) and has a powerful omnichannel ecosystem that enables its client retailers to free themselves up from the significant increase in costs linked to digitalization (online referencing, commissions paid to marketplace operators) which may in certain cases be higher than the average occupancy cost ratio for Mercialys' tenants, which represents 10.7% of their sales.

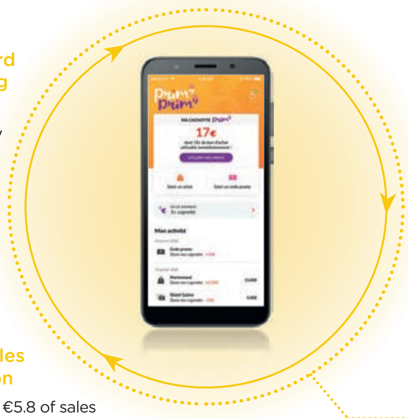
G La Galerie

- **UNIQUE** brand and architectural concept;
- Integrated **DIGITAL** B to B and B to C **ECOSYSTEM** and **SERVICES**;
- **NATIONAL** marketing campaigns around a strong identity with a **LOCAL** focus for events and activities.

Prim'Prim', Mercialys' 100% digital loyalty program, rolled out in 2020 and continuously enhanced, is a pioneering solution on the market in terms of understanding end clients' specific needs and habits. This program supports robust commercial development and enables its centers to continuously adapt their offering.
It combines capabilities to accurately identify expectations, with predictive analysis potential, refined client journeys, personalized communication, loyalty building and fluid exchanges between Mercialys, consumers and retailers.

STRONGER CONSUMER LOYALTY, WITH MILLIONS OF EUROS OF TRANSACTIONS ANALYZED [1]

1 **Cashback based on a % reward for each purchase supporting transaction analysis**
Sales recorded through the loyalty program: Euro 23.5 million



2 **Building loyalty with drive-to-store**
Flexible % reward and vouchers, spent with the center's retailers

3 **In-store sales generation**
€1 of vouchers spent = €5.8 of sales generated on average

Historical and predictive consumption analysis

29 shopping centers equipped

223,400 clients registered on Prim'Prim'

1,160 participating retailers

Mercialys' digitalization expertise is helping drive its second major, groundbreaking innovation:
Le Shop , its first-mile and last-mile logistics service, illustrates the unified retail concept developed by the Company, which aims to offer its clients all the products sold in its centers in just a few clicks and with a single order, as well as interchangeable options to receive them at home or to collect them in-store or with the drive-through service.

Le Shop ecosystem aims to:
1. support retailers with their digital transformation;
2. expand our retailers' catchment area by shipping nationwide;
3. offer end customers a fluid omni-channel buying experience.
It is built around three solutions:

Le Shop, Mercialys' proprietary web and mobile marketplace, enabling consumers to buy food and non-food products online directly from their center's retailers.

Logistique, which groups together the first-mile logistics solutions to facilitate the consolidation and shipping of packages from stores, enabling retailers to develop their ship-from-store services.

Consignes, a suite of last-mile logistics solutions and expertise, enabling retailers to deposit their parcels and customers to receive their orders with a click and collect service (parcel collection lockers, Mondial relay package delivery, pick-up, etc.).

(1) In accordance with the General Data Protection Regulation (GDPR).

CSR KNOW-HOW

Powerful, responsible dynamics with strong local roots

Mercialys' third competitive advantage stems from its ability to take into account all its stakeholders. Its positioning at the heart of its communities enables it to effectively understand civil society's expectations and the issues faced. Present in a large number of different regions and cities, Mercialys is able to effectively embrace diverse local realities and needs, ensuring that its actions are responsible and sustainable.

LOCAL ENGAGEMENT is reflected in particular in Mercialys' good understanding of socio-environmental trends and developments in the various regions. This capability enables the Company to identify the stakes involved and capitalize on opportunities for progress and value creation over the medium and long term, ensuring the centers' legitimacy and leadership in their catchment areas, within a constantly evolving environment.

THE GLOBAL RESPONSIBILITY is reflected in its CSR strategy, 4 Fair Impacts for 2030, which is organized around four major commitments:
1. building a carbon neutral future;
2. promoting more responsible retail;
3. being a major partner for regional development;
4. being an engaged employer.
These commitments, and the corresponding goals, are presented in the chart opposite.

1) The Science Based Targets initiative (SBTi) is a non-profit organization that assesses the alignment between the greenhouse gas emission reduction targets set by companies and the recommendations made by scientists in order to effectively limit the increase in global temperatures to 2°C by 2100.
(2) Carbon Disclosure Project (CDP): international non-profit organization which studies each year the impact of major listed companies on CO_2 emissions and climate change.

4 Fair Impacts for 2030, CSR ambition further strengthened

4 Fair Impacts is structured around four commitments that Mercialys has set out looking ahead to 2030. The Company's CSR strategy incorporates the environmental, societal and social stakes into its operational performance.

ALL ENGAGED AROUND A CSR STRATEGY FOCUSED ON OUR 4 MAIN IMPACTS

FOR OUR ENVIRONMENT

By targeting carbon neutrality and advocating the rationalized use of resources to reduce our environmental footprint

OUR AMBITIONS FOR 2030

- Targeting net zero carbon emissions
- 100% of waste recovered
- Zero pesticide use

FOR OUR STORES

By jointly building more sustainable retail and living spaces with our tenants

OUR AMBITIONS FOR 2030

- 100% of strategic assets BREEAM In-Use certified
- 100% of centers offering responsible stores and services
- 100% of our tenants engaged in our "responsible landlord tenant" commitments

FAIR IMPACTS 2030
EMPOWERING A RESPONSIBLE FUTURE

FOR OUR COMMUNITIES

By positioning our assets at the heart of communities, like springboards for local economic and community life

OUR AMBITIONS FOR 2030

- 100% of centers committed to robust regional development
- 100% of strategic centers with multifunctional spaces
- 100% local and responsible purchases
- Promoting and supporting eco-mobility

FOR OUR TALENTS

By developing our employees' ethical engagement and providing opportunities for fulfilling careers

OUR AMBITIONS FOR 2030

- Maintaining best practices for gender equality
- Developing employee engagement and satisfaction
- Building a culture of exemplary ethical practices

BOARD OF DIRECTORS ALIGNED WITH THE BEST STANDARDS

Mercialys' strategy is led by a Board of Directors that is effectively aligned with market best practices. The Board regularly reviews the way that it operates and its representativeness in order to ensure for both shareholders and the market that it always performs its missions with the independence and objectivity required.

Professionalism, gender parity and engagement

The Board of Directors' continued to be very vigilant and involved faced with the context of high interest rate volatility and inflation, particularly for food products, in 2023.
It has evolved over the years, enabling the Company to consolidate its outstanding practices and further strengthen its ability to develop a proactive and responsible strategy.
The frequency of meetings and the attendance level of close to 100% highlight the dedication of the Company's directors, as well as their essential and complementary areas of expertise.

56% women directors at end-2023

100% French directors at end-2023 [1]

7 meetings in 2023

57 average age at end-2023

9 members at end-2023

98% attendance rate in 2023

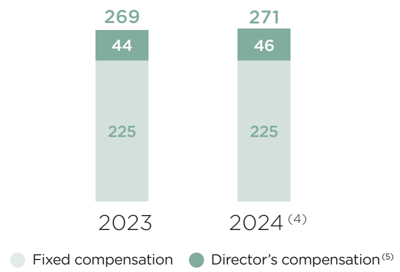
5.1 YEARS average seniority at end-2023

78% independent directors at end-2023

Compensation for the Chairman of the Board of Directors

The compensation package for the Chairman of the Board of Directors, Mr Éric Le Gentil, includes compensation for his position as a director and his fixed compensation for the missions entrusted to him in addition to his general responsibilities under the legislation in force[2]. He does not receive any variable compensation in cash or securities[3].

CHANGE IN COMPENSATION FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS
(in thousands of euros)



(1) In accordance with the Company's exclusively French geographic exposure. / (2) Notably overseeing relations with the Company's main shareholders and financial and/or industrial partners and helping define the strategy and monitor its implementation. / (3) Excluding the variable component included in his remuneration as a director. / (4) Subject to approval at the Annual General Meeting on April 25, 2024. / (5) For 100% attendance.

AREAS OF EXPERTISE

	Real estate Construction Urban planning 89%	Finance Accounting 100%	Company management 100%	Legal Compliance Risks 56%	Human Resources Social Governance 100%	Environment Climate 89%	Retail Customer service 100%	Innovation Marketing Information systems 44%
ÉRIC LE GENTIL Chairman of the Board of Directors	●	●	●	●	●	●	●	
MAËL AOUSTIN Independent Director	●	●	●		●	●	●	●
STÉPHANIE BENSIMON Independent Director	●	●	●		●	● (1)	●	
VICTOIRE BOISSIER Independent Director	●	●	●	●	●	●	●	
JEAN-LOUIS CONSTANZA Independent Director		●	●		●	●	●	●
ÉLISABETH CUNIN Independent Director	●	●	●		●		●	●
DOMINIQUE DUDAN Independent Director	●	●	●	●	●	●	●	
PASCALE ROQUE Independent Director	●	●	●	●	●	●	●	
VINCENT RAVAT Non-independent Director	●	●	●	●	●	●	●	●

With three-year terms of office and the regular integration of new directors in line with a demanding selection process (2), Mercialys' Board of Directors has a clear commitment to promoting diversity and renewing its expertise.

This panel of experienced members guarantees a professional, informed approach to all the issues encountered by the Company and represents a source of strategic insights and innovation.

(1) Stéphanie Bensimon was appointed to head up supervision of the CSR approach on April 20, 2021. / (2) Process detailed in the 2023 Universal Registration Document.

THREE SPECIALIZED COMMITTEES

Mercialys' Board of Directors is supported by three specialized committees, and it has defined their responsibilities and the specific ways that they operate. These committees are made up exclusively of directors appointed by the Board based on their training and experience.

Expert and diligent

Three Specialized Committees assist the Board of Directors. These committees are chaired by independent directors and their composition ensures the balanced representation, independence and expertise of their members.

COMPOSITION OF THE SPECIALIZED COMMITTEES

AUDIT, RISKS AND SUSTAINABLE DEVELOPMENT COMMITTEE

100% — 4 — 100%

4 MEMBERS

STÉPHANIE BENSIMON (Chairwoman)
MAËL AOUSTIN
VICTOIRE BOISSIER
PASCALE ROQUE

→ **4 MEMBERS** as of February 15, 2024

MAËL AOUSTIN (Chairman)
STÉPHANIE BENSIMON
VICTOIRE BOISSIER
PASCALE ROQUE

STRATEGY AND TRANSFORMATION COMMITTEE → SUSTAINABLE INVESTMENT COMMITTEE as of February 15, 2024

67% — 60% as of February 15, 2024 — 5 — 100%

6 MEMBERS

ÉLISABETH CUNIN (Chairwoman)
STÉPHANIE BENSIMON
JEAN-LOUIS CONSTANZA
DOMINIQUE DUDAN
ÉRIC LE GENTIL
VINCENT RAVAT

→ **5 MEMBERS** as of February 15, 2024

MME STÉPHANIE BENSIMON (Chairwoman)
MAËL AOUSTIN
DOMINIQUE DUDAN
ÉRIC LE GENTIL
VINCENT RAVAT

APPOINTMENTS, COMPENSATION AND GOVERNANCE COMMITTEE

75% — 80% as of February 15, 2024 — 4 — 100%

4 MEMBERS

DOMINIQUE DUDAN (Chairwoman)
VICTOIRE BOISSIER
ÉLISABETH CUNIN
ÉRIC LE GENTIL

→ **5 MEMBERS** as of February 15, 2024

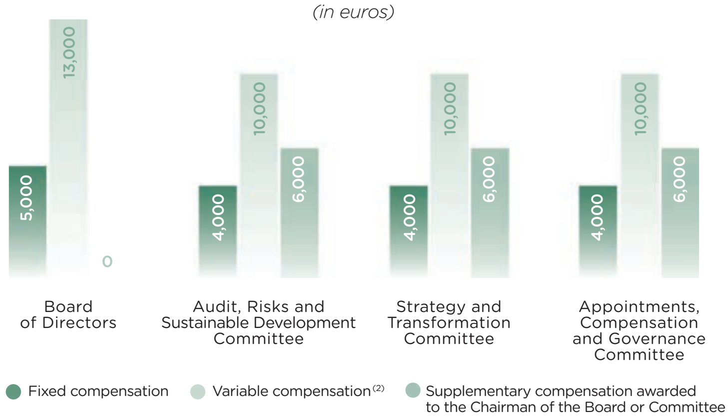
DOMINIQUE DUDAN (Chairwoman)
VICTOIRE BOISSIER
ÉLISABETH CUNIN
ÉRIC LE GENTIL
PASCALE ROQUE

•••••• Percentage of independent directors
∼ Number of meetings in 2023
◇◇◇◇ Attendance rate in 2023

Directors' compensation

In return for their expertise and their contribution to the Company's good governance, Mercialys' directors receive compensation.
This compensation is designed to be balanced, virtuous and aligned with the Company's corporate interests.
The directors' compensation policy ensures compliance with the recommendations from the AFEP-MEDEF Code. Mercialys takes all necessary measures to avoid potential conflict of interest situations.

2024 DIRECTORS' COMPENSATION POLICY (1)
(in euros)



(1) Subject to approval at the Annual General Meeting on April 25, 2024. / (2) For 100% attendance, with directors' variable compensation based on their individual effective rate of attendance for the Board of Directors and the specialized committees.

FULLY DIVERSIFIED SHAREHOLDING STRUCTURE, ENGAGED AND PROACTIVE DIALOGUE

Mercialys is listed on Euronext Paris Compartment B with the ticker MERY and ISIN FR0010241638. The Company is part of the SBF 120, and several real estate industry indexes (EPRA [1], IEIF [2]).

The Company is characterized by its fully diversified capital.

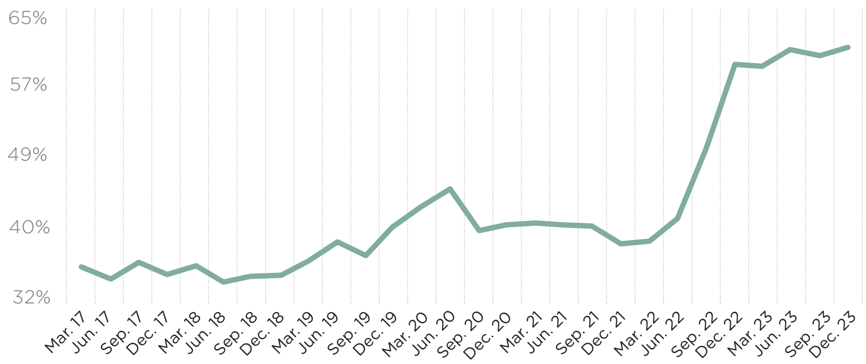
The float represents virtually all of the Company's capital at the end of 2023.

The free float ensures an excellent level of liquidity for the Company's shares and allows shareholders to take up and develop significant positions.

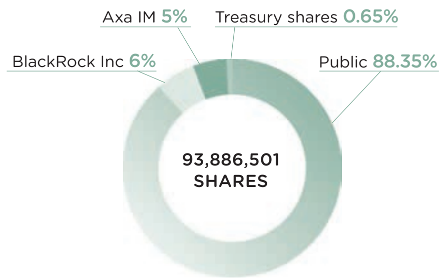
At December 31, 2023, Mercialys' top 33 shareholders held nearly 62% of its capital and voting rights.

By applying the "one share, one vote" rule, Mercialys ensures identical treatment for all its shareholders and this is reflected in the very high levels of participation in its General Meetings each year.

CHANGE IN THE PERCENTAGE OF THE CAPITAL AND VOTING RIGHTS
HELD BY THE TOP 33 SHAREHOLDERS



SHAREHOLDING STRUCTURE
AT DECEMBER 31, 2023



1 SHARE = 1 VOTE

Mercialys is committed to regular, proactive dialogue with its shareholders and more generally with all of its financial stakeholders. In 2023, alongside the many roadshows and contacts led by the management teams, 12 press releases were published for a community of over 900 investors and analysts. The Company also received the "SBF 120" All Categories Transparency Award for Financial and Sustainability reporting, organized by the agency Labrador.

18 roadshows organized with 8 different brokers and 8 countries covered

#1 Transparency Award "SBF120" All Categories for Financial and Sustainability reporting

12 press releases distributed to a base of around 900 investors and analysts

TOP 100 shareholders contacted before each General Meeting

4 results publications and 2 financial information meetings per year

(1) European Public Real Estate Association. / (2) Institut de l'Épargne Immobilière et Foncière.

REGULAR DIALOGUE WITH STAKEHOLDERS

Through its business, Mercialys is part of a major ecosystem of stakeholders with which it builds solid relationships.

The dynamic approach established by the Company, based on regular dialogue, enables it to incorporate their expectations into its strategic reviews, while taking on board the core economic, social, societal, environmental and governance stakes, with a focus on creating lasting and shared value. This has been a crucial asset faced with the health and economic crisis, with dialogue ramped up in particular, making it possible to very quickly adopt new ways of operating in order to maintain each stakeholder's activities.

This dialogue also offers opportunities to build long-term partnerships and more generally to align the Company with a process of continuous improvement and innovation.

Illustrating this approach, the Company regularly consults with all of its stakeholders, from employees to center visitors, retailers, investors and banks, regional authorities.

VISITORS & END CUSTOMERS

- Satisfaction
- Loyalty
- Comfort
- Safety
- Reviews

- Digital ecosystem (loyalty program, website, mobile app, digital terminals)
- Tik Tok / Instagram
- Satisfaction surveys
- Contact with center managers
- Newsletter
- Emails

PROFESSIONAL ORGANIZATIONS & COMPETITORS

- Sharing of best practices
- Research and benchmarks
- Regulatory monitoring
- Promotion of the sector

- Participation in commissions
- Participation in governance of industry bodies

TENANT RETAILERS

- Business performance
- Attractiveness
- Differentiation
- Loyalty
- Collaboration
- CSR

- Satisfaction surveys
- Meetings with retailers
- Direct exchanges with the lettings teams
- Le Shop (ecosystem of first and-last mile solutions)
- Salesforce (CRM)
- Project site visits
- Trade shows (SIEC, MAPIC)

MERCIALYS

PROVIDERS & SUPPLIERS

- Quality of services
- Responsible purchasing
- Effective management of the value chain

- Tenders
- Regular meetings
- Assessments, controls and audits

EMPLOYEES

- Involvement
- Engagement
- Recruitment
- Loyalty
- Diversity
- Social dialogue
- CSR awareness

- Merylink (Intranet site)
- Collaborative digital tools
- Training
- Annual plenary meeting
- Financial information meetings
- Onboarding program
- Welcome pack
- Employee survey
- Exchanges with Management
- LinkedIn

FINANCIAL COMMUNITY

- Financing
- Financial performance
- Business ethics

- Roadshows
- Financial information meeting
- Universal Registration Document
- Half-year financial report
- Press releases
- Annual General Meeting
- Website
- Investor relations contact
- LinkedIn
- S&P formerly Ipreo (CRM)

NON-PROFIT ORGANIZATIONS

- Support for projects
- Stronger local engagement for centers

- Website
- CSR contact
- Partnerships
- Universal registration document

STATE & LOCAL AUTHORITIES

- Administrative permits
- Project performance
- Economic and societal contribution

- Regional and National Commercial Development Committee (CDAC / CNAC)
- Project information meetings
- Universal Registration Document
- Half-year financial report
- Regulatory controls

Core stakes

Means of dialogue

RISK MANAGEMENT FOCUSED ON SUSTAINABLE DEVELOPMENT AND BUSINESS ETHICS

Mercialys is committed to managing its risk profile effectively, while ensuring that its activities are aligned with the best standards of professional ethics. All its internal control and risk management arrangements aim to ensure that the objectives set by Management are achieved, while safeguarding the Company's future and ensuring full compliance with ethical principles.

Organization and approach

Mercialys positions its risk management system at the heart of both its strategy and its operations: it is overseen by a Risk Prevention Committee, which reports to the Executive Leadership Team, and all employees ensure that operational measures are put in place. The Risk Prevention Committee performs its mission, liaising directly with the Audit, Risks and Sustainable Development Committee, which regularly reviews the means in place and issues recommendations on the audit work carried out. This close link proved invaluable faced with the context of health and economic instability and the process to bring a number of key functions in-house between 2019 and 2022. It supported ongoing dialogue between the stakeholders involved in the risk management process and the Company's executive management bodies, enabling decisions to be taken quickly at the head office and the various sites.

RISK PREVENTION COMMITTEE'S MISSIONS

- **IDENTIFY** and inventory risks
- **ASSESS** existing procedures and deploy corrective actions
- **CONTROL** the effective application of procedures by operational staff

Risk mapping

The Risk Prevention Committee's core risk management tool is the risk map, which identifies all the risks that Mercialys is exposed to. In accordance with the ESMA guidelines (1), 52 risks have been identified and are broken down into eight categories, defined by Mercialys.
To ensure the pragmatic management and monitoring of its risks, the Company has rated them according to their priority. This prioritization system is based on a rating that includes the two dimensions from the mapping matrix: the risk's impact and its probability of occurrence.

IMPACT
Measures the potential impact of a risk for Mercialys if it was to occur

4 types of impact

QUANTIFIABLE
- Net recurrent earnings (NRE)
- Net Asset Value (NAV)

NON-QUANTIFIABLE
- Ability to ensure the implementation of the strategy and continuity of operations
- Reputation

3 rating levels
- LOW
- MODERATE
- HIGH

PROBABILITY
Possibility of a risk occurring, at least once, over different timeframes

3 rating levels
- IMPROBABLE
- POSSIBLE
- PROBABLE

The map is updated on a regular basis. Active monitoring of emerging developments and frequent exchanges with employees make it possible to monitor changes in the risks in line with the Company's environment. They also make it possible to rapidly and efficiently adapt the hedging arrangements and levels as required, and aim to proactively identify new risks.

(1) ESMA31-62-1293 "Guidelines on Risk Factors under the Prospectus Regulation".

Priority risks

Mercialys rates net risks. The priority risks have either: a *moderate* impact with a *probable* probability, or a *high* impact with a *possible* or *probable* probability. Seven of the 53 risks identified meet these criteria. They cover three categories and are presented below.

CATEGORY	7 RISKS	IMPACT	PROBABILITY	TREND
Risks related to the sector	• Risk related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market	NAV ●	●	↗
	• Risk related to competition on the physical retail segment	NRE ●	○	→
	• Risk related to new forms of consumption	NRE ●	○	→
Risks related to business activities	• Risk related to retailer arbitrage and reletting	NRE ●	●	↗
	• Risk related to the safety and security of operations and a deterioration in the portfolio	Reputation ●	○	↘
	• Risk related to acquisitions and construction operations	NAV ●	○	→
Risks related to the financial position	• Risk related to interest rates, the cost of debt, liquidity and financing	NRE ●	●	↗

OVERVIEW OF RISK MANAGEMENT ARRANGEMENTS

PRINCIPLES	OBJECTIVES	PARTICIPANTS	TOOLS	RESULTS
• Collaborative approach • Rapid operational implementation • Interactive process • Preventative approach	• Identify • Monitor • Measure • Steer	• Audit, Risks and Sustainable Development Committee • Executive Leadership Team • Risk Prevention Committee • Ethics and Compliance Director • Operational managers • Employees	• Risk mapping • Interviews with employees • Communication and awareness	• Arrangements at the heart of the management team's strategy • Risk profile known and managed effectively

Company's firm focus on sustainable development and ethics

On account of its scale, sector and/or activity, which is concentrated exclusively in France, Mercialys is not subject to a certain number of regulations that have come into force in the last few years. However, in line with its commitments, the Company has voluntarily rolled out various policies, processes and action plans to respond to issues which, while not yet regulatory requirements, are essential for respecting professional ethics and compliance.
For instance, Mercialys has put in place:
• a sustainability performance report (DPEF), reviewed by an independent third-party organization;
• a corruption risk map and dedicated assessment and control procedures, as well as an internal whistleblowing procedure, in accordance with the legislation in force;
• a Stock Market Code of Ethics to prevent insider trading;
• responsible lobbying guidelines;
• a vigilance approach to monitor practices across its value chain, notably by mapping the categories of the Company's spending, integrating CSR clauses into key contracts and tenders, and deploying measures to monitor, assess and/or audit suppliers and providers. In addition, the Company has a Director of Compliance and Ethics, who also serves as the DPO [1].

The Director of Compliance and Ethics is a member of the Risk Prevention Committee and works in line with the Code of Ethics and Code of Conduct, which are available on Mercialys' website: **www.mercialys.com** [2].

(1) Data Protection Officer: person in charge of data protection in an organization. / (2) https://www.mercialys.com/strategy-governance/commitments/code-of-ethics.

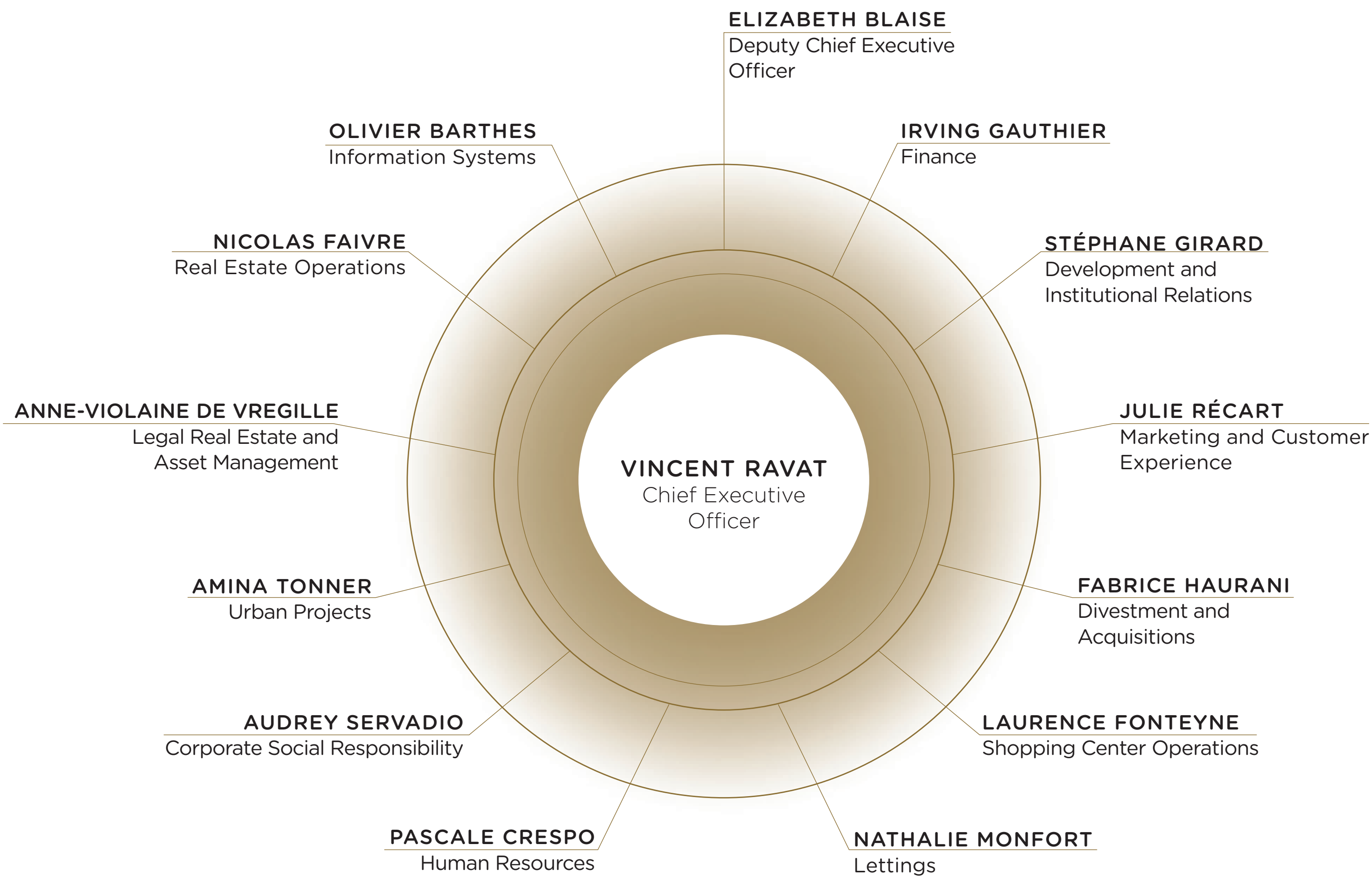
MANAGEMENT COMMITTEE SUPPORTING THE STRATEGY'S EXECUTION

Multidisciplinary, parity and strong operational focus

Mercialys has a multidisciplinary and inclusive Management Committee, with a very strong operational focus and a commitment to parity. The Company achieved second place on the SBF 120 in the ministerial ranking for the representation of women in management structures for listed companies.

The Management Committee was made up of 14 people at December 31, 2023. This expanded composition ensures that it is effectively representative and that the various areas of expertise available to the Company can be capitalized on. All the members have a clear understanding of the challenges involved in Mercialys' business and sector. Their diverse ages, professional backgrounds and experiences represent a source of in-depth exchanges and insights. Their complementary areas of expertise, combined with their broad knowledge base and proximity to the field, further strengthen the Committee's organizational flexibility.

These features are necessary for effective management, especially during a period marked by a health crisis. They enable the Company to remain fully mobilized and operational, with employees across the head office and various sites showing a very strong level of responsiveness, while ensuring full compliance with the safety measures for all the teams.



Balanced and virtuous executive compensation policy aligned with the strategy

Mercialys has an executive compensation policy that is focused on contributing to the Company's short-term and long-term value creation. This policy is compliant with the recommendations from the AFEP-MEDEF Code and is built around three principles:

OBJECTIVE RECOGNITION OF PERFORMANCE

- Variable component higher than the fixed component within the overall compensation package
- Focus on quantifiable criteria for the annual variable and long-term components

VALUING SUSTAINABILITY DIMENSIONS

- Inclusion of CSR criteria in the annual variable component
- Inclusion of CSR criteria in line with the climate objectives in the long-term variable component

CONVERGENCE OF INTERNAL AND EXTERNAL INTERESTS

- Alignment of the interests of executives and shareholders: long-term variable component paid as shares, subject to performances, presence and holding criteria
- Internal fairness: average pay gaps between executives and employees measured and stable over time

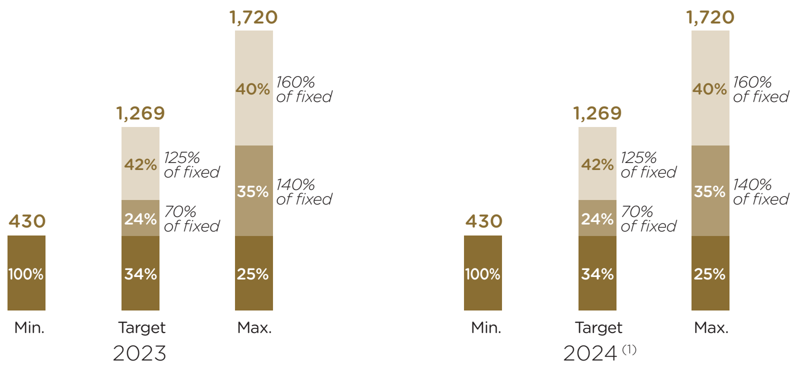
The compensation policy (*ex ante*) and the items of compensation (*ex post*) are set each year by the Board of Directors after consulting with the Appointments, Compensation and Governance Committee.

They are submitted for approval by shareholders at the Annual General Meeting, in accordance with the regulations in force.

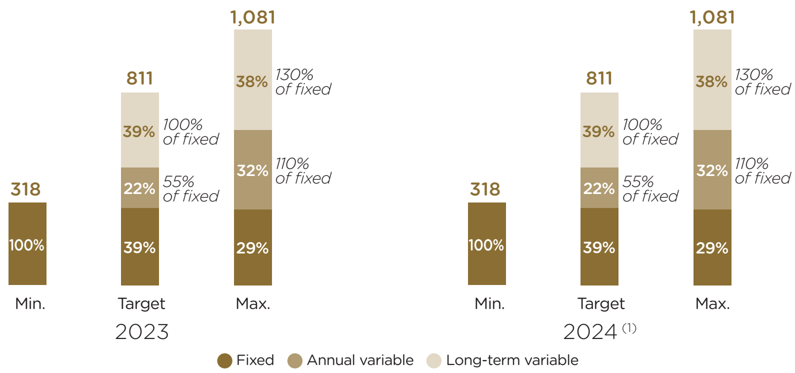
Executive compensation primarily includes a fixed component, a variable annual component and a long-term variable component. The criteria, objectives and thresholds applied to determine the variable components are justified and demanding. The level of compensation for executives is also reasonable in view of the results achieved by Mercialys, their experience and the levels of compensation for employees.

COMPENSATION STRUCTURE

VINCENT RAVAT, CHIEF EXECUTIVE OFFICER *(in thousands of euros)*



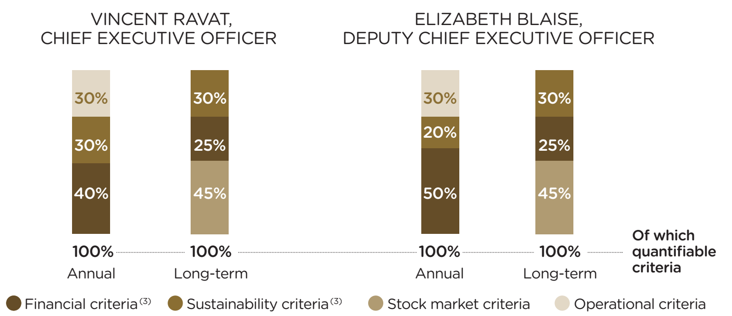
ELIZABETH BLAISE, DEPUTY CHIEF EXECUTIVE OFFICER *(in thousands of euros)*



EQUITY RATIOS[2]

	Chief Executive Officer	Deputy Chief Executive Officer
2023 average	12.0	7.5
2023 median	13.6	8.5

2023 VARIABLE COMPENSATION CRITERIA FOR EXECUTIVES[1]



(1) Subject to approval at the General Meeting on April 25, 2024. / (2) Calculation methodology detailed in the 2023 Universal Registration Document. / (3) All of the sustainability criteria relate to CSR, for both the Chief Executive Officer and the Deputy Chief Executive Officer.

RESILIENT FINANCIAL AND SUSTAINABILITY VALUE CREATION DESPITE THE IMPACTS OF THE CRISIS

Thanks to its agile organization, focused on achieving excellence, Mercialys is able to maintain constructive dynamics, consolidating the fundamentals for its operational, financial and sustainability performance:

OPERATIONAL PERFORMANCE — FINANCIAL PERFORMANCE — SUSTAINABILITY PERFORMANCE

OPERATIONAL PERFORMANCE

The operational performance of Mercialys' centers is assessed based on:

- Their **footfall**(1), or the number of visitors counted at entrances to the Company's large centers and main convenience shopping centers;
- Their **retailer sales**(1), which measure tenant retailers' operational performance and therefore their financial health;
- The **occupancy cost ratio**(2) for retailers in the centers, which assesses the weighting of real estate in their profit and loss and therefore the sustainability of the rents charged;
- The **current financial vacancy rate**(3), which makes it possible to assess the centers' commercial management;
- The **collection rate**, which assesses the proportion of rent, charges and work invoiced to tenants effectively received by the Company.

CHANGE IN SHOPPING CENTER FOOTFALL

	2023 vs. 2022	2022 vs. 2021
Change over 12 months (Quantaflow)	+1.9%	+18.4%
Change over 12 months (Mercialys)(4)	+1.4%	+18.2%

CHANGE IN RETAILER SALES

	2023 vs. 2022	2022 vs. 2021
Change over 12 months (FACT)	+3.3%	+29.0%
Change over 12 months (Mercialys)	+2.2%	+22.9%

(1) Mercialys' large centers and main convenience shopping centers based on a constant surface area, representing more than 85% of the value of the Company's shopping centers.
(2) Ratio between rent, charges (included marketing funds) and invoiced work (including tax) paid by retailers and their sales revenue (including tax), excluding large food stores. /
(3) Mercialys' vacancy rate does not include agreements relating to the Casual Leasing business. / (4) Shopping centers only.

CHANGE IN THE OCCUPANCY COST RATIO

CHANGE IN THE CURRENT FINANCIAL VACANCY RATE

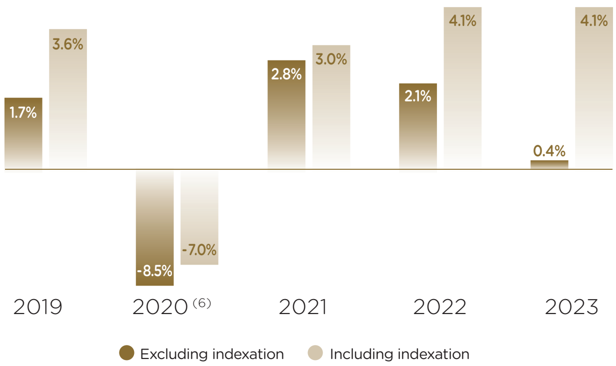
CHANGE IN THE COLLECTION RATE [3]
(Dec 31, of the corresponding year)

FINANCIAL PERFORMANCE

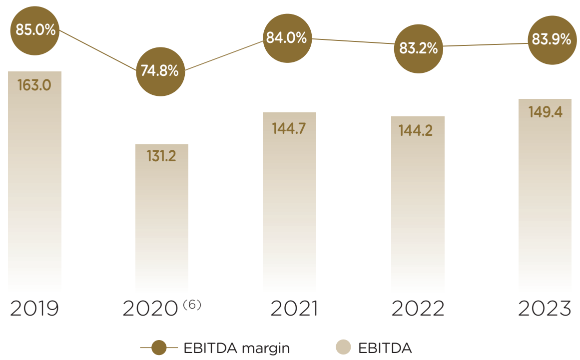
Financial performance is primarily assessed based on:

- **Organic growth** in rental income, which measures the change in the Company's revenues excluding the impact of acquisitions and disposals;
- **EBITDA margin** [4], which assesses the efficiency of its operational management;
- **Net recurrent earnings** (NRE [5]), which makes it possible to assess the change in its recurrent income;
- **Net asset value** (NAV), which measures the residual value of the Company's assets after reimbursing its creditors;
- The **LTV, ICR**, and **net debt/EBITDA** ratios, which make it possible to assess the sustainability of its debt;
- **Dividend yield**, with 95% of the recurrent taxable profit and 70% of the capital gains from asset disposals to be distributed as dividends in accordance with the tax status of French listed real estate investment trusts (SIIC), which Mercialys has been entitled to since 2005.

CHANGE IN THE ORGANIC RENTAL INCOME GROWTH RATE



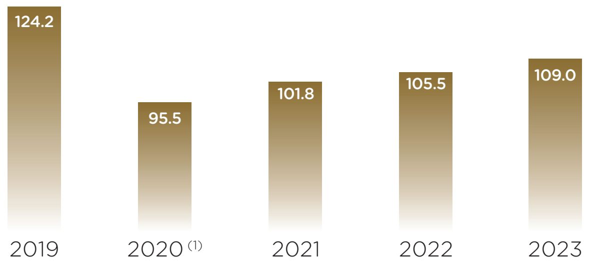
CHANGE IN EBITDA *(in millions of euros)* AND THE EBITDA MARGIN *(in %)*



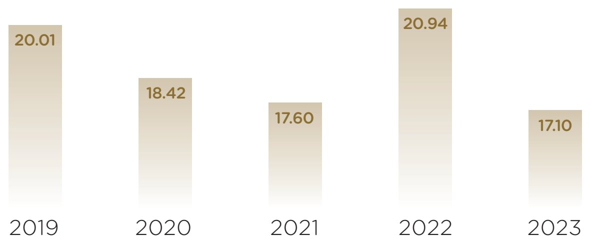
(1) Occupancy cost calculation not effective due to the periods when stores were ordered to close. / (2) Indicator notably affected by the integration within Mercialys' portfolio of the Dijon Chenôve shopping center, acquired at the end of December 2020 with a view to relaunching this asset. / (3) Excluding relief granted and to be granted to retailers in connection with the two lockdowns in 2020 (including the relief measures, the 2020 collection rate represents 96.3%). / (4) EBITDA margin: earnings before interest, taxes, depreciation, amortization and other operating income and expenses. Margin calculated on rental revenues. / (5) NRE: net recurrent earnings. / (6) Highly negative impact of the health crisis.

FINANCIAL PERFORMANCE

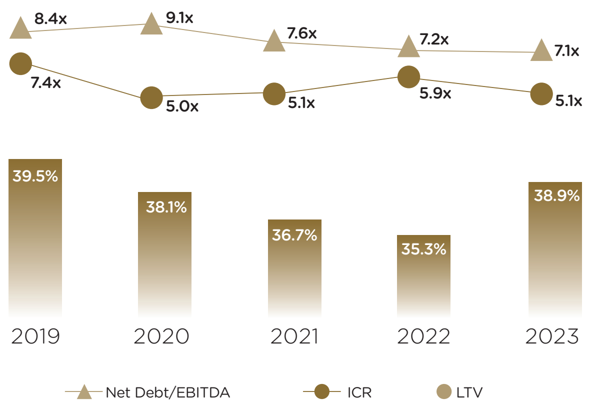
CHANGE IN NET RECURRENT EARNINGS (NRE)
(in millions of euros)



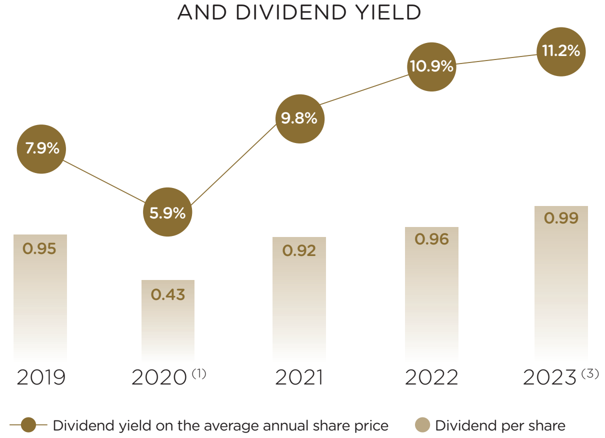
CHANGE IN EPRA NDV (2)
(in euros per share)



CHANGE IN THE LTV *(excluding transfer taxes)*,
ICR AND NET DEBT / EBITDA RATIOS



CHANGE IN THE DIVIDEND *(in euro per share)*
AND DIVIDEND YIELD



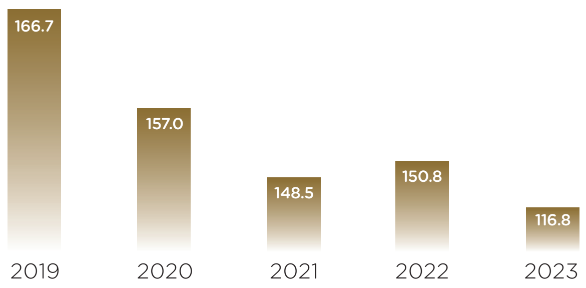
(1) Highly negative impact of the health crisis. / (2) Net Disposal Value. / (3) Subject to approval at the General Meeting on April 25, 2024.

SUSTAINABILITY PERFORMANCE

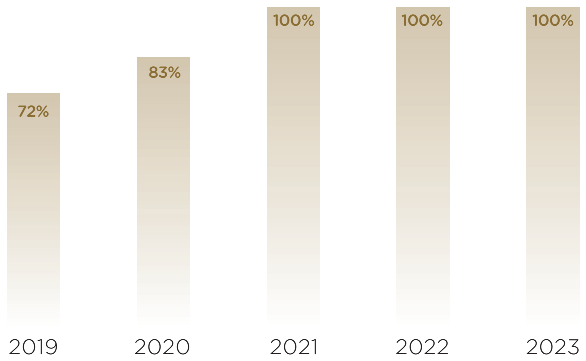
Mercialys' sustainability performance is monitored based on the following aspects:

- **Energy intensity per square meter** for its centers, which illustrates their efficiency in terms of energy consumption;
- **Percentage of the strategic portfolio that is BREEAM In-Use certified**, the retail real estate sector's leading international certification;
- **Shopping center waste recovery**, which demonstrates the cooperation established between the Company and its retailers in terms of sustainable development;
- Direct and indirect **carbon emissions** (scopes 1 and 2), a key indicator for monitoring the effective management of Mercialys' carbon footprint, in line with its commitment to tackling climate change;
- **Employee training**, which ensures their professional development and the effective alignment between their profiles and the Company's future requirements for skills;
- **Workplace gender equality index**, which assesses the ability to ensure equal treatment for all employees and to recognize their unique features and diversity.

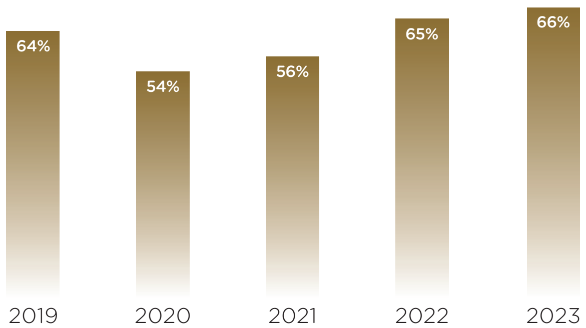
CHANGE IN ENERGY INTENSITY PER SQUARE METER
(in kWhef/sq.m. - current basis)



CHANGE IN THE PERCENTAGE OF THE STRATEGIC PORTFOLIO WITH BREEAM IN-USE CERTIFICATION
(% of the total value of the strategic portfolio including transfer taxes)

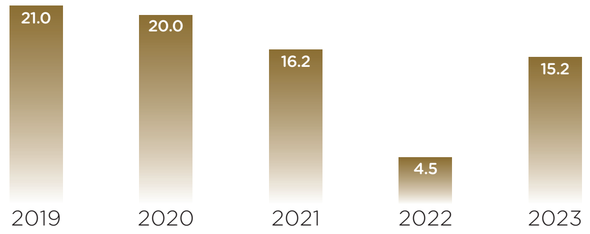


CHANGE IN THE SHOPPING CENTERS' WASTE RECOVERY RATE
(current basis)

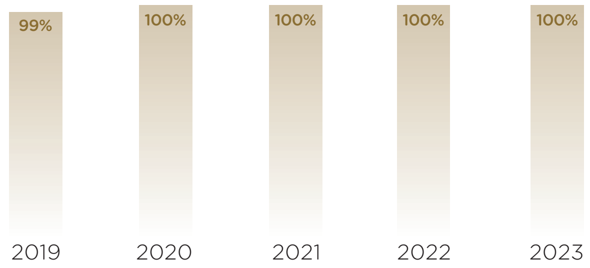


SUSTAINABILITY PERFORMANCE

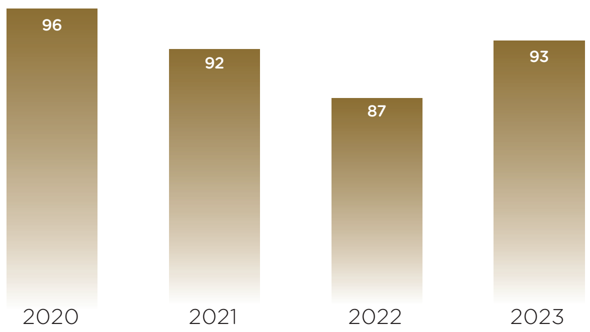
CHANGE IN DIRECT AND INDIRECT CARBON EMISSIONS
(Scopes 1 and 2 – in kg of CO_2 equivalent/sq.m. - market-based method – current basis)



CHANGE IN THE PERCENTAGE OF EMPLOYEES TRAINED



CHANGE IN THE WORKPLACE GENDER EQUALITY INDEX
(Rating / 100)



Mercialys' sustainability performance levels re regularly recognized by industry benchmarks and rating agencies, with particularly exceptional results in 2023.

Mercialys confirmed its CDP A List status for the sixth consecutive year, recognized as one of the 346 best-performing companies worldwide out of the 23,000 companies that completed the questionnaire for its approach to reduce its carbon footprint and combat climate change. The Company also maintained its GRESB Green Star status (1) for the eighth year and consolidated its position as a leader for sustainable development, while maintaining its second-place ranking among listed European retail property companies.

Lastly, its strong commitment to information and reporting transparency was recognized once again by EPRA, with another two Gold Awards, and at the 14th Transparency Awards (2) ceremony, where it received the Grands Prix de la Transparence "All Categories" Award for financial and sustainability reporting, with Mercialys ranked first on the SBF 120.

These achievements once again confirm the Company's leading position for corporate social responsibility, which the new phase of Mercialys' CSR strategy – 4 Fair Impacts – will continue building on.

	GRESB	CDP	Gaïa Index	Sustainalytics	MSCI	ISS-oekom	Transparency Awards	EPRA	Ministère chargé de l'égalité entre les femmes et les hommes, de la diversité et de l'égalité des chances
2023	Score: 89/100 Green Star status	Rating: A Member of the A List	n/a	Score: 8.8(4) Industry and Regional Top-Rated ESG Company	Rating: A	Rating: B- Prime status	#1 on SBF 120 Grand Prix "All Categories" Award	BPR Gold Award sBPR Gold Award	Score: 93.4/100 #2 on SBF 120
2022	Score: 91/100 Green Star status	Rating: A Member of the A List	Score: 90/100	Score: 8.5 Industry and Regional Top-Rated ESG Company	Rating: A	Rating: B- Prime status	Award for Best General Meeting Brochure	BPR Gold Award sBPR Gold Award	Score: 91.7/100 #2 on SBF 120
2021	Score: 89/100 Green Star status	Rating: A Member of the A List	Score: 89/100 #1 in its category Member of the Gaïa index	Score: 9.1 Industry and Regional Top-Rated ESG Company	Rating: A	Rating: B- Prime status	Award for Best Universal Registration Document	BPR Gold Award sBPR Gold Award	Score: 85/100 #3 on SBF 120
2020	Score: 85/100(3) Green Star status	Rating: A Member of the A List	Score: 87/100 #1 in its category Member of the Gaïa index	Score: 9.4	Rating: A	Rating: B- Prime status	#1 on SBF 120 Grand Prix "All Categories" Award	BPR Gold Award sBPR Gold Award	#4 on SBF 120
2019	Score:90/100 Green Star status	Rating: A Member of the A List	Score: 85/100 Member of the Gaïa index	Score: 11.74	Rating: A	Rating: B- Prime status	Classified out of category Award for Best Universal Registration Document	BPR Gold Award sBPR Gold Award	#4 on SBF 120
2018	Score: 87/100 Green Star status	Rating: A Member of the A List	Score: 82/100 Member of the Gaïa index	-	Rating: BBB	Rating: B- Prime status	#1 on SBF 120 Grand Prix "All Categories" Award	BPR Gold Award sBPR Gold Award	#4 on SBF 120

(1) Global Real Estate Sustainability Benchmark: international benchmark that assesses the CSR policies and performances of real estate companies each year. / (2) Each year, the Transparency Awards recognize listed French companies from the SBF 120 for the clarity and quality of their regulatory reporting, based on 281 objective and public criteria concerning their main financial and sustainability reporting materials. / (3) Score not comparable due to a change in the methodology. / (4) Risk approach used by Sustainalytics: the lower the score, the better the company's assessment.

2.9%
current vacancy rate

38.9%
Loan To Value (LTV)
(excluding transfer taxes)

6.61%
appraisal yield rate

1

REVIEW OF THE YEAR

1.1 Activity report

In 2023, the + 0.6% increase in household purchasing power, supported by higher wages and savings income, was reflected in + 0.7% growth in household consumption, following + 2.1% in 2022, according to the latest Banque de France forecasts from December 19, 2023. This trend masks a number of trade-offs made by consumers with their spending to limit the impacts of inflation, which remained high in 2023, with consumer prices climbing + 4.5% year-on-year in the last quarter of 2023.

2023 also marked a major realignment of the food retail landscape in France, with the successive announcements, on May 26, 2023 of a memorandum of understanding between the Casino group and Groupement Les Mousquetaires to transfer Géant stores to the Intermarché banner, followed on December 18, 2023 by the exclusive negotiations launched by the Casino group with Auchan Retail and Groupement Les Mousquetaires with a view to selling virtually the entire scope of the Casino group's hypermarkets and supermarkets (excluding Corsica, not included in the scope by the Casino group). These discussions led to an agreement for Groupement Les Mousquetaires and Auchan Retail to acquire 288 points of sale. On January 24, 2024, Carrefour also announced that it had entered exclusive negotiations with Intermarché with a view to acquiring 31 points of sale. Under the terms of this agreement, Carrefour will replace Intermarché to acquire 26 stores from Casino, with the other five stores to be acquired directly from Intermarché.

On January 25, 2024, the magazine LSA published the list of the 31 stores acquired by Carrefour, including the Lanester and Le Puy hypermarkets, owned by Mercialys.

This operation, which remains subject to several approvals being obtained, particularly from the competition authorities, will considerably diversify the Company's rental base, improving its risk profile.

Footfall in Mercialys' shopping centers (excluding hypermarkets) is up + 1.4% for 2023, compared with + 1.9% for the Quantaflow national index. The - 50bp performance differential with the national index was reduced throughout the year (- 140bp at end-June and - 80bp at end-September) and reflects the attractive positioning of the centers, offsetting the deceleration of the hypermarkets managed by the Casino group, which recorded a - 8.7% decline in footfall over the year.

From October 15, 2023, two hypermarkets previously operated by Casino and owned by Mercialys in Le Puy (51% stake, with the remaining interest held by BNPP Real Estate) and Besançon (25% stake, with the remaining interest held by Amundi) were opened under the Intermarché banner, with clients responding positively to this banner change. The Besançon hypermarket recorded a significant increase in footfall over the last two months of the year, with + 24.9% and + 37.5% respectively in November and December, whereas its footfall had been stable for the first nine months of 2023.

Retailer sales across Mercialys' portfolio increased by + 2.2% in 2023 compared with 2022, while the national panel (FACT) saw + 3.3% growth. The outperformance by the FACT panel, linked mainly to a very favorable base effect during the first quarter (large shopping centers had been affected by the rollout of the vaccine pass in the first quarter of 2022), was reversed during the second half of the year, reflecting the good commercial performance by Mercialys' client retailers. An increase in the transformation rate was recorded, with the average basket for consumption at the Company's centers continuing to progress, up + 5.2% from Euro 19.3 in 2022 to Euro 20.3 per visitor. Looking beyond the impact of inflation, this increase reflects the continued attractive positioning of Mercialys' shopping centers through their affordable offering focused on essential needs, which is proving resilient faced with the trade-offs that consumers are being forced to make.

With the relevant positioning of Mercialys' assets and their strong positions in their catchment areas, the current financial vacancy rate remained effectively under control at 2.9% at end-2023, similar to end-2022 and showing a significant improvement compared with the 3.3% recorded at end-June 2023. This stability of the current financial vacancy rate is particularly satisfactory considering the significant number of retailers, primarily in the textiles sector, that filed for bankruptcy or went into liquidation in 2023 in a context of the emergence from the health crisis and the withdrawal of government support measures.

Mercialys' intense reletting activity throughout 2023, with 150 lease renewals or relettings signed, enabled it to keep the current vacancy level effectively under control at just 40bp above its all-time low of 2.5% from 2019.

This solid operational performance is reflected in the income statement for 2023. Invoiced rents are up + 4.1% like-for-like to Euro 177.5 million. The increase in rental income on a current basis came to + 2.8%, reflecting the disposals completed in 2022. An indicator for the efficiency of the Company's operational management, EBITDA is up + 3.6% from 2022 to Euro 149.4 million. The EBITDA margin is up + 70 bp to 83.9%, supported by rental income growth and strict control over site operating costs and overheads. Net recurrent earnings (NRE) are up + 3.3% to Euro 109.0 million, and + 3.3% per share to Euro 1.17, with this growth exceeding the target set by the Company for net recurrent earnings per share growth of at least + 2.0%. Net recurrent earnings restated in 2022 for Euro + 7.8 million of net income for various impacts relating to the health crisis, compared with Euro + 0.4 million of net income in the accounts at end-December 2023, would be up + 11.0%.

In 2023, Mercialys maintained a particularly healthy and solid financial structure, enabling it to absorb the adjustment in its portfolio's appraisal value. The loan to value (LTV) ratio came to 38.9% at December 31, 2023, compared with 35.3% at December 31, 2022, with an ICR of 5.1x at December 31, 2023, *versus* 5.9x at December 31, 2022. The rating agency Standard & Poor's acknowledged Mercialys' robust business and sound balance sheet, confirming its BBB/stable outlook rating on October 20, 2023.

This solid financial structure offers the Company headroom for new investments, through both its project pipeline and external growth operations, as illustrated in 2023 when the Company acquired 23% of the DEPUR group and a 30% interest in ImocomPartners.

The EPRA Net Disposal Value (NDV) came to Euro 17.10 per share, down - 18.4% over 12 months and - 9.1% for the second half of 2023. It reflects a - 7.1% decrease in the value of sites over the year and the impact of the marking to market of fixed-rate debt.

In view of all of these elements, and in line with a balanced distribution policy, the Company's Board of Directors will submit a proposal at the General Meeting on April 25, 2024 for a dividend of Euro 0.99 per share for 2023, representing 85% of net recurrent earnings for the year, offering a yield of 5.8% on the NDV of Euro 17.10 per share at end-2023 and 9.9% on the year's closing share price for 2023.

This proposed dividend is based on the distribution requirement with the SIIC tax status concerning exempt profits from:

- property rental or sub-letting operations (including dividends paid by the subsidiaries subject to the SIIC system), *i.e.* Euro 0.86 per share;
- the distribution of exempt income recorded on the Company's balance sheet for Euro 0.13 per share.

The ex-dividend date is April 29, 2024, with the dividend to be paid on May 2, 2024.

1.1.1 Mercialys is becoming the only real estate partner of all the major French food distribution networks

Realignment of the food retail landscape in France benefiting Mercialys

On December 18, 2023, the Casino group announced that it had entered exclusive negotiations with Intermarché and Auchan Retail with a view to selling virtually the entire scope of Casino group hypermarkets and supermarkets (excluding Corsica) to Groupement Les Mousquetaires and Auchan Retail. Following these exclusive negotiations, Casino announced on January 24 that it had signed agreements with Auchan Retail and Groupement Les Mousquetaires to sell 288 stores. This operation, which remains subject to approval by the competition authorities, is expected to be carried out in the second quarter of 2024, after consulting with the relevant employee representative bodies. The agreements plan for the stores to be transferred in three successive waves: on April 30, 2024, May 31, 2024 and July 1, 2024.

The portfolio of Casino group hypermarkets and supermarkets in Corsica, where Mercialys has a 60% stake in five Casino hypermarkets that it owns in partnership with the company Corin, was not included in this sales agreement by the Casino group.

On January 24, 2024, Carrefour also announced that it had entered exclusive negotiations with Intermarché with a view to acquiring 31 points of sale. Under the terms of this agreement, Carrefour will replace Intermarché to acquire 26 stores from Casino, with the other five stores to be acquired directly from Intermarché.

On January 25, 2024, the magazine LSA published the list of the 31 stores acquired by Carrefour, including the Lanester and Le Puy hypermarkets, owned by Mercialys.

Through this deep realignment of the retail sector in France, Mercialys, whose food anchoring was represented exclusively by the Casino group, which accounted for 20.5% of its rental income in 2023 on a consolidated basis, will become the only European retail property company to partner with all the major French food retailers.

Mercialys is once again setting out its strategic conviction to maintain significant exposure within its rental revenues to food retail, an asset class offering a foundation for recurring index-linked revenues.

At end-2023, Mercialys' rental exposure to large food stores is split between:

- five food stores (including one Monoprix store) operated by Casino and fully owned by Mercialys;
- five food stores operated by Casino and 60% owned by Mercialys;
- 10 food stores (nine operated by Casino and one by Intermarché since October 1, 2023) 51% owned by Mercialys (through SAS Immosiris and SAS Hyperthetis Participation, both 49% owned by BNPP Real Estate);
- five food stores (three operated by Monoprix, one by Casino and one by Intermarché since October 1, 2023) 25% owned by Mercialys (through SCI AMR, 75% owned by Amundi).

Taking into account the share of rental income depending on how assets are held through these various entities, Mercialys' economic exposure to rent from retailers operated by the Casino group comes to 17.4%.

On a *pro forma* basis, according to information published in the press (as mentioned above and in an Article in the magazine LSA on January 22, 2024), and subject to the final breakdown of the various hypermarkets, the retailers Intermarché, Auchan and Carrefour would respectively represent 5.2%, 4.1% and 2.0% of rents on an economic basis.

This realignment will modify and considerably improve the Company's rental risk profile. It will make it possible to replace single-tenant exposure to one struggling retailer with multi-tenant exposure to retailers that have sound financial foundations and robust commercial performance levels.

This operation will also make a significant contribution to the drive to diversify Mercialys' rental base: the Company's current leading tenant will represent considerably less than 10% of the rental base.

In addition, Mercialys may, in synergy with the adjoining shopping centers, support these operators to optimize their concept and format, capitalizing on its experience with asset transformation.

Looking beyond this scope for sites where Mercialys is directly exposed to large food stores:

- 19 of its shopping centers are currently anchored by Casino hypermarkets whose premises it does not own and which are subject to proposed food banner transfers to Intermarché and Auchan;
- Seven of its shopping centers are already anchored by hypermarkets whose premises it does not own and which are operated by retailers other than Casino: Super U in Rennes, Rodez, Montauban, Carrefour in Le Port, Saint-Benoît and Saint-Pierre (Reunion Island), RunMarket (Intermarché partner) in Sainte-Marie (Reunion Island).

Across all these sites, the attractive price positioning of Intermarché, Auchan and Carrefour will consolidate Mercialys' retail mix, focused on affordable day-to-day products, and will support the consistency of the offering, help drive footfall in its centers and boost the retailers' operational performances.

1.1.2 Veryhealthy financial structure making it possible to absorb the portfolio value adjustment

EPRA Net Disposal Value (NDV) down - 9.1% over six months and - 18.4% over 12 months, reflecting the lower valuation of sites and the significant increase in the marking to market of fixed-rate debt

Mercialys' portfolio value came to Euro 2,872.0 million including transfer taxes, down - 3.8% over six months and - 7.1% over 12 months. Like-for-like (1), it is down - 3.7% over six months and - 7.0% over 12 months.

Excluding transfer taxes, the portfolio value was Euro 2,692.3 million, down - 3.8% over six months and - 7.1% over 12 months. Like-for-like, it is down - 3.7% over six months and - 7.0% over 12 months.

At end-December 2023, Mercialys' portfolio mainly comprised 48 shopping centers (2), with 25 large regional shopping centers and 23 leading local retail sites.

The average appraisal yield rate was 6.61% at December 31, 2023, compared with 5.75% at December 31, 2022 and 6.21% at June 30, 2023. This decompression of the appraisal rates by 40bp during the second half of the year and 86bp over the full year reflects the context of rising interest rates between 2022 and 2023, as well as an overall increase in the risk premium recognized by the appraisers across the real estate sector in general and specifically for Mercialys, with this risk considered to be higher with regard to the sustainability of rental income from the Casino group, before the completion of the restructuring process. However, the economic and financial assumptions retained by the appraisers do not show any fundamental changes from year to year, reflecting the strong position of the Company's sites, illustrated by a low vacancy rate and the positive indexation.

This decompression of the appraisal rate to 6.61% enables Mercialys to offer a significant yield spread on its assets of 405bp *versus* the risk-free rate (10-year OAT) at December 31, 2023.

We would need to go back to 2006 to find a relatively similar appraisal rate of 6.30% for Mercialys, which at the time represented a yield spread *versus* the OAT of 231bp, some way below the level recorded at end-2023. During this period of over 15 years, the Company has made in-depth changes to the structure of its asset portfolio through a large-scale realignment, transitioning from 157 assets to 48 sites. The Company has further strengthened its portfolio considerably through these successive rationalizations, with the unit value of its assets up to Euro 60 million in 2023, compared with Euro 8.1 million in 2006.

The EPRA Net Asset Value indicators are as follows:

	EPRA NRV			EPRA NTA			EPRA NDV		
	12/31/2022	06/30/2023	12/31/2023	12/31/2022	06/30/2023	12/31/2023	12/31/2022	06/30/2023	12/31/2023
€/share	20.54	19.03	18.25	18.42	16.99	16.29	20.94	18.80	17.10
Change over 6 months	+ 0.9%	- 7.4%	- 4.1%	+ 1.0%	- 7.8%	- 4.1%	+ 6.6%	- 10.2%	- 9.1%
Change over 12 months	+ 0.1%	- 6.5%	- 11.2%	+ 0.2%	- 6.9%	- 11.6%	+ 19.0%	- 4.3%	- 18.4%

The EPRA Net Disposal Value (NDV) came to Euro 17.10 per share, down - 9.1% over six months and - 18.4% over 12 months. The Euro - 3.84 per share change over 12 months takes into account the following impacts:

- dividend payment: Euro - 0.96;
- net recurrent earnings: Euro + 1.17;
- change in unrealized capital gains (3): Euro - 2.04, including a yield effect for Euro - 4.07, a rent effect for Euro + 1.90 and other effects (4) for Euro + 0.13;
- change in fair value of fixed-rate debt: Euro - 1.53;
- change in fair value of derivatives and other items: Euro - 0.49.

Loan To Value ratio (LTV) including transfer taxes of 36.4% and ICR of 5.1x reflecting a particularly solid financial profile.

The real average cost of drawn debt (5) for 2023 came to 2.3%, following a limited increase compared with the 2.0% recorded at end-2022 and 2.1% at end-June 2023. This change is linked mainly to the instruments set up to fix and extinguish the fixed/floating rate products, helping further strengthen **debt hedging**. In a context of significant increases in interest rates and rate volatility from the first half of 2022, Mercialys further strengthened its hedging rate for its fixed-rate debt, up to 96% for 2023. For 2024, the hedging instruments set up on the residual debt will make it possible to reach 100% hedging for fixed-rate debt, with the real average cost of drawn debt, on this basis, expected to move closer to the average cost of bond debt, *i.e.* 2.6%.

At end-December 2023, **drawn debt** represented Euro 1,192 million. It comprised three bond issues and a private placement, with a residual nominal amount of Euro 1,150 million, as well as commercial paper, with Euro 42 million outstanding at end-December 2023. Alongside this, **the cash position** totaled Euro 118 million at end-2023.

The **average maturity of drawn debt** was 3.8 years at December 31, 2023, compared with 4.2 years at end-June 2023 and 4.5 years at December 31, 2022. Excluding commercial paper, Mercialys does not have any drawn debt maturities before February 2026.

(1) *Sites on a constant scope and a constant surface area basis.*
(2) *Added to these are two geographically dispersed assets with a total appraisal value including transfer taxes of Euro 13.0 million.*
(3) *Difference between the net book value of assets on the balance sheet and their appraisal value excluding transfer taxes.*
(4) *Including impact of revaluation of assets outside of organic scope, equity associates, maintenance capex and capital gains or losses on asset disposals.*
(5) *This rate does not include the net expense linked to the non-recurring bond redemption premiums, costs and amortization, as well as the proceeds and costs from unwinding hedging operations*

Mercialys continues to benefit from a very healthy financial structure, with an **LTV ratio excluding transfer taxes** (1) of **38.9% at December 31, 2023** (compared with 38.6% at June 30, 2023 and 35.3% at December 31, 2022) and an LTV ratio including transfer taxes of 36.4% on the same date (*versus* 36.1% at June 30 and 33.0% at December 31, 2022). The LTV ratio is significantly below the bank covenant level of 55%, impacting 92% of the undrawn lines.

The ICR was 5.1x (2) at December 31, 2023, compared with 5.2x at June 30, 2023 and 5.9x at December 31, 2022, reflecting the impacts of the operational performance on EBITDA. It is significantly higher than the minimum level of at least 2x set by the bank covenants.

Mercialys also has Euro 385 million of undrawn financing resources, stable compared with end-December 2022, with the maturity of 90% of them extended in 2023. The average maturity of undrawn bank resources represents 2.9 years. In addition, at end-2023, 100% of the undrawn bank lines included ESG criteria, compared with just over 53% at end-2022.

On October 20, 2023, Standard & Poor's confirmed its **BBB/stable** outlook rating for Mercialys.

1.1.3 Resilient risk profile and effectively managed growth

At the end of FY 2023, with an uncertain economic environment, excellent operational and financial performances and relatively marked adjustments to the property values by the appraisers, Mercialys is moving into 2024 with a significant change in its food retail exposure.

In this context, the Company will continue to be ambitious as it looks to grow its real estate fundamentals, while benefiting from the relaunch of the hypermarkets anchoring its portfolio and deploying its resources to work on its project pipeline and potential for investments.

Focusing on the key financial balances

Following an intense phase to rationalize its portfolio from 2019 to 2022, when Mercialys divested around Euro 500 million of assets (100%-owned) after considerably developing their attractive positioning, the Company is maintaining its opportunistic approach to new disposals with a view to focusing on the most promising sites with potential for medium-term growth in terms of value creation.

Thanks to its very sound financial structure, the Company has resources in place to firmly commit to a development phase over the coming years.

This growth strategy will be achieved through the pipeline of development projects or through targeted accretive acquisitions focused on retail property or related activities, including shopping centers, retail parks and storage centers. Specifically, the Company will aim to ensure that the yield on these operations is at least 250bp higher than the refinancing cost for the projects or acquisitions.

Continuing to make progress with the Company's management in line with the core pillars of the 2020-2030 CSR strategy

In 2023, Mercialys made concrete progress with key milestones from the roadmap set out with its 10-year CSR strategy "*4 Fair Impacts for 2030*".

Various objectives aimed at improving the environmental footprint of sites are showing very positive trends, including:

- a reduction in greenhouse gas emissions per sq.m by -24% compared with 2020 and -35% *versus* 2017, the baseline year for the Company's carbon roadmap;
- a waste recovery rate of 66.2%;
- 100% BREEAM In Use certification for strategic centers, including the regular renewal of this certification in line with the increasingly demanding rating criteria. The average rating for strategic assets in section 2 is 72.0%;
- nearly 60% of the strategic centers have multifunctional spaces and 75.9% of the centers are equipped with charging stations for electric vehicles.

This strategy also concerns the Company's ethical management, and this dimension is illustrated in particular by its very good performance in terms of gender equality, measured by the workplace equality index (drawn up by the French Ministry of Labor, Employment and Inclusion), after Mercialys scored 93/100 in 2023, compared with a national average of 88/100.

Lastly, Mercialys structures its governance in line with the best corporate governance standards, as illustrated by its Board of Directors, since 78% of its directors are independent and 56% are women.

The Company's committed approach around the various CSR pillars is recognized by the leading sustainability rating agencies and public authorities. In 2023, Mercialys was once again ranked second for the representation of women in management structures on the SBF 120. The Company also maintained its second-place ranking in its category (listed retail property companies in Europe) in the GRESB, with a high score of 89/100, and was recognized as a Regional and Industry Top ESG Performer for the third year running by Sustainalytics. Lastly, in February 2024, Mercialys was included in the Carbon Disclosure Project's Climate A List for the sixth consecutive year.

Capitalizing on opportunities for external growth, illustrated by the achievements in 2023

The two external growth operations carried out in 2023 are in line with the commitment to developing and creating new real estate tools.

In September 2023, Mercialys announced the acquisition, in two phases, of the investment management company ImocomPartners. In December 2023, after this operation was approved by the French financial markets authority (AMF), Mercialys acquired 30% of the capital from this company's longstanding shareholders for Euro 5.7 million. The remaining 70% will be acquired by the Company during the first half of 2025, subject to approval by the AMF, following an interim period during which the current management team will accompany and support the Company's development. The price for this second tranche will be adjusted in line with the performances of the investment management company and the underlying fund.

(1) LTV (Loan To Value): Net financial debt/(portfolio market value excluding transfer taxes + market value of investments in associates for Euro 45.1 million in 2023 and Euro 52.7 million in 2022, since the value of the portfolio held by associates is not included in the appraisal value).
(2) ICR (Interest Coverage Ratio): EBITDA/net finance costs.

ImocomPartners manages the OPPCI investment fund ImocomPark, which holds a portfolio of 33 retail parks in France, with a total rental area of over 385,000 sq.m, let to around 400 tenants. The fund's assets represent a value of Euro 652 million including transfer taxes and generate Euro 40 million of annual rental income.

This operation offers increased visibility in relation to tenant retailers, while increasing the Company's capacity to work on retail or mixed real estate development projects. In a context of pressures on land reserves, linked in particular to the French Climate and Resilience Act, land management is becoming increasingly important and will open up opportunities that Mercialys and ImocomPartners aim to capitalize on.

Lastly, the development of new retail property funds represents a major source of value creation for Mercialys.

In 2023, Mercialys also acquired a major stake in the round of fundraising carried out by the DEPUR group to become this company's second largest shareholder, after its founder, with just under 23% of its capital, for a total of Euro 1.1 million.

This investment in this company specialized in the design and execution of major Food & Beverage & Entertainment (F&B&E) projects, alongside Bouygues Immobilier and the BPI Tourism/Leisure fund, further strengthened Mercialys' expertise covering fine-grained consumption trends.

DEPUR's approach involves structuring in one place a range of food and beverage and entertainment services for a customer experience that extends well beyond culinary know-how.

Thanks to the funds raised with this operation, DEPUR has resources in place to accelerate its development and further strengthen its expertise, with its ambition to establish itself as the first vertically integrated operator specialized in the F&B&E sector, from conceptualization through to operations.

Implementing the project pipeline

At end-2023, the pipeline of projects already identified and likely to be deployed over the medium term represented Euro 429 million, as presented below. Mercialys will continue to focus its development on the retail sector, while capitalizing on its various areas of real estate expertise, enabling it to take part in calls for tenders for mixed-use development projects organized by cities or local authorities looking to reposition their neighborhoods or developments incorporating property development margins.

The pipeline's projects concern 28 sites out of the 48 shopping centers held by Mercialys and include retail space projects (redevelopments, extensions, retail parks), dining and leisure projects, and tertiary activity projects (housing, health, coworking, etc.). This potential reconfiguration of sites will make it possible to ensure their continued appeal looking beyond purely convenience retail aspects, while ensuring the sustainability of their strong positioning in their catchment areas and their cash flow generation profile over the long term.

The increase in both borrowing rates and construction costs is leading to a highly selective approach for projects, which must meet a demanding criterion for a yield of 250bp above the refinancing cost. Investments will also need to meet strict quality criteria in terms of rental exposure (resilient sectors) and geographic location.

Around 30% of the investment projects concern dining, leisure and tertiary activities, illustrating the diversification around projects connected to the retail sector. Thanks to the actions carried out in 2022 to consolidate its balance sheet, Mercialys has solid fundamentals in place in a market environment that is volatile, but could open up opportunities for acquisitions.

(in millions of euros)	Total investment	Investment still to be committed	Completion date
Committed projects	**20.2**	**18.8**	**2024/2026**
Tertiary activities	20.2	18.8	2024/2026
Controlled projects	**181.2**	**171.3**	**2024/2026**
Retail	152.2	142.6	2024/2026
Dining and leisure	14.1	14.0	2025/2026
Tertiary activities	14.9	14.7	2025/2026
Identified projects	**227.5**	**227.2**	**2024/> 2028**
Retail	148.5	148.3	2024/> 2028
Dining and leisure	65.9	65.8	2026/> 2028
Tertiary activities	13.1	13.1	2025/> 2028
TOTAL	**428.8**	**417.4**	**2024/> 2028**

* *Committed projects: projects fully secured in terms of land management, planning and related development permits*

* *Controlled projects: projects effectively under control in terms of land management, with various points to be finalized for regulatory urban planning (constructability), planning or administrative permits*

* *Identified projects: projects currently being structured, in emergence phase*

1.2 Financial report

Pursuant to regulation (EC) No. 1606/2002 of July 19, 2002, the Mercialys group's consolidated financial statements were prepared in accordance with International financial reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union and applicable at December 31, 2021. These standards are available on the European Commission website at: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/financial-reporting_en.

The accounting policies set out below were applied consistently to all the periods presented in the consolidated financial statements, after taking into account, or with the exception of, the new standards and interpretations described below.

1.2.1 Financial statements

1.2.1.1 Consolidated income statement

(in thousands of euros)	12/31/2023	12/31/2022
Rental revenues	**178,010**	**173,277**
Service charges and property tax	(51,079)	(45,159)
Charges and taxes billed to tenants	45,201	37,883
Net property operating expenses	(1,208)	(69)
Net rental income	**170,924**	**165,932**
Management, administrative and other activities income	3,078	2,846
Other income	-	424
Other expenses	(4,433)	(6,283)
Personnel expenses	(20,169)	(18,690)
Depreciation and amortization	(38,540)	(37,729)
Reversals of/(Allowances for) provisions	(4,774)	(2,527)
Other operating income	10,647	88,740
Other operating expenses	(30,915)	(86,486)
Operating income	**85,818**	**106,227**
Income from cash and cash equivalents	3,185	246
Gross finance costs	(38,194)	(53,480)
(Expenses)/ Income from net financial debt	**(35,009)**	**(53,234)**
Other financial income	774	1,089
Other financial expenses	(6,085)	(3,939)
Net financial items	**(40,321)**	**(56,083)**
Tax expense	(495)	(709)
Share of net income from associates and joint ventures	1,727	2,380
Consolidated net income	**46,730**	**51,814**
Attributable to non-controlling interests	(6,643)	8,720
Attributable to owners of the parent	53,373	43,094
Earnings per share (1)		
Net income attributable to owners of the parent *(€)*	0.57	0.46
Diluted net income attributable to owners of the parent *(€)*	0.57	0.46

(1) Based on the weighted average number of shares over the period adjusted for treasury shares.
Undiluted weighted average number of shares in 2023 = 93,305,357 shares.
Fully diluted weighted average number of shares in 2023 = 93,305,357 shares.

1.2.1.2 Consolidated statement of financial position

Assets

(in thousands of euros)	12/31/2023	12/31/2022
Intangible assets	3,144	3,381
Property, plant and equipment other than investment property	5,825	4,743
Investment property	1,864,950	1,907,148
Right-of-use assets	10,615	10,184
Investments in associates	39,557	35,203
Other non-current assets	37,577	50,219
Deferred tax assets	1,614	1,601
Non-current assets	**1,963,282**	**2,012,478**
Trade receivables	35,936	28,557
Other current assets	31,902	31,854
Cash and cash equivalents	118,155	216,085
Investment property held for sale	1,400	0
Current assets	**187,393**	**276,496**
ASSETS	**2,150,676**	**2,288,974**

Equity and liabilities

(in thousands of euros)	12/31/2023	12/31/2022
Share capital	93,887	93,887
Additional paid-in capital, treasury shares and other reserves	583,337	631,246
Equity attributable to owners of the parent	**677,224**	**725,132**
Non-controlling interests	188,871	205,294
Shareholders' equity	866,095	930,426
Non-current provisions	1,406	1,225
Non-current financial liabilities	1,131,627	1,131,974
Deposits and guarantees	24,935	23,622
Non-current lease liabilities	9,529	9,409
Other non-current liabilities	4,834	2,377
Non-current liabilities	**1,172,332**	**1,168,607**
Trade payables	9,265	13,910
Current financial liabilities	53,037	126,353
Current lease liabilities	1,331	1,084
Current provisions	15,581	13,279
Other current liabilities	32,940	35,237
Current tax liabilities	95	78
Current liabilities	**112,249**	**189,941**
TOTAL EQUITY AND LIABILITIES	**2,150,676**	**2,288,974**

1.2.1.3 Consolidated cash flow statement

(in thousands of euros)	12/31/2023	12/31/2022
Net income attributable to owners of the parent	53,373	43,094
Non-controlling interests	(6,643)	8,720
Consolidated net income	**46,730**	**51,814**
Depreciation, amortization (1) and provisions, net of reversals	64,054	46,161
Calculated expenses/(income) relating to stock options and similar	763	773
Other calculated expenses/(income) (2)	5,559	(386)
Share of net income from associates and joint ventures	(1,727)	(2,380)
Dividends received from associates and joint ventures	2,525	3,065
Income from asset disposals	(766)	(8,486)
Expenses/(income) from net financial debt	35,009	53,234
Net financial interest in respect of lease agreements	344	321
Tax expense (including deferred tax)	495	709
Cash flow	**152,987**	**144,825**
Taxes received/(paid)	(569)	(1,033)
Change in working capital requirement relating to operations, excluding deposits and guarantees (3)	(19,464)	5,816
Change in deposits and guarantees	1,313	515
Net cash flow from operating activities	**134,267**	**150,124**
Cash payments on acquisitions of:		
• investment properties and other fixed assets	(22,532)	(19,098)
• non-current financial assets	(4)	(43)
Cash receipts on disposals of:		
• investment properties and other fixed assets	3,964	81,161
• non-current financial assets	3,146	1,274
Investments in associates and joint ventures	(6,312)	-
Impact of changes in scope with change of control	-	(4,292)
Change in loans and advances granted	-	-
Net cash flow from investing activities	**(21,740)**	**59,002**
Dividends paid to shareholders of the parent company (final)	(89,565)	(86,025)
Dividends paid to shareholders of the parent company (interim)	-	-
Dividends paid to non-controlling interests	(9,780)	(5,437)
Capital increase and reduction	-	-
Other transactions with shareholders	-	-
Changes in treasury shares	(744)	(439)
Increase in borrowings and financial debt	109,000	754,809
Decrease in borrowings and financial debt	(192,204)	(880,222)
Repayment of lease liabilities	(1,231)	(1,398)
Interest received (4)	17,880	20,999
Interest paid	(43,727)	(52,484)
Net cash flow from financing activities	**(210,371)**	**(250,198)**
CHANGE IN CASH POSITION	**(97,844)**	**(41,072)**
Net cash at beginning of year	215,999	257,071
Net cash at end of year	118,155	215,999
• of which cash and cash equivalents	118,155	216,085
• of which bank overdrafts	-	(87)

(1) Depreciation and amortization exclude the impact of impairments on current assets.

(2) Other calculated expenses and income mainly comprise:

• discounting adjustments to construction leases	(207)	(236)
• lease rights received from tenants and spread over the firm term of the lease	2,920	(662)
• deferred financial expenses	648	826
• interest on non-cash loans and other financial income and expenses	2,024	(362)

(in thousands of euros)	12/31/2023	12/31/2022
(3) The change inworking capital requirement breaks down as follows:		
• trade receivables	(7,462)	8,392
• trade payables	(4,646)	(2,863)
• other receivables and payables	(7,356)	287
Total working capital requirement	**(19,464)**	**5,816**

(4) Primarily comprising interest received on instruments classed as debt hedging instruments in accordance with IAS 7.16

1.2.2 Key developments in 2023

Financing

At end-June 2023, Mercialys set up a new credit line for Euro 180 million, maturing in June 2026, with two options for a one-year extension. This new credit line, which has not been drawn down to date, incorporates ESG criteria and replaces the Euro 180 million line due to mature in December 2024.

Change in the rental base

On December 18, 2023, the Casino group announced that it had entered exclusive negotiations with Intermarché and Auchan Retail with a view to selling virtually the entire scope of Casino group hypermarkets and supermarkets (excluding Corsica) to Groupement Les Mousquetaires and Auchan Retail. Following these exclusive negotiations, Casino announced on January 24 that it had signed agreements with Auchan Retail and Groupement Les Mousquetaires to sell 288 stores. The sales will be completed in the second quarter of 2024, after consulting with the relevant employee representative bodies. The agreements plan for the stores to be transferred in three successive waves: on April 30, 2024, May 31, 2024 and July 1, 2024.

This operation remains subject to the relevant approvals being obtained from the competition authorities.

The portfolio of Casino group hypermarkets and supermarkets in Corsica, where Mercialys owns five Casino hypermarkets in partnership with the company Corin (40% stake), is not covered by this sales agreement.

On January 24, 2024, Carrefour also announced that it had entered exclusive negotiations with Intermarché with a view to acquiring 31 points of sale. Under the terms of this agreement, Carrefour will replace Intermarché to acquire 26 stores from Casino, with the other five stores to be acquired directly from Intermarché.

On January 25, 2024, the magazine LSA published the list of the 31 stores acquired by Carrefour, including the Lanester and Le Puy hypermarkets, owned by Mercialys.

Through this deep realignment of the retail sector in France, Mercialys, whose food anchoring was represented exclusively by the Casino group, which accounted for 20.5% of its rental income in 2023 on a consolidated basis, will become the only European retail property company to partner with all the major French food retailers.

1.2.3 Summary of the main key indicators for the period

	12/31/2023
Organic growth in invoiced rents	+4.1%
EBITDA (1)	€149.4m
EBITDA/rental revenues	83.9%
Net recurrent earnings (NRE) (2)	€109.0m
Net recurrent earnings per share (3) (NRE per share)	€1.17
Fair value of the portfolio (including transfer taxes)	€2,872.0m
Change *vs.* Dec. 31, 2022 (current basis)	- 7.1%
Change *vs.* Dec. 31, 2022 (like-for-like)	- 7.0%
EPRA NDV per share	€17.10
Change *vs.* Dec. 31, 2022	- 18.4%
Loan to value (LTV) – excluding transfer taxes	38.9%

(1) Earnings before interest, taxes, depreciation, amortization and other operating income and expenses
(2) NRE: Net recurrent earnings = net income attributable to owners of the parent before amortization, gains or losses on disposals net of associated fees, any asset impairment and other non-recurring effects
(3) Calculated based on the average undiluted number of shares (basic), i.e. 93,305,357 shares.

1.2.4 Review of activity

Main management indicators

The following table presents details of the **lease schedule**:

At 12/31/2023	Number of leases	Annual MGR* + variable rents (€m)	Share of leases expiring (% annual MGR + variable)
Expired at December 31, 2023	350	23.6	13.5%
2024	157	9.0	5.1%
2025	125	7.8	4.4%
2026	170	16.3	9.3%
2027	205	40.7	23.2%
2028	196	15.1	8.6%
2029	176	11.7	6.7%
2030	255	26.0	14.8%
2031	187	11.6	6.6%
2032	118	6.9	3.9%
2033 and beyond	99	6.8	3.9%
TOTAL	**2,038**	**175.5**	**100%**

* *MGR = minimum guaranteed rent.*

The stock of expired leases at end-2023 reflects the negotiations underway, refusals to renew leases with the payment of compensation for eviction, global negotiations for each retailer, tactical delays, etc. Within the 13.5% of leases expired at end-2023, 1.7% were covered by agreements signed in January 2024.

At end-January 2024, the **collection rate** for rent and charges from 2023 was 96.3%.

The **current financial vacancy rate** - which excludes "strategic" vacancies following decisions to facilitate the deployment of extension and redevelopment plans - came to 2.9% (1) at December 31, 2023, stable compared with the level from end-2022 and showing a significant improvement compared with June 30, 2023 (3.3%). Mercialys' robust letting activity enabled it to offset the impact of the retailers going into turnaround or liquidation proceedings, particularly in the textiles sector.

The **total vacancy rate** (2) was 4.4% at December 31, 2023, which is also significantly lower than end-June 2023 (4.7%) and stable compared with end-2022.

Mercialys' robust underlying letting performance led to 150 leases being signed for renewals or relettings in 2023, securing a reversion rate that is stable (+ 0.1%) and relevant considering the combination of high indexation in 2023 at + 3.7%

Thanks to the positive trend for retailer activity levels, the occupancy **cost ratio** (3) remained at a still very measured rate of 10.7% at end-December 2023, down from end-June (10.9%) and end-December 2022 (11.1%), despite the like-for-like increase in rents.

The rents received by Mercialys come from a very diverse range of retailers as, with the exception of the Casino group retailers (details presented below), no other tenant represents more than 2% of total rental income.

The Casino group's restructuring and the in-depth realignment of the food retail landscape in France, as presented earlier, will significantly change Mercialys' rental structure from 2024.

Casino group retailers accounted for 20.5% of total rental income at December 31, 2023, down from 21.4% at June 30, 2023 and 21.0% at December 31, 2022. The lower level of exposure to the Casino group results from the Besançon and Le Puy stores switching to the Intermarché banner.

This consolidated accounting exposure is calculated factoring in all of the rent paid by Casino group retailers.

Mercialys' economic exposure to rent from retailers operated by the Casino group came to 17.4%, compared with 18.3% at end-June 2023 and 18.0% at end-2022, after being adjusted:

1. downwards for the 49% minority interest held by BNP Paribas REIM in SAS Hyperthetis Participations and SAS Immosiris, which together own a total of nine hypermarkets operating under the Géant Casino banner (with the Le Puy site operated by Intermarché since October 2023); and
2. upwards for Mercialys' 25% minority interest in SCI AMR, which holds three Monoprix stores and two hypermarkets operating under the Géant Casino and Intermarché banners.

The lease schedule for Mercialys' main tenant is presented below:

(1) The occupancy rate, as with Mercialys' vacancy rate, does not include agreements relating to the Casual Leasing business.
(2) In accordance with the EPRA calculation method: rental value of vacant units/(annualized minimum guaranteed rent on occupied units + rental value of vacant units).
(3) Ratio between rent, charges (including marketing funds) and invoiced work paid by retailers and their sales revenue (excluding large food stores): (rent + charges + reinvoiced work including tax)/sales revenue including tax.

SCHEDULE FOR KEY CASINO GROUP LEASES

Site	% held by Mercialys	Type	Lease start date	Lease end date	Lease characteristics
Grenoble	100%	Monoprix	02/2010	02/2022	3 - 6 - 9 - 12 commercial lease
Quimper	10%	Hypermarket	12/2014	12/2026	3 - 6 - 9 - 12 commercial lease
Aix-en-Provence	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Marseille	100%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Brest	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Nîmes	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Angers	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Lanester	10%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Niort	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Fréjus	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Narbonne	51%	Hypermarket	11/2015	11/2027	3 - 6 - 9 - 12 commercial lease
Istres	51%	Hypermarket	11/2015	11/2027	3 - 6 - 9 - 12 commercial lease
Clermont-Ferrand	51%	Hypermarket	11/2015	11/2027	3 - 6 - 9 - 12 commercial lease
Annemasse	100%	Hypermarket	12/2015	12/2027	3 - 6 - 9 - 12 commercial lease
Ajaccio	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Corte	60%	Supermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Furiani	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Porto-Vecchio	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Toga	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period

Top 10 tenant retailers (excluding Casino group)
H&M
Feu Vert
Armand Thiery
Nocibé
FNAC
Mango
Orange
Jules
Sephora
Intersport
13.4% OF CONTRACTUAL RENTS ON AN ANNUALIZED BASIS

The **breakdown by retailer** (national, local and retailers associated with the Casino group) of contractual rents on an annualized basis is as follows:

	Number of leases	Annual MGR* + variable rents *(€m)*	Percentage of rent *(%)*	
	12/31/2023	12/31/2023	12/31/2022	12/31/2023
National and international retailers	1,401	116,4	65.5%	66.3%
Local retailers	591	23.2	13.5%	13.2%
Casino cafeterias/restaurants	2	0.2	0.1%	0.1%
Monoprix	1	1.2	0.7%	0.7%
Géant Casino and other entities	43	34.5	20.2%	19.7%
TOTAL	**2,038**	**175.5**	**100.0%**	**100.0%**

* *MGR: minimum guaranteed rent.*

The **breakdown by business sector** (including large food stores) of Mercialys' rents is still highly diversified. Through its various arbitrage operations, especially concerning certain food retailers, and its relettings, the Company has further strengthened its strategy for balanced retail mixes, while continuing to scale back its exposure to textiles in favor of sectors such as health and beauty, culture, gifts and sport :

	Percentage of rent *(%)*	
	12/31/2022	**12/31/2023**
Restaurants and catering	8.3%	8.6%
Health and beauty	12.7%	13.0%
Culture, gifts and sports	17.5%	17.9%
Personal items	30.0%	28.9%
Household equipment	7.7%	7.7%
Food-anchored tenants	20.5%	20.9%
Services	3.2%	3.0%
TOTAL	**100.0%**	**100.0%**

The rental income structure at December 31, 2023 shows that the majority of leases, in terms of overall rental income, include a variable clause. The Company's exposure to purely variable rents is however very limited, representing 1.7% of the rental base:

	Number of leases	Annual MGR + variable rents *(€m)*	Percentage of rent *(%)*	
	12/31/2023	**12/31/2023**	**12/31/2022**	**12/31/2023**
Leases with variable clause	1,338	107.5	58%	61%
• *of which MGR*		*103.4*	*57%*	*59%*
• *of which variable rent with MGR*		*1.1*	*0%*	*1%*
• *of which variable rent without MGR*		*3.0*	*2%*	*2%*
Leases without variable clause	700	68.0	42%	39%
TOTAL	**2,038**	**175,5**	**100%**	**100%**

The rental income structure at December 31, 2023 shows a predominant share of leases indexed against the French commercial rent index (ILC). In 2024, as a result of the lease anniversary dates, the indexation of Mercialys' rents will be linked for 15% to the index published in the first quarter of 2023 (+ 6.69%), with 22% for the index published in the second quarter of 2023 (+ 6.60%), 47% for the index published in the third quarter of 2023 (+ 5.97%), and 10% for the index published in the fourth quarter of 2023, while the other indexes represent a residual balance of 6%.

	Number of leases	Annual MGR + variable rents *(€m)*	Percentage of rent *(%)*	
	12/31/2023	**12/31/2023**	**12/31/2022**	**12/31/2023**
Leases index-linked to the commercial rent index (ILC)	1,771	164.8	95%	96%
Leases index-linked to the Construction Cost Index (ICC)	89	5.4	3%	3%
Leases index-linked to the tertiary activities rent index (ILAT) and non-adjustable leases	158	1.2	1%	1%
TOTAL	**2,018**	**171.4**	**100%**	**100%**

1.2.5 Review of consolidated results

1.2.5.1 Invoiced rents, rental revenues and net rental income

Rental revenues mainly comprise rents invoiced by the Company plus a smaller element of lease rights and despecialization indemnities paid by tenants and spread over the firm period of the lease (usually 36 months).

(in thousands of euros)	12/31/2022	12/31/2023	Change *(%)*
Invoiced rents	172,602	177,495	+ 2.8%
Lease rights and despecialization indemnities	674	515	- 23.6%
Rental revenues	**173,277**	**178,010**	**+ 2.7%**
Property taxes	(13,948)	(14,265)	+ 2.3%
Rebilling to tenants	11,701	12,048	+ 3.0%
Non-recovered property taxes	**(2,247)**	**(2,217)**	**- 1.3%**
Service charges	(31,211)	(36,813)	+ 18.0%
Rebilling to tenants	26,182	33,152	+ 26.6%
Non-recovered service charges	**(5,029)**	**(3,661)**	**- 27.2%**
Management fees	(7,073)	(952)	- 86.5%
Rebilling to tenants	4,113	4,032	- 2.0%
Losses on and impairment of receivables	3,263	(4,441)	na
Other expenses	(372)	153	na
Net property operating expenses	**(69)**	**(1,208)**	**na**
NET RENTAL INCOME	**165,932**	**170,924**	**+ 3.0%**

The **+ 2.8 points** change in invoiced rents primarily reflects the following factors:

- the impact of indexation for **+ 3.7 points**, representing Euro + 6.3 million;
- the contribution by Casual Leasing for **- 0.3 points**, representing Euro - 0.5 million;
- the increase in variable rents for **+ 1.1 points**, representing Euro + 1.9 million;
- the actions carried out on the portfolio for **- 0.8 points**, representing Euro - 1.4 million;
- the accounting impact of the rent relief granted to retailers in connection with the health crisis for **+ 0.4 points**, representing Euro + 0.8 million;
- the asset acquisitions and sales completed in 2022 and 2023 for **- 1.2 points**, representing Euro - 2.0 million;
- other effects primarily including strategic vacancies linked to current redevelopment programs for **- 0.1 points**, representing Euro - 0.2 million.

Taking into account the first five effects presented above, organic growth in invoiced rents shows an increase of **+ 4.1 points**.

Lease rights and despecialization indemnities [1] billed over the period came to Euro 3.4 million (compared with Euro 0.2 million at December 31, 2022).

After taking into account deferrals over the firm period of leases as required under IFRS, lease rights for 2023 totaled Euro 0.5 million, compared with Euro 0.7 million for 2022.

Rental revenues therefore came to Euro 178.0 million at December 31, 2023, up + 2.7% from end-2022.

Net rental income is up + 3.0% from 2022 to Euro 170.9 million. It corresponds to the difference between rental revenues and the costs that are directly allocated to the sites. These costs include property taxes and service charges that are not billed back to tenants, as well as net property operating expenses (primarily fees paid to the property manager that are not re-invoiced and various charges relating directly to site operations).

The costs included in the calculation of net rental income represent Euro 7.1 million for 2023, compared with Euro 7.3 million in 2022.

Alongside this, the Company benefited from the lower level of management fees paid after various activities were brought in-house in 2022 for around Euro 6 million. However, in 2022, Euro + 7.8 million of net income was recorded for various impacts relating to the health crisis: a non-recurring positive effect linked to reversals of provisions for arrears recorded for 2020-2021 for a total of Euro + 9.2 million and a Euro - 1.4 million expense relating to rent relief. In 2023, the net impact relating to this exceptional situation was very limited, representing Euro + 0.4 million, split between a Euro - 0.7 million expense corresponding to relief on the rent billed and a reversal of provisions relating to the arrears resulting directly from the health crisis for Euro + 1.1 million. Excluding these non-recurring items intended to spread the impacts associated with the health crisis, net rental income would be up + 7.8% for 2023.

(1) Compensation paid by a tenant to modify the purpose of their lease and be able to perform an activity other than that originally specified in the lease agreement.

1.2.5.2 Management income, operating costs and EBITDA

(in thousands of euros)	12/31/2022	12/31/2023	Change *(%)*
Net rental income	**165,932**	**170,924**	**+ 3.0%**
Management, administrative and other activities income	2,846	3,078	+ 8.1%
Other income and expenses	(5,859)	(4,433)	- 24.3%
Personnel expenses	(18,690)	(20,169)	+ 7.9%
EBITDA	**144,229**	**149,400**	**+ 3.6%**
% rental revenues	83.2%	83.9%	-

Management, administrative and other activities income primarily comprises fees charged for services provided by certain Mercialys teams – in connection with advisory services provided by the asset management team, or shopping center management services provided by the teams on site – as well as letting, asset management and advisory fees relating to partnerships formed.

Fees charged in 2023 totaled Euro 3.1 million, compared with Euro 2.8 million for 2022.

No **property development margin** was recorded in 2023.

No other current income was recorded in 2023 (Euro 0.4 million in 2022). This included the dividends received from the OPCI fund UIR II, 80%-owned by Union Investment and 20% by Mercialys. The asset held by the OPCI fund was sold during the first half of 2022.

Other current expenses mainly comprise overheads. Overheads primarily include financial communications costs, remuneration paid to members of the Board of Directors, corporate communications costs, shopping center communications costs, marketing research costs, professional fees (Statutory Auditors, consulting, research) and real estate portfolio appraisal costs.

For 2023, these expenses totaled Euro 4.4 million, compared with Euro 6.3 million in 2022. This change takes into account the increase in certain operating costs, largely offset by the Company's committed efforts to moderating operating costs in an inflationary context.

Personnel expenses came to Euro 20.2 million in 2023, higher than 2022 (Euro 18.7 million). This change factors in the impact of pay rises in an inflationary context and the integration of new staff recruited in 2022 and 2023 in connection with the rental management and technical and administrative management activities being brought back in-house (as of January 1, 2023), as well as the profit-sharing agreement set up during the second half of the year, which represented Euro 1.4 million of provisions.

A portion of the personnel expenses may be charged back as fees, in connection with advisory services provided by the asset management team or shopping center management services provided by Mercialys' teams on site (see paragraph above concerning management, administrative and other activities income).

As a result, **EBITDA** [1] came to Euro 149.4 million in 2023, compared with Euro 144.2 million in 2022. The EBITDA margin was 83.9% (*vs.* 83.2% at December 31, 2022).

1.2.5.3 Net financial items

The net financial items taken into account to calculate net recurrent earnings came to Euro 29.6 million at December 31, 2023, compared with Euro 29.7 million at December 31, 2022.

This amount does not take into account non-recurring items, such as hedging ineffectiveness, the banking default risk, bond redemption premiums and costs, proceeds from unwinding hedging products and exceptional amortization.

In 2023, the increase in financial expenses linked primarily to the fixed/floating rate products extinguished was offset by an increase in financial income from the cash invested.

In connection with the debt restructuring carried out during the first quarter of 2022, premiums and additional amortization were recorded in the accounts at end-June 2022 as a result of the two bond redemptions. These impacts are presented in the detailed breakdown of net financial items below:

(1) Earnings before interest, tax, depreciation and amortization.

(in thousands of euros)	12/31/2022	12/31/2023	Change *(%)*
Income from cash and cash equivalents *(a)*	**246**	**3,185**	**na**
Cost of debt taken out *(b)*	(29,926)	(34,730)	+ 16.0%
Impact of hedging instruments *(c)*	9,456	2,359	- 75.1%
Cost of property finance leases *(d)*	0	0	na
Gross finance costs excluding exceptional items	**(20,471)**	**(32,370)**	**+ 58.1%**
Exceptional amortization of costs relating to the early repayment of financial debt *(e)*	(4,282)	0	na
Gross finance costs *(f) = (b)+(c)+(d)+(e)*	**(24,753)**	**(32,370)**	**+ 30.8%**
Net finance costs *(g) = (a) + (f)* (1)	**(24,507)**	**(29,186)**	**+ 19.1%**
Cost of revolving credit facility and bilateral loans (undrawn) *(h)*	(2,987)	(2,572)	- 13.9%
Other financial expenses *(i)*	(327)	(436)	+ 33.3%
Other financial expenses excluding exceptional items *(j) = (h)+(i)*	**(3,314)**	**(3,008)**	**- 9.2%**
Non-recurring financial expenses *(k)*	**(29,578)**	**(8,900)**	**- 69.9%**
Other financial expenses *(l) = (j)+(k)*	**(32,892)**	**(11,908)**	**- 63.8%**
TOTAL FINANCIAL EXPENSES (m) = (f)+(l)	**(57,645)**	**(44,279)**	**- 23.2%**
Income from associates	232	773	na
Other financial income	1,086	0	na
Other financial income *(n)*	**1,318**	**773**	**- 41.3%**
Total financial income *(o) = (a)+(n)*	**1,564**	**3,958**	**+ 153.1%**
NET FINANCIAL ITEMS = (m)+(o)	**(56,083)**	**(40,321)**	**- 28.1%**

(1) Earnings before interest, taxes, depreciation and amortization

1.2.5.4 Net recurrent earnings (NRE) and net income attributable to owners of the parent

A. Net recurrent earnings (NRE)

(in thousands of euros)	12/31/2022	12/31/2023	Change *(%)*
EBITDA	**144,229**	**149,400**	**+ 3.6%**
Net financial income (excluding non-recurring items) (1)	(29,659)	(29,593)	- 0.2%
Reversals of/(Allowance for) provisions	(2,527)	(4,774)	+ 88.9%
Other operating income and expenses (excluding capital gains or losses on disposals and impairment)	624	2,179	na
Tax expense	(463)	(634)	+ 36.9%
Share of net income from associates and joint ventures (excluding capital gains or losses, amortization and impairment)	3,680	3,574	- 2.9%
Non-controlling interests (excluding capital gains or losses, amortization and impairment)	(10,360)	(11,191)	+ 8.0%
Net recurrent earnings (NRE)	**105,524**	**108,961**	**+ 3.3%**
Net recurrent earnings (NRE) per share (2)	***1.13***	***1.17***	***+ 3.3%***

(1) Impact of hedging ineffectiveness, banking default risk, premiums, non-recurring amortization and costs relating to bond redemptions, proceeds and costs from unwinding hedging operations

(2) Calculated based on the average undiluted number of shares (basic), i.e. 93,305,357 shares.

Other operating income and expenses (excluding capital gains or losses on disposals and impairment) came to Euro + 2.2 million (Euro + 0.6 million at end-2022), primarily reflecting the impact of net reversals of provisions. Specifically, a Euro 2.1 million provision for a dispute concerning a site on Reunion Island, relating to an issue with the road network, was reversed at the end of June 2023.

The tax regime for French real estate investment trusts (SIIC) exempts them from paying tax on their income from real estate activities, provided that at least 95% of income from rental activities and 70% of gains on the disposal of real estate assets are distributed to shareholders. The tax expenses recorded by Mercialys therefore concern the corporate value-added tax (CVAE), corporate income tax on activities that do not fall under the SIIC regime and deferred taxes.

2023 recorded a **tax expense** taken into account to calculate net recurrent earnings of Euro - 0.6 million, primarily comprising the CVAE corporate value-added tax. At end-2022, the tax expense was Euro - 0.5 million.

The **share of net income from associates and joint ventures (excluding capital gains or losses, amortization and impairment)** came to Euro 3.6 million at December 31, 2023, compared with Euro 3.7 million at December 31, 2022. The companies consolidated under the equity method in Mercialys' consolidated financial statements are SCI AMR (created in partnership with Amundi Immobilier in 2013 and in which Mercialys has a 25% stake), SNC Aix2 (in which Mercialys acquired a 50% stake in December 2013, with Altarea Cogedim owning the other 50%), Corin Asset Management SAS (in which Mercialys has a 40% stake), SAS Saint-Denis Genin (in which Mercialys has a 30% stake), the DEPUR group (in which Mercialys has a 22.9% stake) and portfolio management company ImocomPartners (in which Mercialys has a 30% stake).

Non-controlling interests (excluding capital gains or losses, amortization and impairment) came to Euro - 11.2 million at December 31, 2023, compared with Euro - 10.4 million at December 31, 2022. They are linked to the 49% stake held by BNP Paribas REIM France in the companies Hyperthetis Participations and Immosiris. As Mercialys retains exclusive control, these subsidiaries are fully consolidated.

In view of these items, **net recurrent earnings** (1) came to Euro 109.0 million (compared with Euro 105.5 million for 2022), up + 3.3%. Considering the average number of shares (basic) at end-December, net recurrent earnings represent Euro 1.17 per share at December 31, 2023, compared with Euro 1.13 per share at December 31, 2022, up + 3.3%.

As indicated above, the basis for comparison at December 31, 2022 benefited from Euro + 7.8 million of net income for various impacts relating to the health crisis, compared with Euro + 0.4 million of net income in the accounts at end-December 2023. Net recurrent earnings restated for these non-recurring items would be up + 11.0%.

B. Net income attributable to owners of the parent

(in thousands of euros)	12/31/2022	12/31/2023	Change *(%)*
Net recurrent earnings (NRE)	105,524	108,961	+ 3.3%
Depreciation and amortization	(37,729)	(38,540)	+ 2.1%
Other operating income and expenses	1,630	(22,447)	na
Hedging ineffectiveness, banking default risk and net impact of bond redemptions and hedging instruments	(26,671)	(10,589)	- 60.3%
Share of net income from associates, joint ventures and non-controlling interests (amortization, impairment and capital gains or losses)	339	15,987	na
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**43,094**	**53,373**	**+ 23.9%**

Depreciation and amortization came to Euro - 38.5 million in 2023, up + 2.1% from 2022.

Other operating income and expenses not included in net recurrent earnings correspond notably to the net amount of capital gains or losses on property disposals and provisions for the impairment of assets.

Other operating income came to Euro 7.2 million at December 31, 2023, compared with Euro 87.7 million at December 31, 2022. This amount mainly includes:

- income from the sale of geographically dispersed sites (Euro 3.9 million);
- income relating to adjustments for previous sales (Euro 3.2 million).

Other operating expenses totaled Euro - 29.6 million at December 31, 2023, compared with Euro - 86.1 million at December 31, 2022. They correspond primarily to:

- the net book value of the assets sold (Euro - 2.4 million);
- expenses relating to adjustments for previous sales (Euro - 3.2 million);
- costs relating to acquisitions (Euro - 0.8 million);
- provisions recorded for the impairment of investment properties (Euro - 23.2 million).

The amount of net capital gains recorded in the consolidated financial statements at December 31, 2023 came to Euro 1.5 million (*vs.* Euro 8.3 million for 2022).

Net income attributable to owners of the parent, as defined by IFRS, came to Euro 53.4 million for 2023, compared with Euro 43.1 million for 2022.

1.2.5.5 Financial structure

A. Debt cost and structure

At December 31, 2023, Mercialys' **drawn debt** totaled Euro 1,192 million, with the following breakdown:

- a bond issue for a nominal amount of Euro 300 million, with a fixed coupon of 1.80%, maturing in February 2026;
- a bond issue for an outstanding nominal amount of Euro 200 million, with a fixed coupon of 4.625%, maturing in July 2027;
- a private bond placement for a nominal amount of Euro 150 million, with a fixed coupon of 2.00%, maturing in November 2027;
- a bond issue for a nominal amount of Euro 500 million, with a fixed coupon of 2.50%, maturing in February 2029;
- Euro 42 million of outstanding commercial paper, with an average rate of around 4%.

(1) *Net recurrent earnings correspond to net income before amortization, gains or losses on disposals net of associated fees, potential asset impairments and other non-recurring effects.*

Cash and cash equivalents came to Euro 118.2 million at December 31, 2023, compared with Euro 216.1 million at December 31, 2022. The main cash flows that impacted the change in Mercialys' cash position over the period were as follows:

- net cash flow from operating activities during the period: Euro + 134.3 million;
- cash receipts/payments related to disposals/acquisitions of assets completed in 2023: Euro - 21.7 million;
- dividend payments to parent company shareholders and non-controlling interests: Euro - 99.3 million;
- issues and repayment of borrowings net of the change in outstanding commercial paper: Euro - 83.2 million;
- net interest paid: Euro - 25.9 million.

Net financial debt came to Euro 1,063.6 million at December 31, 2023, compared with Euro 1,040.2 million at December 31, 2022.

The real average cost of drawn debt for 2023 was 2.3%, compared with 2.1% at end-June 2023 and 2.0% at end-2022. This change is linked mainly to the instruments set up to fix and extinguish the fixed/floating rate products, helping further strengthen debt hedging. In a context of significant increases in interest rates and rate volatility from the first half of 2022, Mercialys further strengthened its hedging rate for its fixed-rate debt, up to 96% for 2023. For 2024, the hedging instruments set up on the residual debt will make it possible to reach 100% hedging for fixed-rate debt, with the real average cost of drawn debt, on this basis, expected to move closer to the average cost of bond debt, *i.e.* 2.6%.

B. Debt maturity and liquidity

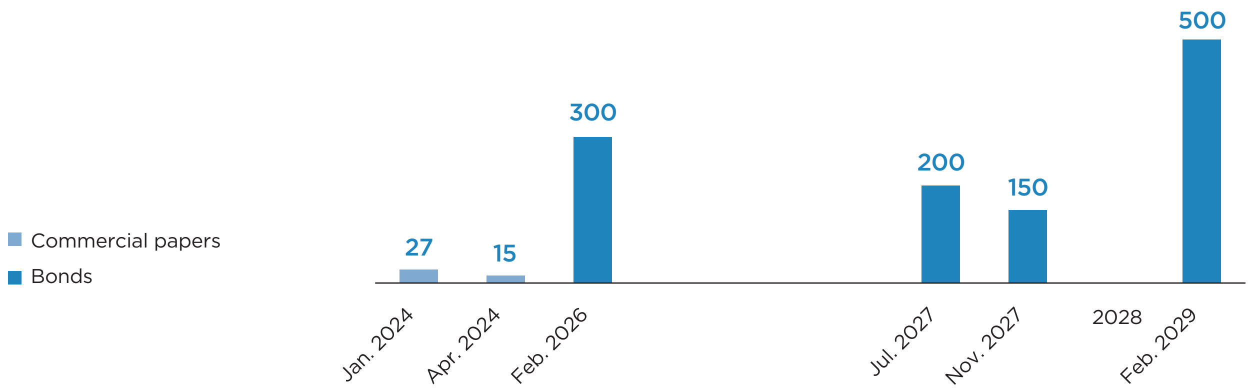
The **average maturity of drawn debt**, including commercial paper, was 3.8 years at end-December 2023, compared with 4.2 years at end-June 2023 and 4.5 years at December 31, 2022.

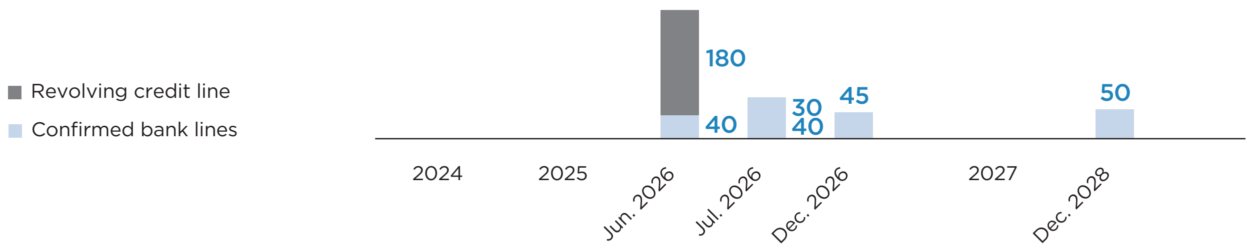
Mercialys also has Euro 385 million of **undrawn financial resources**, enabling it to benefit from a satisfactory level of liquidity:

- a Euro 180 million revolving bank credit facility, maturing in June 2026. The EURIBOR margin is 155bp (for a BBB rating); if undrawn, this facility is subject to payment of a non-use fee representing 40% of the margin;
- five bilateral confirmed bank facilities for a total of Euro 205 million, maturing between June 2026 and December 2028. The EURIBOR margins are 155bp or lower (for a BBB rating) or fixed rate; if undrawn, these facilities are subject to payment of a non-use fee representing up to 46% of the margins.

Lastly, Mercialys has a Euro 500 million commercial paper program, set up during the second half of 2012, with Euro 42 million used (outstanding at December 31, 2023).

The chart below shows Mercialys' bond debt maturity schedule and undrawn financial resources at December 31, 2023:





C. Bank *covenants* and credit rating

Mercialys' financial position at December 31, 2023 met all the various covenants included in the different credit agreements.

The **loan to value (LTV) ratio excluding transfer taxes** came to 38.9% at end-December 2023, compared with 35.3% at end-December 2022 and 38.6% at June 30, 2023, well below the contractual covenants. An LTV covenant of less than 55% applies to 92% of the confirmed bank lines, with an LTV covenant of less than 50% for the other 8% of these facilities.

The LTV including transfer taxes was 36.4% at end-December 2023, compared with 33.0% at end-December 2022 and 36.1% at June 30, 2022.

	12/31/2022	12/31/2023
Net financial debt *(€m)*	1,040.2	1,063.6
Appraisal value excluding transfer taxes *(€m)* (1)	2,949.6	2,737.4
***LOAN TO VALUE* (LTV) - EXCLUDING TRANSFER TAXES**	**35.3%**	**38.9%**

(1) Including the market value of investments in associates for Euro 51.5 million for 2023 and Euro 52.7 million for 2022, since the value of the portfolio held by associates is not included in the appraisal value

Similarly, the Interest Coverage Ratio (ICR) was 5.1x at end-December 2023, significantly higher than the contractual covenant (ICR > 2x), compared with 5.9x at end-December 2022 and 5.2x at end-June 2023.

	12/31/2022	12/31/2023
EBITDA *(€m)*	144.2	149.4
Net finance costs *(€m)* (1)	(24.5)	(29.2)
***INTEREST COVERAGE RATIO* (ICR)**	**5.9X**	**5.1X**

(1) In accordance with the conditions for calculation set by the covenants for the Company's bank lines, net finance costs do not include the net expense linked to the non-recurring bond redemption premiums, costs and amortization, as well as the proceeds and costs from unwinding hedging operations.

The two other contractual covenants are also met:

- the fair value of assets excluding transfer taxes at December 31, 2023 was Euro 2.7 billion, which sets a fair value of investment properties excluding transfer taxes of over Euro 1 billion;
- zero pledged debt at December 31, 2023 (below the covenant, which caps the pledged debt to fair value ratio excluding transfer taxes at 20%).

On October 20, 2023, Standard & Poor's confirmed its **BBB/ stable outlook rating** for Mercialys.

1.2.5.6 Equity and ownership structure

Consolidated equity totaled Euro 866.1 million at December 31, 2023, compared with Euro 930.4 million at December 31, 2022.

The main changes that affected consolidated equity during the year were as follows:

- net income for 2023: Euro + 46.7 million;
- payment of the 2022 dividend of Euro 0.96 per share and dividends paid to non-controlling interests: Euro - 99.3 million;
- change in fair value of financial assets and derivatives: Euro - 11.7 million.

The **number of outstanding** shares at December 31, 2023 was 93,886,501, unchanged since December 31, 2022.

	2021	2022	2023
Number of shares outstanding			
• At start of period	92,049,169	93,886,501	93,886,501
• At end of period	93,886,501	93,886,501	93,886,501
Average number of shares outstanding	93,179,835	93,886,501	93,886,501
Average number of shares (basic)	**92,839,729**	**93,384,221**	**93,305,357**
Average number of shares (diluted)	**92,839,729**	**93,384,221**	**93,305,357**

At December 31, 2023, Mercialys' shareholding structure had the following breakdown: treasury stock (0.65%), other shareholders (99.35%).

Two shareholders informed the AMF that they held more than 5.0% of the capital or voting rights. BlackRock Inc's holding company held 5,666,317 shares on December 20, representing 6.0% of the capital and voting rights. AXA IM held 4,821,145 shares on December 19, 2023, representing 5.0% of the Company's capital and voting rights.

1.2.5.7 Dividends

Mercialys' Board of Directors will submit a proposal at the General Meeting on April 25, 2024 for a dividend of Euro 0.99 per share, compared with a dividend of Euro 0.96 per share for 2022. The payout corresponds to 85% of 2023 net recurrent earnings and offers a yield of 5.8% on the NDV of Euro 17.10 per share at end-2023 and 9.9% on the year's closing price.

For the last three years, Mercialys will have paid out Euro 2.87 of dividends, representing 85% of its recurrent earnings and providing an average yield of 10.1% for its shareholders over this period.

This proposed dividend for 2023 is based on the distribution requirement with the SIIC tax status concerning exempt profits from:

- property rental or sub-letting operations (including dividends paid by the subsidiaries subject to the SIIC system), *i.e.* Euro 0.86 per share;
- the distribution of exempt income recorded on the Company's balance sheet for Euro 0.13 per share.

The ex-dividend date is April 29, 2024, with the dividend to be paid on May 2, 2024.

1.2.6 Changes in scope and valuation of the asset portfolio

1.2.6.1 Asset acquisitions

No significant acquisitions took place in 2023.

1.2.6.2 Completions

No significant completions were recorded in 2023.

1.2.6.3 Disposals

No significant disposals were recorded in 2023.

1.2.6.4 Appraisal valuations and changes in scope

Mercialys' property portfolio is appraised twice yearly by independent experts.

At December 31, 2023, BNP Paribas Real Estate Valuation, Catella Valuation, Cushman & Wakefield, CBRE and BPCE Expertises Immobilières updated their valuation of Mercialys' portfolio:

- BNP Paribas Real Estate Valuation conducted the appraisal of 17 sites at December 31, 2023, based on an on-site inspection of two sites during the second half of 2023 and an update of the June 30, 2023 appraisals for the other sites;
- Catella Valuation conducted the appraisal of 16 sites at December 31, 2023, based on an update of the appraisals carried out at June 30, 2023;
- Cushman & Wakefield conducted the appraisal of nine sites at December 31, 2023, based on an update of the appraisals carried out at June 30, 2023. Nine on-site inspections were carried out during the first half of 2022;
- CBRE conducted the appraisal of one site at December 31, 2023, based on an update of the appraisal carried out at June 30, 2023. One on-site inspection was carried out during the first half of 2023;
- BPCE Expertises Immobilières conducted the appraisal of 16 sites at December 31, 2023, based on an update of the appraisals carried out at June 30, 2023.

On this basis, the portfolio value was Euro 2,872.0 million including transfer taxes at December 31, 2023, compared with Euro 3,091.2 million at December 31, 2022. Excluding transfer taxes, this value was Euro 2,692.3 million at end-2023, compared with Euro 2,896.9 million at end-2022.

The portfolio value including transfer taxes is therefore down - 7.1% over 12 months (- 7.0% like-for-like [(1)]) and - 3.8% over six months (- 3.7% like-for-like). The change in the portfolio value excluding transfer taxes is consistent with the same proportions (- 3.7% over six months and - 7.0% over 12 months like-for-like).

The average appraisal yield rate was 6.61% at December 31, 2023, compared with 6.21% at June 30, 2023 and 5.75% at December 31, 2022.

(1) Sites on a constant scope and a constant surface area basis.

Type of property	Average yield rate 12/31/2022	Average yield rate 06/30/2023	Average yield rate 12/31/2023
Regional and large shopping centers	5.46%	5.93%	6.34%
Neighborhood shopping centers	7.36%	7.88%	8.26%
Total portfolio (1)	**5.75%**	**6.21%**	**6.61%**

(1) Including two geographically dispersed sites.

The following table presents the breakdown of Mercialys' portfolio by fair value and gross leasable area (GLA) by type of property at December 31, 2023, as well as the corresponding appraised rental income:

Type of property	Number of assets 12/31/2023	Appraisal value 12/31/2023 (excluding transfer taxes)		Appraisal value 12/31/2023 (including transfer taxes)		Gross leasable area 12/31/2023		Appraised potential net rental income	
		(€m)	*(%)*	*(€m)*	*(%)*	*(sq.m)*	*(%)*	*(€m)*	*(%)*
Regional and large shopping centers	25	2,279.7	84.7%	2,430.9	84.6%	604,840	77.9%	154.0	81.1%
Neighborhood shopping centers	23	400.5	14.9%	428.1	14.9%	167,726	21.6%	35.3	18.6%
Subtotal	**48**	**2,680.2**	**99.5%**	**2,859.0**	**99.5%**	**772,567**	**99.5%**	**189.4**	**99.8%**
Other sites (1)	2	12.1	0.5%	13.0	0.5%	3,987	0.5%	0.5	0.2%
TOTAL	**50**	**2,692.3**	**100%**	**2,872.0**	**100%**	**776,554**	**100%**	**189.8**	**100%**

(1) Two geographically dispersed sites.

1.2.7 Outlook

The Company's sound financial foundations and the visibility offered by indexation, a core pillar supporting a balanced landlord-tenant relationship, while continuing to carefully monitor the solvency of client retailers, enable Mercialys to set the following objectives for 2024:

- net recurrent earnings per share growth of at least + 2.0% *vs.* 2023;
- dividend to range from 75% to 95% of 2024 net recurrent earnings.

The change in the lower range to 75% of net recurrent earnings for the year, compared with 85% previously, will make it possible if necessary to free up additional capacity to fund investments in 2024.

Mercialys could capitalize on the opportunity opened up by the changes in hypermarket operators anchoring its sites to work in partnership with the new retailers to further improve the customer experience (comfort, services, renovations) and establish new mid-size stores and retailers with activities that effectively complement those of the hypermarkets, the majority of which have realigned around their food offering.

This payout range contributes to a yield per share that will continue to be particularly attractive for 2024, with the financing potential freed up in this way to support returns for shareholders over the medium term.

1.2.8 Subsequent events

On January 24, Casino announced that it had signed agreements with Auchan Retail and Groupement Les Mousquetaires to sell 288 stores. The sales will be completed in the second quarter of 2024, after consulting with the relevant employee representative bodies. The agreements plan for the stores to be transferred in three successive waves: on April 30, 2024, May 31, 2024 and July 1, 2024.

This operation remains subject to the relevant approvals being obtained from the competition authorities.

The Casino group excluded from this sales agreement the portfolio of hypermarkets and supermarkets in Corsica, where Mercialys owns five Casino hypermarkets in partnership with the company Corin (40% stake).

On January 24, 2024, Carrefour also announced that it had entered exclusive negotiations with Intermarché with a view to acquiring 31 points of sale. Under the terms of this agreement, Carrefour will replace Intermarché to acquire 26 stores from Casino, with the other five stores to be acquired directly from Intermarché.

On January 25, 2024, the magazine LSA published the list of the 31 stores acquired by Carrefour, including the Lanester and Le Puy hypermarkets, owned by Mercialys.

1.2.9 EPRA performance measurements

Mercialys applies the EPRA[1] recommendations for the indicators provided below. EPRA is the representative organization for listed real estate companies in Europe and issues recommendations on performance indicators to improve the comparability of financial statements published by the various companies.

In its half-year financial report and its Universal Registration Document, Mercialys publishes all the EPRA indicators defined by the *Best Practices Recommendations* which can be found on EPRA's website. The following table summarizes the EPRA indicators at end-December 2023, end-June 2023 and end-December 2022:

	12/31/2022	06/30/2023	12/31/2023
EPRA earnings *(€ per share)*	1.13	0.62	1.17
EPRA NRV *(€ per share)*	20.54	19.03	18.25
EPRA NTA *(€ per share)*	18.42	16.99	16.29
EPRA NDV *(€ per share)*	20.94	18.80	17.10
EPRA net initial yield *(%)*	5.29%	5.63%	5.97%
EPRA topped-up net initial yield *(%)*	5.38%	5.72%	6.05%
EPRA vacancy rate *(%)*	4.4%	4.7%	4.4%
EPRA cost ratio (including direct vacancy costs) *(%)*	18.7%	19.6%	17.8%
EPRA cost ratio (excluding direct vacancy costs) *(%)*	16.7%	17.5%	16.1%
EPRA capital expenditure *(€m)*	24.0	11.7	22.5
EPRA LTV *(%)*	37.3%	40.6%	41.2%
EPRA LTV including transfer taxes *(%)*	35.0%	38.1%	38.7%

1.2.9.1 EPRA earnings and earnings per share

The following table shows the relationship between net income attributable to owners of the parent and earnings per share as defined by EPRA:

(in millions of euros)	12/31/2022	06/30/2023	12/31/2023
Net income attributable to owners of the parent	**43.1**	**30.4**	**53.4**
Share of net income from associates, joint ventures and non-controlling interests (amortization, impairment and capital gains or losses)	(0.3)	(16.8)	(16.0)
Hedging ineffectiveness, banking default risk and net impact of bond redemptions	26.7	6.7	10.6
Other operating income and expenses	(1.6)	18.2	22.4
Depreciation and amortization	37.7	18.9	38.5
EPRA EARNINGS	**105.5**	**57.5**	**109.0**
Average number of shares (basic)	93,384,221	93,252,895	93,305,357
EPRA EARNINGS PER SHARE *(€)*	**1.13**	**0.62**	**1.17**

The calculation of the net recurrent earnings (NRE) reported by Mercialys is identical to that for the EPRA earnings. There are no adjustments to be made between these two indicators.

(1) *European Public Real Estate Association.*

1.2.9.2 EPRA Net Asset Value (NAV, NNNAV, NRV, NTA, NDV)

	12/31/2022		
(in millions of euros)	EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	**725.1**	**725.1**	**725.1**
Includes (1)/Excludes (2):			
i) Hybrid instruments	0.0	0.0	0.0
Diluted EPRA NAV	**725.1**	**725.1**	**725.1**
Includes (1):			
ii. a.) Revaluation of IP (if IAS 40 cost option is used)	1,005.6	1,005.6	1,005.6
ii. b) Revaluation of IPUC (3) (if IAS 40 cost option is used)	0.0	0.0	0.0
ii. c) Revaluation of other non-current investments (4)	17.5	17.5	17.5
iii) Revaluation tenant leases held as finance leases (5)	0.0	0.0	0.0
iv) Revaluation of trading properties (6)	0.0	0.0	0.0
EPRA diluted NAV at fair value	**1,748.2**	**1,748.2**	**1,748.2**
Excludes (2):			
v) Deferred tax in relation to fair value gains of IP (7)	0.0	0.0	
vi) Fair value of financial instruments	(26.1)	(26.1)	
vii) Goodwill as a result of deferred tax	0.0	0.0	0.0
viii. a) Goodwill as per the IFRS balance sheet		0.0	0.0
viii. b) Intangibles as per the IFRS balance sheet		(3.4)	
Includes (1):			
ix) Fair value of fixed interest rate debt			205.2
x) Revaluation of intangibles to fair value	0.0		
xi) Real estate transfer tax (8)	194.2	0.0	
NAV per share *(in euros)*	**1,916.4**	**1,718.7**	**1,953.4**
Fully diluted number of shares at end of period	93,286,271	93,286,271	93,286,271
NAV	**20.54**	**18.42**	**20.94**

(1) "Include" indicates that an asset (whether on or off-balance sheet) should be added to shareholders' equity, whereas a liability should be deducted.
(2) "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.
(3) Difference between development property held on the balance sheet at cost and fair value of that development property.
(4) Revaluation of intangibles to be presented under adjustment (x) Revaluation of intangibles to fair value and not under this line.
(5) Difference between finance lease receivables held on the balance sheet at amortized cost and the fair value of those finance lease receivables.
(6) Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.
(7) Deferred tax adjustments are presented on p. 15 of the EPRA Best Practices Recommendations Guidelines.
(8) Real estate transfer tax adjustments are presented on p. 17 of the EPRA Best Practices Recommendations Guidelines.

(in millions of euros)	06/30/2023 EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	**663.2**	**663.2**	**663.2**
Includes [1]/Excludes [2]:			
i) Hybrid instruments	0.0	0.0	0.0
Diluted EPRA NAV	**663.2**	**663.2**	**663.2**
Includes [1]:			
ii. a) Revaluation of IP (if IAS 40 cost option is used)	929.0	929.0	929.0
ii. b) Revaluation of IPUC [3] (if IAS 40 cost option is used)	0.0	0.0	0.0
ii. c) Revaluation of other non-current investments [4]	13.1	13.1	13.1
iii) Revaluation of tenant leases held as finance leases [5]	0.0	0.0	0.0
iv) Revaluation of trading properties [6]	0.1	0.1	0.1
EPRA diluted NAV at fair value	**1,605.4**	**1,605.4**	**1,605.4**
Excludes [2]:			
v) Deferred tax in relation to fair value gains of IP [7]	0.0	0.0	
vi) Fair value of financial instruments	(19.1)	(19.1)	
vii) Goodwill as a result of deferred tax	0.0	0.0	0.0
viii. a) Goodwill as per the IFRS balance sheet		0.0	0.0
viii. b) Intangibles as per the IFRS balance sheet		(3.1)	
Includes [1]:			
ix) Fair value of fixed interest rate debt			146.1
x) Revaluation of intangibles to fair value	0.0		
xi) Real estate transfer tax [8]	187.1	0.0	
NAV	**1,773.4**	**1,583.2**	**1,751.5**
Fully diluted number of shares at end of period	93,178,472	93,178,472	93,178,472
NAV per share *(in euros)*	**19.03**	**16.99**	**18.80**

(1) "Include" indicates that an asset (whether on or off-balance sheet) should be added to shareholders' equity, whereas a liability should be deducted.
(2) "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.
(3) Difference between development property held on the balance sheet at cost and fair value of that development property.
(4) Revaluation of intangibles to be presented under adjustment (x) Revaluation of intangibles to fair value and not under this line.
(5) Difference between finance lease receivables held on the balance sheet at amortized cost and the fair value of those finance lease receivables.
(6) Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.
(7) Deferred tax adjustments are presented on page 15 of the EPRA Best Practices Recommendations Guidelines.
(8) Real estate transfer tax adjustments are presented on page 17 of the EPRA Best Practices Recommendations Guidelines.

(in millions of euros)	12/31/2023 EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	**677.2**	**677.2**	**677.2**
Includes [(1)]/Excludes [(2)]:			
i) Hybrid instruments	0.0	0.0	0.0
Diluted EPRA NAV	**677.2**	**677.2**	**677.2**
Includes [(1)]:			
ii. a) Revaluation of IP (if IAS 40 cost option is used)	843.8	843.8	843.8
ii. b) Revaluation of IPUC [(3)] (if IAS 40 cost option is used)	0.0	0.0	0.0
ii. c) Revaluation of other non-current investments [(4)]	10.9	10.9	10.9
iii) Revaluation of tenant leases held as finance leases [(5)]	0.0	0.0	0.0
iv) Revaluation of trading properties [(6)]	0.0	0.0	0.0
EPRA diluted NAV at fair value	**1,532.0**	**1,532.0**	**1,532.0**
Excludes [(2)]:			
v) Deferred tax in relation to fair value gains of IP [(7)]	0.0	0.0	
vi) Fair value of financial instruments	(9.2)	(9.2)	
vii) Goodwill as a result of deferred tax	0.0	0.0	0.0
viii. a) Goodwill as per the IFRS balance sheet		0.0	0.0
viii. b) Intangibles as per the IFRS balance sheet		(3.1)	
Includes [(1)]:			
ix) Fair value of fixed interest rate debt			62.6
x) Revaluation of intangibles to fair value	0.0		
xi) Real estate transfer tax [(8)]	179.7	0.0	
NAV	**1,702.5**	**1,519.7**	**1,594.6**
Fully diluted number of shares at end of period	93,278,112	93,278,112	93,278,112
NAV per share *(in euros)*	**18.25**	**16.29**	**17.10**

(1) "Include" indicates that an asset (whether on or off-balance sheet) should be added to shareholders' equity, whereas a liability should be deducted.
(2) "Exclude" indicates that an asset (part of the balance sheet) is reversed, whereas a liability (part of the balance sheet) is added back.
(3) Difference between development property held on the balance sheet at cost and fair value of that development property.
(4) Revaluation of intangibles to be presented under adjustment (x) Revaluation of intangibles to fair value and not under this line.
(5) Difference between finance lease receivables held on the balance sheet at amortized cost and the fair value of those finance lease receivables.
(6) Difference between trading properties held on the balance sheet at cost (IAS 2) and the fair value of those trading properties.
(7) Deferred tax adjustments are presented on page 15 of the EPRA Best Practices Recommendations Guidelines.
(8) Real estate transfer tax adjustments are presented on page 17 of the EPRA Best Practices Recommendations Guidelines.

1.2.9.3 EPRA Net Initial Yield and EPRA topped-up Net Initial Yield

The following table presents the transition between the yield rate reported by Mercialys and the yield rates defined by EPRA:

(in millions of euros)	12/31/2022	06/30/2023	12/31/2023
Investment property– wholly owned	2,896.9	2,799.8	2,692.3
Assets under development (-)	0.0	0.0	0.0
Completed property portfolio excluding transfer taxes	**2,896.9**	**2,799.8**	**2,692.3**
Transfer taxes	194.2	187.1	179.7
Completed property portfolio including transfer taxes	**3,091.2**	**2,987.0**	**2,872.0**
Annualized rental revenues	170.9	175.9	178.8
Non-recoverable expenses (-)	(7.3)	(7.6)	(7.4)
Annualized net rents	**163.6**	**168.3**	**171.4**
Notional gain relating to expiration of step-up rents, rent-free periods or other lease incentives	2.7	2.5	2.3
Topped-up net annualized rent	**166.4**	**170.8**	**173.7**
EPRA NET INITIAL YIELD	**5.29%**	**5.63%**	**5.97%**
EPRA TOPPED-UP NET INITIAL YIELD	**5.38%**	**5.72%**	**6.05%**

1.2.9.4 EPRA vacancy rate

The vacancy rate is calculated based on: rental value of vacant units/(annualized minimum guaranteed rent on occupied units + rental value of vacant units).

The EPRA vacancy rate was 4.4% at end-December 2023, showing an improvement compared with the end of June 2023 (4.7%) and stable compared with end-December 2022. “Strategic” vacancies following decisions to facilitate extension or redevelopment plans represent 150bp within this vacancy rate.

(in millions of euros)	12/31/2022	06/30/2023	12/31/2023
Rental value of vacant units	7.9	8.6	8.2
Rental value of the entire portfolio	177.3	182.8	185.5
EPRA VACANCY RATE	**4.4%**	**4.7%**	**4.4%**

1.2.9.5 EPRA cost ratios

(in millions of euros)	12/31/2022	06/30/2023	12/31/2023	Comments
Administrative and operating expense line per IFRS income statement	(25.0)	(11.7)	(24.6)	Personnel expenses and other costs
Net service charge costs/fees	(7.3)	(5.1)	(5.9)	Property taxes and non-recovered service charges (including vacancy costs)
Rental management fees	(3.0)	1.4	3.1	Rental management fees
Other income and expenses	2.9	(2.0)	(4.3)	Other property operating income and expenses excluding management fees
Share of joint venture administrative and operating expenses	0.0	0.0	0.0	
Total	**(32.3)**	**(17.3)**	**(31.7)**	
Adjustments to calculate the EPRA cost ratio exclude (if included above):				
• depreciation and amortization	0.0	0.0	0.0	Depreciation and provisions for fixed assets
• ground rent costs	0.0	0.0	0.0	Non-group rents paid
• service charges recovered through comprehensive invoicing (with rent)	0.0	0.0	0.0	
EPRA costs (including vacancy costs) (A)	**(32.3)**	**(17.3)**	**(31.7)**	**A**
Direct vacancy costs (1)	3.4	1.9	3.0	
EPRA costs (excluding vacancy costs) (B)	**(28.9)**	**(15.4)**	**(28.7)**	**B**
Gross rental income less ground rent costs (2)	173.3	88.2	178.0	Less costs relating to construction leases and long-term ground leases
Less: service fee and service charge cost components of gross rental revenues	0.0	0.0	0.0	
Plus: share of joint ventures' gross rental revenues (less ground rent costs)	0.0	0.0	0.0	
Rental revenues (C)	**173.3**	**88.2**	**178.0**	**C**
EPRA COST RATIO INCLUDING DIRECT VACANCY COSTS	**- 18.7%**	**- 19.6%**	**- 17.8%**	**A/C**
EPRA COST RATIO EXCLUDING DIRECT VACANCY COSTS	**- 16.7%**	**- 17.5%**	**- 16.1%**	**B/C**

(1) The EPRA cost ratio deducts all vacancy costs for assets undergoing development/refurbishment if they have been expensed. The costs that can be excluded are property taxes, service charges, contributions to marketing costs, insurance premiums, carbon tax, and any other costs directly related to the property.

(2) Rental revenues should be calculated after deducting any ground rent payable. All service charges, management fees and other income in respect of property expenses must be added and not deducted. If the rent includes service charges, these should be restated to exclude them. Tenant incentives may be deducted from rental income, whereas any other costs should be recognized in line with IFRS requirements.

1.2.9.6 EPRA capital expenditure

The following table presents the property-related capital expenditure for the period:

	12/31/2022			06/30/2023			12/31/2023		
(in millions of euros)	**Group (excluding joint ventures)**	**Joint ventures (proportionate share)**	**Group total**	**Group (excluding joint ventures)**	**Joint ventures (proportionate share)**	**Group total**	**Group (excluding joint ventures)**	**Joint ventures (proportionate share)**	**Group total**
Acquisitions	9.4	0	9.4	1.1	0	1.1	2.2	0	2.2
Developments	0.4	0	0.4	0.3	0	0.3	2.1	0	2.1
Investment property	12.3	0	12.3	10.0	0	10.0	17.7	0	17.7
Incremental lettable space	*5.2*	*0*	*5.2*	*1.2*	*0*	*1.2*	*4.8*	*0*	*4.8*
No incremental lettable space	*5.1*	*0*	*5.1*	*6.4*	*0*	*6.4*	*9.2*	*0*	*9.2*
Tenant incentives	*1.6*	*0*	*1.6*	*2.2*	*0*	*2.2*	*3.0*	*0*	*3.0*
Other material non-allocated types of expenditure	*0.5*	*0*	*0.5*	*0.1*	*0*	*0.1*	*0.7*	*0*	*0.7*
Capitalized interest (if applicable)	0.9	0	0.9	0.0	0	0.0	0.0	0	0.0
Total investment	**23.0**	**0**	**23.0**	**11.3**	**0**	**11.3**	**22.0**	**0**	**22.0**
Conversion from accrual to cash basis	1.0	0	1.0	0.4	0.0	0.4	0.5	0	0.5
TOTAL CAPEX ON CASH BASIS	**24.0**	**0**	**24.0**	**11.7**	**0.0**	**11.7**	**22.5**	**0**	**22.5**

Capital expenditure relating to investment property includes:

- under "incremental lettable space", primarily work relating to the traditional project portfolio (shopping center transformations, mixed-use urban projects);
- under "no incremental lettable space", primarily maintenance capex;
- under "other material non-allocated types of expenditure", expenditure relating to the Company's IT, its marketing and digital ecosystem, and its CSR approach.

1.2.9.7 EPRA LTV

The following table details the loan to value (LTV) ratio, as determined by EPRA. This indicator differs from the calculation carried out by the Company, as presented above, which also represents the reference for the various bank covenants.

Ratio at December 31, 2022

(in millions of euros)		Group	Share of joint-ventures	Non-controlling interests	Total
	Borrowings from financial institutions	-	40.7	0.6	41.2
	Commercial paper	112.0	-	-	112.0
	Hybrids	-	-	-	-
	Bond loans	1,144.2	-	-	1,144.2
Includes	Foreign currency derivatives (futures, swaps, options and forwards)	(21.0)	-	-	(21.0)
	Net payables	-	-	-	-
	Owner-occupied property (debt)	-	-	-	-
	Current accounts (equity characteristic)	-	-	-	-
Exclude	Cash and cash equivalents:	(216.0)	(4.2)	11.3	(208.9)
Net debt (a)		**1,019.2**	**36.5**	**11.9**	**1,067.6**
	Owner-occupied property:	-	-		-
	Investment properties at fair value:	2,896.9	95.0	- 173.0	2,818.9
	Properties held for sale	-	-	-	-
Include	Properties under development	-	-	-	-
	Intangibles	3.4	-	-	3.4
	Net receivables	18.7	(0.0)	(1.6)	17.1
	Financial assets	26.1	(4.6)	-	21.4
Total property value (b)		**2,945.1**	**90.4**	**(174.6)**	**2,860.8**
	LTV (A)/(B)				**37.3%**
	Real estate transfer taxes (c)	194.2	6.7	(12.0)	189.0
	LTV including transfer taxes (a)/(b) + (c)				**35.0%**

Ratio at June 30, 2023

(in millions of euros)		Group	Share of joint-ventures	Non-controlling interests	Total
Include	Borrowings from financial institutions	-	40.9	0.5	41.5
	Commercial paper	52.0	-	-	52.0
	Hybrids	-	-	-	
	Bond loans	1,138.3	-	-	1,138.3
	Foreign currency derivatives (futures, swaps, options and forwards)	(16.1)	-	-	(16.1)
	Net payables	-	-	-	-
	Owner-occupied property (debt)	-	-	-	-
	Current accounts (equity characteristic)	-	-	-	-
Exclude	Cash and cash equivalents:	(91.7)	(4.0)	7.6	(88.2)
Net debt (a)		**1,082.5**	**36.9**	**8.2**	**1,127.5**
Include	Owner-occupied property:				
	Investment properties at fair value:	2,799.8	90.1	(156.5)	2,733.4
	Properties held for sale	-	-	-	-
	Properties under development	-	-	-	-
	Intangibles	3.1	-	-	3.1
	Net receivables	23.0	0.6	(1.4)	22.2
	Financial assets	23.6	(4.6)	-	18.9
Total property value (b)		**2,849.5**	**86.0**	**(157.9)**	**2,777.6**
	LTV (A)/(B)				**40.6%**
	Real estate transfer taxes (c)	187.1	6.3	(10.8)	182.7
	LTV including transfer taxes (a)/(b) + (c)				**38.1%**

Ratio at December 31, 2023

(in millions of euros)		Group	Share of joint-ventures	Interests held	Non-controlling interests	Total
Include	Borrowings from financial institutions	-	40.7		(0.7)	40.0
	Commercial paper	42.0	-		-	42.0
	Hybrids	-	-		-	-
	Bond loans	1,139.8	-		-	1,139.8
	Foreign currency derivatives (futures, swaps, options and forwards)	(5.8)	-		-	(5.8)
	Net payables	-	0.3		-	0.3
	Owner-occupied property (debt)	-	-		-	-
	Current accounts (equity characteristic)	-	-		-	-
Exclude	Cash and cash equivalents:	(118.2)	(4.3)		12.3	(110.1)
Net debt (a)		**1,057.8**	**36.7**		**11.6**	**1,106.2**
Include	Owner-occupied property:	-	-	-	-	-
	Investment properties at fair value:	2,692.3	87.1	-	(154.0)	2,625.4
	Properties held for sale	-	-	-	-	-
	Properties under development	-	-	-	-	-
	Intangibles	3.1	-	-		3.1
	Net receivables	31.0	-	-	(1.3)	29.7
	Financial assets	23.5	(4.6)	5.4	-	24.3
Total property value (b)		**2,750.0**	**82.5**	**5.4**	**(155.3)**	**2,682.5**
	LTV (A)/(B)					**41.2%**
	Real estate transfer taxes (c)	179.7	6.2	-	(10.6)	175.3
	LTV including transfer taxes (a)/(b) + (c)					**38.7%**

1.3 Real estate portfolio

1.3.1 Portfolio valued at Euro 2,872.0 million including transfer taxes at December 31, 2023

1.3.1.1 Experts and methodology

The shopping centers owned by Mercialys are appraised by experts in accordance with the Royal Institution of Chartered Surveyors (RICS) Code of Ethics, appraisal and valuation standards, using the fair value appraisal methods recommended by the 1998 Property Appraisal and Valuation Charter and the 2000 report published by the joint working group of the *Commission des Opérations de Bourse* (COB) and the *Conseil National de la Comptabilité* (CNC) on property asset valuations for listed companies.

Mercialys also complies with the Code of Ethics for French REITs (*Sociétés d'Investissement Immobilier Cotées* - SIIC) in terms of the rotation of appraisers.

In accordance with the AMF recommendations concerning the rotation of real estate appraisers, Mercialys launched a call for tenders in 2022 covering 83% of the assets to be valued.

This call for tenders led to a rotation for 48% of the assets concerned (*i.e.* 40% of the assets to be valued). The new appraisers began their work during the first half of 2023. The appraisers' fees are determined based on the number and size of the assets to be valued when signing the three-year contract.

All of the assets in Mercialys' portfolio have been valued, with those undergoing full appraisals subject to town planning surveys, market and competition studies, and site visits. In accordance with the 2000 COB/CNC report, two methods have been used to determine the fair value of each asset:

- first, the capitalization of income method, which involves taking the rental income generated by the asset and dividing it by a yield rate for similar assets, taking into account the actual rent level *versus* market levels;
- second, the discounted cash flow (DCF) method, which takes account of expected annual changes in rental incomes, vacancies, and other factors such as expected letting periods and the investment expenses covered by the lessor.

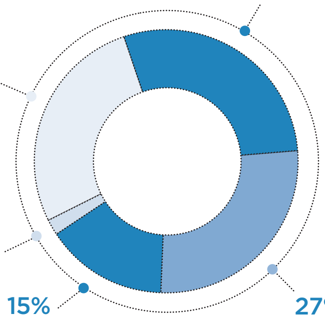
The discount rate used takes into account the market risk-free rate (TEC 10-year OAT), plus a risk premium and a real estate market liquidity premium, as well as potential risk premiums for obsolescence and rental risk.

Small assets have been valued by comparison with market transactions on similar assets.

Five independent appraisers performed the appraisals of Mercialys' portfolio at June 30, 2023 and December 31, 2023: BNPP Real Estate Valuation, BPCE Expertises Immobilières, Catella Valuation, Cushman & Wakefield Valuation and CBRE Valuation.

BREAKDOWN OF VALUATIONS PER EXPERT

(as % of the number of assets valued)



Mercialys' **portfolio value** came to Euro 2,872.0 million including transfer taxes, down - 3.8% over six months and - 7.1% over 12 months. Like-for-like [(1)], it is down - 3.7% over six months and - 7.0% over 12 months.

Excluding transfer taxes, the portfolio value was Euro 2,692.3 million, down - 3.8% over six months and - 7.1% over 12 months. Like-for-like (1), it is down - 3.7% over six months and - 7.0% over 12 months.

The **average appraisal yield rate** was 6.61% at December 31, 2023, compared with 5.75% at December 31, 2022 and 6.21% at June 30, 2023. This decompression of the appraisal rates by 40bp during the second half of the year and 86bp over the full year reflects the context of rising interest rates between 2022 and 2023, as well as an overall increase in the risk premium recognized by the appraisers across the real estate sector in general and specifically for Mercialys, with this risk considered to be higher with regard to the sustainability of rental income from the Casino group, before the completion of the restructuring process. However, the economic and financial assumptions retained by the appraisers do not show any fundamental changes from year to year, reflecting the strong position of the Company's sites, illustrated by a low vacancy rate and the positive indexation.

Note that the valuation of Mercialys' portfolio is determined on the basis of a "sum of the parts" approach. In other words, the total valuation is equal to the sum of the individual valuations of each asset, whether this is determined using the capitalization of income method or the DCF approach.

The valuation of each asset presents its own underlying assumptions in terms of rental growth, investment, capitalization and discount rates.

(1) *Sites on a constant scope and a constant surface area basis.*

This makes it difficult to reconstruct underlying average valuation assumptions at consolidated level. Matters are further complicated by the fact that appraisers do not always use strictly identical valuation methodologies, and the weighting criteria used when compiling the underlying assumptions for individual valuations may cause the results to vary significantly.

In the interests of transparency and accuracy, Mercialys approached its two main real estate experts, BNP Paribas Real Estate and BPCE Expertises Immobilières, for guidance on this point. These companies, which respectively appraise 29% and 27% of Mercialys' assets by number, stated that they applied a compound annual growth rate (CAGR) of net rental income including indexation of + 2.7% for BNPP and + 3.3% for BPCE between 2024 and 2033.

1.3.1.2 Real estate appraisal report prepared by Mercialys' independent valuers

Introduction

At December 31, 2023, Mercialys entrusted:

- BNPP Real Estate Valuation;
- Catella Valuation;
- CB Richard Ellis Valuation;
- Cushman & Wakefield Valuation;
- BPCE Expertises Immobilières.

with the valuation of its portfolio of real estate assets, with the following breakdown:

	Number of assets	Potential rent	Fair value excluding transfer taxes	Fair value including transfer taxes
BNPP Real Estate Valuation	17	€98.5m	€1,553.9m	€1,655.1m
Cushman & Wakefield	9	€16.4m	€196.3m	€209.8m
Catella Valuation	16	€19.1m	€188.5m	€201.6m
CB Richard Elis Valuation	1	€8.0m	€118.0m	€126.0m
BPCE Expertises Immobilières	16	€54.5m	€712.6m	€761.9m
of which undivided share		*€6.7m*	*€77.0m*	*€82.4m*
BPCE Expertises Immobilières	16	€47.9m	€635.6m	€679.6m
TOTAL	**59**	**€189.8M**	**€2,692.3M**	**€2,872.0M**

At the conclusion of their respective engagements, the firms co-signed the following joint report:

General background to the appraisal

Background and instructions

In accordance with the instructions given by Mercialys (the "Company"), set out in the valuation contracts signed between Mercialys and the Appraisers, we have estimated the value of the assets owned by the Company reflecting the manner in which they are owned (full ownership, construction lease, etc.). This condensed report, which summarizes the conditions for our work, has been written in order to be included in the Company's Registration Document. The appraisals were conducted locally by our expert teams and were reviewed by the pan-European teams of Appraisers. To determine the market value for each asset, we considered real estate transactions at European level, as well as domestic transactions. We confirm that our opinion of market value has been revised in light of other appraisals carried out in Europe, so as to ensure a consistent approach and to take into account all transactions and information available on the market. The valuations are based on the discounted cash flow method or the yield method, which are regularly used for assets of this kind.

Our values were set at December 31, 2023.

Standards and general principles

We confirm that our valuations were conducted in accordance with the corresponding sections of the Code of Conduct from the 8th Edition of the RICS Valuation Standards (the "Red Book"). This is an internationally accepted basis of appraisal. Our valuations comply with IFRS accounting standards and the standards and recommendations published by the IVSC. The appraisals were also prepared in light of the AMF's recommendations concerning the presentation of valuations of listed companies' real estate portfolios, published on February 8, 2010. They also take into account the recommendations made in the Barthès de Ruyter report on the valuation of the real estate portfolios of listed companies, published in February 2000. We certify that we prepared our appraisal as independent external appraisers, as defined in the standards from the Red Book published by RICS.

Target value

Our valuations correspond to market values and were presented to the Company in terms of value excluding rights (after deducting transfer duties and costs) and including rights (market value before any deduction of transfer duties and costs).

Conditions

Information

We asked the Company's management to confirm that the information provided to us relating to the assets and tenants is complete and accurate in all material respects. Consequently, we considered that all of the information known to the Company's employees and which could affect the value, such as operating expenses, work undertaken, financial items including doubtful receivables, variable rents, current and signed lettings, rent-free periods, as well as the list of leases and vacant units was made available to us and is up to date in all material respects.

Surface area of assets

We did not measure the properties and based our assessments on the surface areas provided to us.

Environmental analyses and soil conditions

We were not asked to perform a study of soil conditions or an environmental analysis and we did not investigate past events to determine whether the soil or structures of the assets are, or have been, contaminated. Unless indicated otherwise, we assumed that assets are not, and should not be, affected by soil contamination and that the condition of the land does not affect their current or future use.

Urban planning

We did not study the building permits and assume that the properties have been built and are occupied and used in compliance with all necessary authorizations and are free of any legal recourse. We assumed that the assets comply with legal requirements and urban planning regulations, particularly as regards structural, fire, health and safety regulations. We also assumed that any extensions currently under construction comply with urban planning regulations and that all the necessary authorizations have been obtained.

Land titles and rental status

We have based our assessments on the rental position, summaries of additional revenues, non-recoverable charges, capital projects and the business plans provided to us. In addition to what is already mentioned in our reports for each asset, we assumed that ownership of the assets is not subject to any restrictions that would prevent or hinder their sale, and that they are free of any restrictions and encumbrances. We did not read the land titles for the assets and we accepted the rental and occupancy statements or any other relevant information communicated to us by the Company.

Condition of the assets

We noted the general condition of each asset during our visits. Our assignment does not include technical aspects concerning the structure of buildings. However, we indicated in our report any signs of poor maintenance observed during our visit, if applicable. The assets were appraised on the basis of information provided by the Company, according to which no hazardous materials have been used in their construction.

Taxation

Our valuations do not take account of any costs or taxes that may be incurred in the event of an asset being sold. The rental and market values provided do not include value added tax.

Confidentiality and publication

Lastly, in keeping with our usual practices, we confirm that our appraisal reports are confidential and intended solely for the Company. No liability is accepted in relation to third parties, and neither the appraisal reports as a whole nor extracts from these reports may be published in a document, declaration, circular or communication with third parties without our written agreement, covering both the form and content in which they may appear. In signing this Condensed Report, each expert does so on their own behalf and exclusively for their own expert appraisal work.

BNPP REAL ESTATE VALUATION
Jean-Claude DUBOIS
Président
le 31 janvier 2024
BNP PARIBAS REAL ESTATE
EXPERTISE

CATELLA VALUATION le 5 février 2024
Jean-François DROUETS
Président
CATELLA VALUATION ADVISORS CVA

BPCE EXPERTISES IMMOBILIÈRES
Philippe TARAVELLA le 5 février 2024
Directeur général
BPCE EXPERTISES IMMOBILIÈRES

CUSHMAN & WAKEFIELD VALUATION FRANCE
Valérie PARMENTIER le 5 février 2024
Partner

CBRE VALUATION le 6 février 2024
Béatrice ROUSSEAU - MRICS - REV
Directeur

Signature électronique certifiée
Béatrice ROUSSEAU – MRICS – REV
Directeur
CBRE Valuation
+33 06 08 18 40 02

1.3.2 Portfolio of diversified retail assets located in high-potential geographic areas

1.3.2.1 50 assets at end-2023,representing 776,554 sq.m of gross leasable area

Mercialys' sites are grouped into four main categories: large regional centers (with gross leasable area of over 40,000 sq.m), large shopping centers (gross leasable area of over 20,000 sq.m), leading neighborhood shopping centers (gross leasable area of over 5,000 sq.m), and other sites.

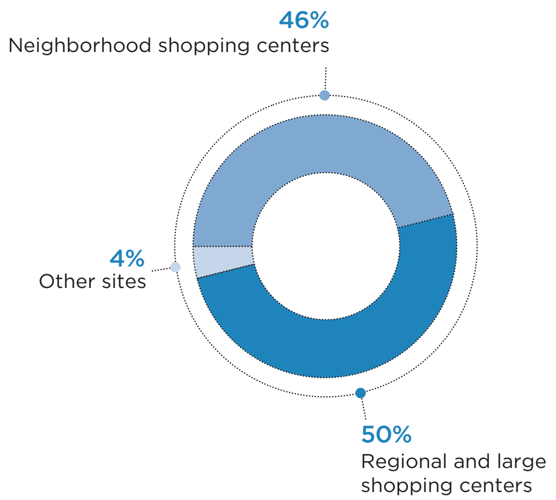
The major regional and large shopping centers and the leading neighborhood shopping centers are made up of shopping centers and adjacent large specialty stores. The other sites comprise individual units, including two cafeterias and a land reserve.

At December 31, 2023, Mercialys' portfolio was made up of 50 assets, including four large regional centers, 21 large shopping centers, 23 neighborhood shopping centers and two other sites, representing a total gross leasable area of 776,554 sq.m.

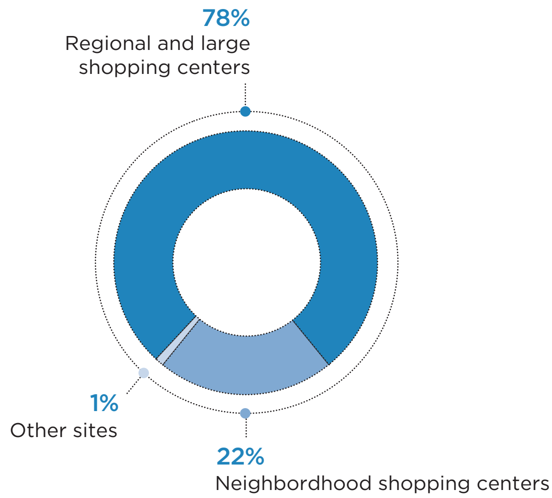
Within its 48 shopping centers, Mercialys owned – exclusively or in partnership with minority interests – the premises of the large food stores in 21 of them at end-December 2023.

BREAKDOWN BY TYPE OF ASSETS HELD BY MERCIALYS

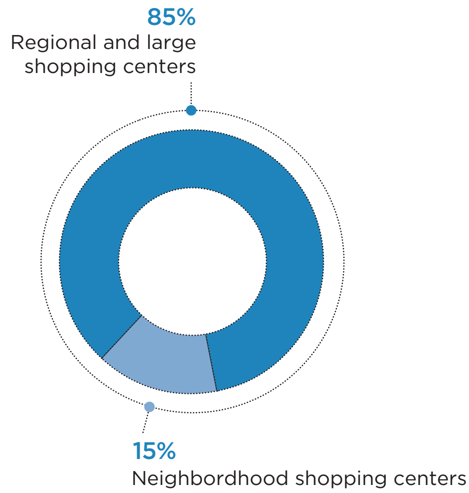
(in number)



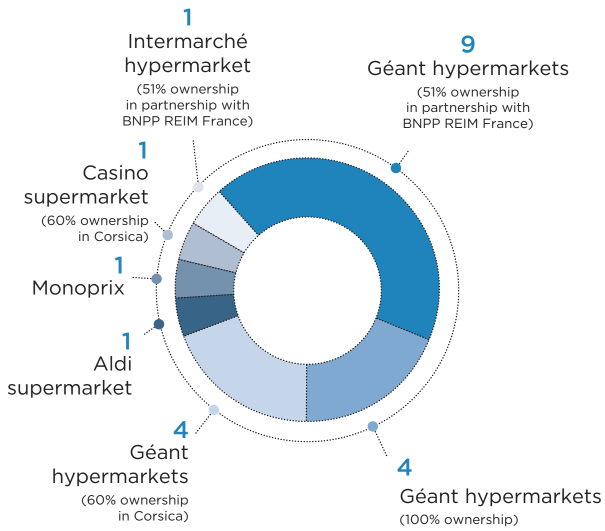
(in sq.m)



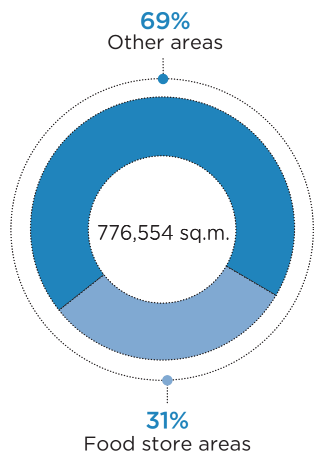
(in appraisal value including transfer taxes)



BREAKDOWN BY BRAND OF LARGE FOOD STORE PREMISES IN WHICH MERCIALYS HOLDS A MAJORITY INTEREST



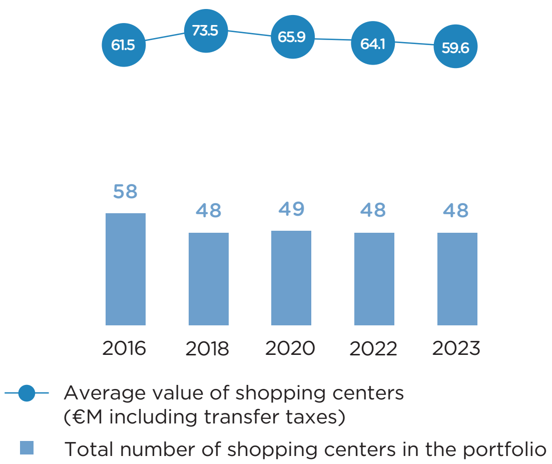
BREAKDOWN OF MERCIALYS' GROSS LEASABLE AREAS

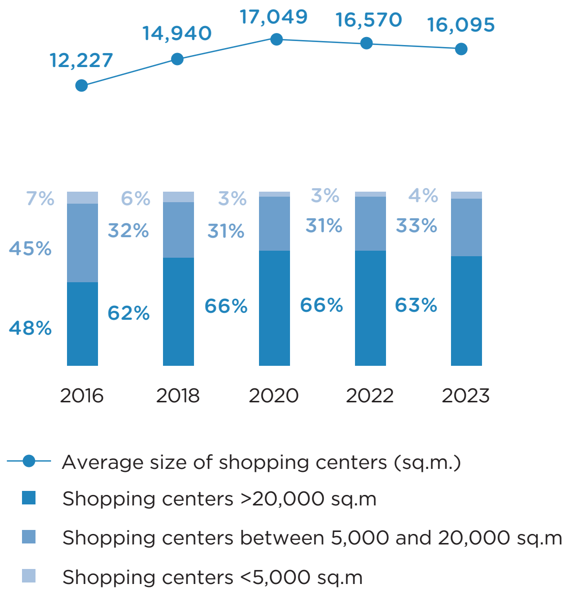


1.3.2.2 Portfolio realigned around leading retail assets in the most dynamic geographic areas

The result of a decade of buying and selling assets, Mercialys' portfolio is now broadly realigned around leading or co-leading retail sites in their catchment areas.

The average size of the Company's shopping centers (excluding other sites) was 16,100 sq.m at end-2023, compared with 7,400 sq.m at end-2010 and 12,227 sq.m at end-2014. Their average value was Euro 59.6 million including transfer taxes at end-2023, compared with Euro 26.9 million at end-2010 and Euro 48.7 million at end-2014.





99% of the assets making up Mercialys' portfolio are located in French regions or overseas territories, with the remaining 1% in Paris and the greater Paris area. The Île-de-France region therefore represents a very small percentage of the Company's real estate portfolio.

Historically located in eastern-central France (Saint-Étienne), the Casino group, from which Mercialys originated, gradually expanded its operations into neighboring regions (Loire, Haute-Loire, Rhône, etc.) and then, following merger and network takeover operations, into geographic areas with strong development potential, such as the coastal regions of the South-East, West and Brittany.

Thanks to the acquisitions made on Reunion Island in 2007, Mercialys also has operations outside mainland France.

The following table summarizes the main information concerning the regional geographic exposure of Mercialys' real estate portfolio.

Region	Number of sites	Appraisal value including transfer taxes (€m)	%	Gross leasable area (sq.m)	%
Corsica	5	123.5	4%	47,863	6%
Île-de-France	3	33.3	1%	9,242	1%
North-East	2	207.3	7%	52,875	7%
West	9	745.3	26%	203,053	26%
Rhône-Alpes	7	488.1	17%	137,963	18%
Reunion Island	5	337.9	12%	38,144	5%
South-East	7	422.3	15%	117,664	15%
South-West	12	514.4	18%	169,750	22%
TOTAL	**50**	**2,872.0**	**100%**	**776,554**	**100%**

1.3.2.3 Detailed breakdown of the portfolio at December 31, 2023

Site name and description	Type of asset held by Mercialys	Year of construction	Last project (year)	Built surface of the complex at 12/31/2023 (sq.m)	Gross leasable area held by Mercialys at 12/31/2023 (sq.m)	Of which food store area at 12/31/2023 (sq.m) when owned by Mercialys	Property management
Corsica							
Ajaccio Rocade Mezzavia (Casino Hyperfrais HM + 45 stores + 3 MSu)	Large shopping centers	1989	2018	28,773	17,264	10,015	CORIN
Bastia Port Toga (Casino Hyperfrais HM + 13 stores)	Neighborhood shopping centers	1991	2017	7,034	4,220	3,201	CORIN
Bastia Rocade de Furiani (Casino Hyperfrais HM + 48 stores + 2 MSu + 1 healthcare center + 1 service station)	Large shopping centers	1969	2019	24,498	14,699	8,314	CORIN
Corte (Casino SM + 13 stores)	Neighborhood shopping centers	2004	2004	5,831	3,499	2,466	CORIN
Porto Vecchio (Casino Hyperfrais HM + 32 stores + 2 MSu)	Neighborhood shopping centers	1972	2003	14,106	8,182	4,963	CORIN
Île-de-France							
Amilly Montargis (Casino Hyperfrais HM + 1 cafeteria + 15 stores + 2 MSu + 1 car wash station)	Neighborhood shopping centers	1976	2013	15,192	2,189	0	SUDECO
Massena (Casino Super SM + 25 stores + 2 MSu)	Large shopping centers	1975	2016	31,677	4,153	0	SUDECO
Saint Denis Porte de Paris (Aldi + 1 MSu)	Other	1975		2,900	2,900	0	SUDECO
Reunion Island							
Le Port Sacré Cœur (Carrefour HM + 90 stores + 7 MSu + 1 RP)	Large shopping centers	2002	2020	27,024	21,401	0	SUDECO
Saint Benoît Beaulieu (Carrefour HM + 22 stores)	Neighborhood shopping centers	2000	2022	7,492	2,014	0	SUDECO
Saint Pierre Front de Mer (Carrefour HM + 26 stores)	Neighborhood shopping centers	1987	1992	11,629	2,118	0	SUDECO
Sainte Marie du Parc (Run Market HM + 77 stores + 1 RP + 6 MSu + 1 services village)	Large shopping centers	1966	2016	27,384	12,611	0	SUDECO
Saint André (land bank)	Other	-	-		0	0	

Site name and description	Type of asset held by Mercialys	Year of construction	Last project *(year)*	Built surface of the complex at 12/31/2023 *(sq.m)*	Gross leasable area held by Mercialys at 12/31/2023 *(sq.m)*	Of which food store area at 12/31/2023 *(sq.m)* when owned by Mercialys	Property management
North-East							
Besançon – Chateaufarine (Casino Hyperfrais HM + 85 stores + 11 MSu)	Regional centers	1971	2018	58,218	38,497	0	SUDECO
Dijon Chenôve (Casino Hyperfrais HM + 41 stores + 6 MSu)	Neighborhood shopping centers	1974	1999	36,092	14,378	0	SUDECO
West							
Angers – Espace Anjou (Casino Hyperfrais HM + 104 stores + 8 MSu + coworking)	Regional centers	1994	2019	40,564	39,705	15,529	SUDECO
Brest (Casino Hyperfrais HM + 71 stores + 7 MSu)	Large shopping centers	1968	2018	36,545	35,755	15,676	SUDECO
Chartres – Lucé (Casino Hyperfrais HM + 42 stores + 4 MSu)	Large shopping centers	1977	2016	27,362	9,714	0	SUDECO
Lanester (Casino Hyperfrais HM + 4 MSu + 70 stores)	Large shopping centers	1970	2016	31,267	30,357	17,639	SUDECO
Morlaix (Casino Hyperfrais HM + 40 stores + 2 MSu)	Neighborhood shopping centers	1980	2017	28,871	8,054	0	SUDECO
Niort Est (Casino Hyperfrais HM + 1 cafeteria + 50 stores + 3 MSu + 1 services village)	Large shopping centers	1972	2015	26,047	18,322	13,306	SUDECO
Quimper– Cornouaille (Casino Hyperfrais HM + 1 cafeteria + 88 stores + 9 MSu)	Large shopping centers	1969	2017	34,459	34,459	12,063	SUDECO
Rennes – Saint-Grégoire (Super U HM + 86 stores + 2 MSu)	Large shopping centers	1971	2017	52,858	16,999	0	GIE GRAND QUARTIER
Tours – La Riche Soleil (Intermarché HM + 1 cafeteria + 49 stores + 1 MSu)	Large shopping centers	2002		25,571	9,689	0	SUDECO
Rhône-Alpes							
Annecy Seynod (Casino Hyperfrais HM + 50 stores + 6 MSu + 1 cinema + 1 RP + 2 MSu)	Large shopping centers	1988	2018	28,469	12,717	0	SUDECO
Annemasse (Casino Hyperfrais HM + 37 stores + 3 MSu)	Large shopping centers	1977	2016	25,564	23,384	15,700	SUDECO
Clermont – Nacarat (Casino Hyperfrais HM + 69 stores + 1 MSu + 1 services village)	Large shopping centers	1979	2014	34,779	34,779	17,847	SUDECO
Grenoble La Caserne de Bonne (Monoprix + 45 stores + 4 MSu + coworking)	Large shopping centers	2010	2020	19,124	19,124	0	SUDECO
Saint-Etienne – Monthieu (Casino Hyperfrais HM + 1 cafeteria + 50 stores + 5 MSu + 1 service station + 1 car wash station)	Large shopping centers	1972	2017	36,928	20,180	0	SUDECO
Vals près Le Puy (Intermarché HM + 22 stores + 4 MSu)	Neighborhood shopping centers	1979	2015	21,367	20,545	11,707	SUDECO
Valence 2 (Casino Super SM + 1 cafeteria + 55 stores + 1 MSu)	Neighborhood shopping centers	1972	2012	19,155	7,234	0	SUDECO

Site name and description	Type of asset held by Mercialys	Year of construction	Last project *(year)*	Built surface of the complex at 12/31/2023 *(sq.m)*	Gross leasable area held by Mercialys at 12/31/2023 *(sq.m)*	Of which food store area at 12/31/2023 *(sq.m)* when owned by Mercialys	Property management
South-East							
Aix en Provence (Casino Hyperfrais HM + 1 cafeteria + 32 stores + 1 MSu + 1 Feu Vert)	Large shopping centers	1982	2016	26,236	18,075	16,504	SUDECO
Arles (Casino Hyperfrais HM + 35 stores + 2 MSu)	Neighborhood shopping centers	1979	2017	26,791	7,328	0	SUDECO
Fréjus (Casino Hyperfrais HM + 42 stores + 3 MSu)	Neighborhood shopping centers	1972	2017	19,911	18,809	13,182	SUDECO
Istres (Casino Hyperfrais HM + 44 stores + 6 MSu)	Neighborhood shopping centers	1989	2015	25,584	19,593	13,288	SUDECO
Mandelieu (Casino Hyperfrais HM + 45 stores + 2 MSu + 1 services village)	Large shopping centers	1977	2016	31,954	8,553	0	SUDECO
Marseille – La Valentine (Casino Hyperfrais HM + 62 stores + 4 MSu)	Large shopping centers	1970	2015	32,271	13,924	0	SUDECO
Marseille Barneoud (Casino Hyperfrais HM + 1 cinema + 59 stores + 6 MSu)	Large shopping centers	1974	1995	43,806	31,382	23,550	SUDECO
South-West							
Anglet (Casino Hyperfrais HM + 1 cafeteria + 10 stores + 1 MSu)	Other	1976	2016	16,524	3,987	0	SUDECO
Aurillac (Casino Hyperfrais HM + 1 cafeteria + 24 stores)	Neighborhood shopping centers	1988	2015	16,890	3,580	0	SUDECO
Boe AGEN (Casino Hyperfrais HM + 1 cafeteria + 27 stores + 1 MSu)	Neighborhood shopping centers	1969	2015	18,855	5,499	0	SUDECO
Brive - Malemort (Casino Hyperfrais HM + 35 stores)	Neighborhood shopping centers	1972	2017	21,047	5,460	0	SUDECO
Carcassonne – Salvaza (Casino SM + 1 cafeteria + 41 stores + 1 MSu)	Neighborhood shopping centers	1982	2016	19,917	2,502	0	SUDECO
Millau (Casino Super SM + 20 stores + 1 MSu)	Neighborhood shopping centers	1986	2017	12,610	417	0	SUDECO
Montpellier Argelliers Autoroute (Casino Hyperfrais HM + 23 stores + 1 MSu)	Neighborhood shopping centers	1973	2017	18,725	2,325	0	SUDECO
Narbonne (Casino Hyperfrais HM + 29 stores + 2 MSu)	Neighborhood shopping centers	1972	2018	20,680	20,680	10,494	SUDECO
Nîmes – Cap Costières (Casino Hyperfrais HM + 1 cafeteria + 86 stores + 4 MSu + coworking)	Large shopping centers	2003	2017	35,209	35,209	14,209	SUDECO
Rodez (Super U + 1 cafeteria + 30 stores + 2 MSu)	Neighborhood shopping centers	1984	2020	17,618	1,436	0	SUDECO

Site name and description	Type of asset held by Mercialys	Year of construction	Last project *(year)*	Built surface of the complex at 12/31/2023 *(sq.m)*	Gross leasable area held by Mercialys at 12/31/2023 *(sq.m)*	Of which food store area at 12/31/2023 *(sq.m)* when owned by Mercialys	Property management
Montauban (Super U + 42 stores + 1 MSu)	Neighborhood shopping centers	1994	2012	19,786	4,765	0	SUDECO
Toulouse Fenouillet (Casino Hyperfrais HM + 1 cafeteria + 134 stores + 14 MSu + 1 Retail Park + coworking)	Regional centers	1978	2017	105,769	83,889	0	SUDECO
TOTAL				**1,347,894**	**776,554**	**239,652**	

Legend: SC: Shopping center, RSC: Regional shopping center, LSC: Large shopping center, NSC: Neighborhood shopping center, RP: Retail park, LFS: Large food store, LSS: Large specialty store, MSu: Medium-sized unit, ServC: Service center, HM: Hypermarket, SM: Supermarket, MM: Mini-market, CAF: Cafeteria, Other: including standalone sites.

100%
green debt

5,000
jobs launched in 2022 under the partnership with Initiative France

93/100
on the gender equality index

2

CORPORATE SOCIAL RESPONSIBILITY

Mercialys firmly believes that the consideration of environmental, societal and social issues is a major differentiating factor. It has made this an integral part of its corporate strategy. This is reflected in the day-to-day implementation of responsible and ethical management of all its owned and managed assets. This chapter sets out in detail its strategic Corporate Social Responsibility (CSR) projects, its policies and action plans implemented, as well as its results.

2.1 Non-financial risks and opportunities covered by Mercialys' CSR strategy

2.1.1 CSR governance designed to effectively manage risks and opportunities and ensure the successful implementation of the strategy

The management of CSR risks is an integral part of Mercialys' risk management process. Indeed, the Risks Prevention Committee (RPC) is composed of the Chief Executive Officer, the Deputy Chief Executive Officer, the Director of Human Resources, the Head of Internal Control, the CSR Director and the Ethics and Compliance Director. This RPC is responsible for:

1. identifying the risks to which Mercialys is exposed;
2. identifying and assessing existing procedures;
3. implementing a plan to supplement and optimize risk management;
4. organizing the oversight and proper application of procedures.

The 52 risks identified by the RPC are divided into 8 categories, one of which is dedicated to environmental, social and societal risks. All risks are then assessed annually according to their impact and probability of occurrence. Probability of occurrence assesses the possibility that a risk will materialize at least once, in the short, medium and/or long term. The impact quantifies possible consequences, either in terms of the Company's financial position (change in operating results or Net Asset Value), or obstacles to the ongoing implementation of the Company's strategy or operations, or its reputation (importance given by stakeholders or media impact). CSR risks were assessed using this scale, using the results of the stakeholder consultation conducted upstream.

Each year, the RPC reports on its work to the Audit, Risks and Sustainable Development Committee (ARSDC) and the Management Committee. The Board of Directors as a whole is also regularly updated on the progress of the CSR strategy and has approved the Company's carbon strategy. Directors have access to the expertise of Mercialys' teams and sustainability rating agencies. They can also benefit from training or awareness-raising tools on CSR issues. Taking things one step further in 2023, Mercialys' directors underwent two training sessions on CSR. The first combined theoretical e-learning training on the causes and effects of climate change with a face-to-face session on climate change adaptation and mitigation with a case study tailored to retail real estate. The second, delivered face-to-face, focused on CSR in the real estate sector. They were attended by all directors.

To prevent, mitigate and reduce CSR risks while managing the objectives of its CSR strategy 4 Fair Impacts for 2030 presented in the table in § 2.1.2, the Company has set up a dedicated governance. It is cross-functional, in conjunction with the operational departments at Company level and broken down by asset.

Supervising cross-functional projects

Mercialys' CSR team defines and implements the Company's CSR strategy. This department reports to the Deputy Chief Executive Officer, proof of the integration of CSR issues at the heart of the Company's strategy. Human Resources development issues such as the implementation of Mercialys' diversity and inclusion policy are the responsibility of the Human Resources Department. The Management Committee, of which the CSR Director and Director of Human Resources are members, shares information on the operational implementation of the CSR strategy and its state of progress with all of the Company's departments.

The CSR strategy, risks and opportunities are regularly assessed, validated and reviewed by the Company's various governance bodies. The Board of Directors is kept informed of the implementation of the CSR strategy and the achievement of the associated criteria at least annually and oversees the management of CSR issues by the Company through its three specialized committees:

- the ARSDC assesses the CSR risks and opportunities, reviews and validates the CSR strategy and verifies its progress once or twice a year. The Chairwoman of the ARSDC has been appointed responsible for monitoring the CSR approach;
- the Strategy and Transformation Committee (STC) takes CSR aspects into account when reviewing strategic projects;
- the Appointments, Compensation and Governance Committee (ACGC) prepares the setting of performance criteria related to climate and nature-related issues within the context of Senior Management compensation.

For more details on the roles of the various bodies and their interactions, see Chapter 5, § 5.1.1, p. 320 *et seq.* and the diagram below.

The Company's executive corporate officers have 20% of their annual variable compensation indexed to the Company's CSR performance. One of their three equally-weighted long-term compensation objectives is systematically also a CSR objective. One of the two CSR criteria for the Chief Executive Officer and the Deputy Chief Executive Officer for 2023 concerns the "greening" of financing and the achievement of the associated CSR objectives, including that related to the Company's carbon roadmap. For more information, see Chapter 4, § 4.2.2, p. 272 *et seq.*

As all Mercialys employees are involved in the successful implementation of this strategy, they all also have an individual CSR objective in their annual variable compensation. It represents at least 10% of their annual bonus, is specific to their roles, and is quantitative for senior staff and qualitative for other categories of employees.

Again with a view to involving as many stakeholders as possible, Mercialys is continuing to green its financing structure. Two major criteria of Mercialys' CSR strategy have been selected to support 6 bank credit lines, for a total amount of Euro 385 million. The margins of these credit lines are indexed to the BREEAM In-Use certified share of the strategic portfolio and the achievement of scope 1 and 2 greenhouse gas emissions reduction targets. The Company benefits from a reduction in the margin in the event of compliance with these two commitments. Otherwise, an increase in this margin is applied. Until now, Mercialys has benefited from this reduction in its margins thanks to the achievement of its ESG (environmental, social and governance) objectives. In 2023, the Company signed a new credit line incorporating these criteria, taking its approach one step further. It includes target scores for the BREEAM In-Use certification, targets related to its scope 1 and 2 carbon roadmap, and to scope 3 for its operational waste management.

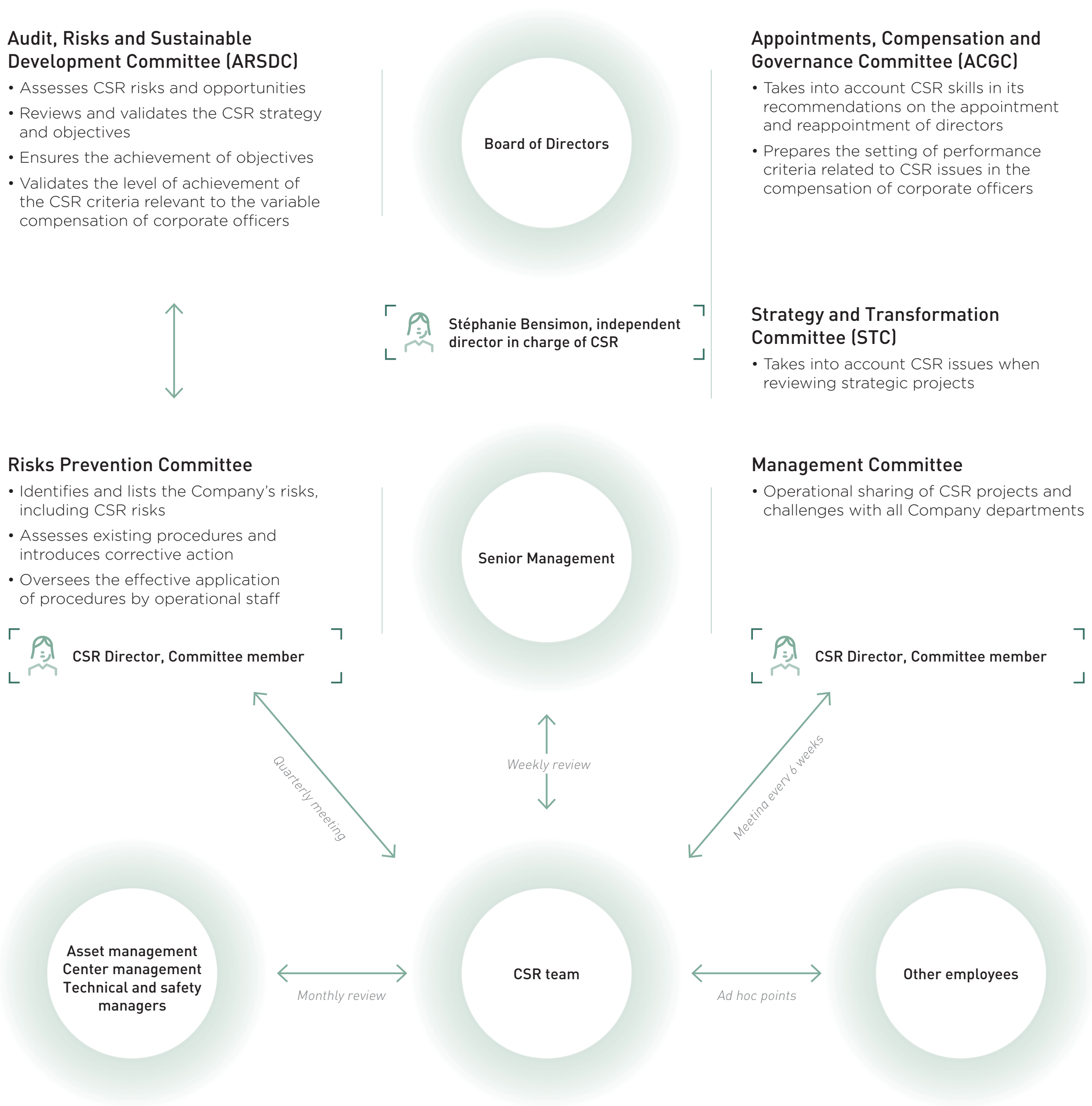
Acting at the asset level

In order to steer the CSR strategy at asset level, the Company's 4 Fair Impacts for 2030 objectives have been broken down by asset, to be relevant to the operational reality. In order to plan the actions to be implemented to achieve these objectives, to phase them in over time, to forecast the budgets to be allocated and to monitor them, CSR roadmaps have been drawn up for each center. They were developed jointly by the Asset Management Department, the Center Management Department, the property manager, and the CSR team. They are adapted to the specificities of each site. In addition, during the annual reviews of the business plan by asset, the center directors and asset managers present the progress of the 4 Fair Impacts for 2030 CSR strategy to Senior Management.

To ensure their implementation and to detect any malfunctions as early as possible, a dedicated IT tool facilitates the monitoring, analysis and steering of key CSR performance indicators. It is accessible to all relevant departments as well as to external property managers. In addition, monthly meetings for each geographical area are attended by the property manager and the asset management, center management and CSR departments. They enable the analysis of key performance indicators on energy and water consumption, as well as waste recovery out at the centers. These meetings make it possible to compare assets using different analysis criteria: in absolute value, in relative value compared to activity data, and between centers in the same geographical area, compared to the previous period. Some of the operating problems of the centers are thus identified, enabling them to be corrected quickly, while sharing the best practices already implemented.

Furthermore, other tools have been developed by department to address Mercialys' CSR expectations accordingly. For example, the Center Management Department monitors and analyzes the centers' environmental performance on a monthly basis, and the Technical Department checks that the "construction and maintenance specifications" are properly adhered to while work is carried out.

CSR GOVERNANCE



2.1.2 CSR commitments are jointly developed with its stakeholders

Mercialys has been implementing CSR actions since 2010, the performance of which has been praised annually by sustainability rating agencies (for more information regarding the various ratings, please refer to the Integrated Report on p. 35). In this respect, two examples of outstanding performance in the best market standards can be cited for 2023. First of all, Mercialys maintained its leading position on the Carbon Disclosure Project, remaining on the A List for the 6th consecutive year. Similarly, for its 8th year of participation in the Global Real Estate Sustainability Benchmark (GRESB), Mercialys reached second place in its category [(1)].

4 Fair Impacts for 2030, Mercialys' CSR strategy, embodies the Company's ambition in this area. It was determined in perfect compliance with regulations, in order to respond to Mercialys' main CSR risks and opportunities and to the expectations of its stakeholders.

As such, the Company has drawn up a comparative study of the CSR strategies of real estate companies and players recognized in terms of CSR maturity, operating in France and abroad. Furthermore, a widespread consultation process was conducted by a specialized consulting firm with the Company's various stakeholders. It involved employees, shopping center visitors, retailers, investors and banks, local authorities and non-profit organizations. A list of CSR issues previously identified as relevant for a retail real estate company were submitted to them. They commented on the

(1) *Category: shopping center real estate companies listed in Europe.*

importance they attach to them, as well as their perception of Mercialys' level of maturity on these various issues. Qualitative interviews supplemented the results of this questionnaire, in order to identify more specific recommendations or expectations of certain stakeholders. This approach led to the revision of Mercialys' materiality matrix, which can be found on the Company's website [(1)].

Based on this matrix, cross-referenced with the CSR risks and opportunities previously identified by the Risks Prevention Committee (RPC), the 2030 strategy was structured around four key commitments. Thematic workshops were then held between Senior Management, the CSR team and the Human Resources Department, in consultation with the other departments concerned. They defined the objectives associated with these commitments, applying a pragmatic approach and incorporating operational realities.

Mercialys' CSR strategy is built around four commitments, broken down into concrete objectives and accompanied by relevant roadmaps.

Mercialys is committed to:

- contributing to carbon neutrality;
- promoting more responsible trade;
- being a major partner for regional development;
- being an involved employer.

4 FAIR IMPACTS FOR 2030 CSR STRATEGY

ALL ENGAGED
AROUND A CSR STRATEGY FOCUSED
ON OUR 4 MAIN IMPACTS

FOR OUR ENVIRONMENT

By targeting carbon neutrality and advocating the rationalized use of resources to reduce our environmental footprint

OUR AMBITIONS FOR 2030

- Aim net zero carbon emissions
- 100% of waste recovered
- Zero pesticide use

FOR OUR STORES

By jointly building more sustainable retail and living spaces with our tenants

OUR AMBITIONS FOR 2030

- 100% of strategic assets BREEAM In-Use certified
- 100% of centers offering responsible stores and services
- 100% of our tenants engaged in our "responsible landlord tenant" commitments

FOR OUR COMMUNITIES

By positioning our assets at the heart of communities, like springboards for local economic and community life

OUR AMBITIONS FOR 2030

- 100% of centers committed to robust regional development
- 100% of strategic centers with multifunctional spaces
- 100% local and responsible purchases
- Promoting and supporting eco-mobility

FOR OUR TALENTS

By developing our employees' ethical engagement and providing opportunities for fulfilling careers

OUR AMBITIONS FOR 2030

- Maintaining best practices for gender equality
- Developing employee engagement and satisfaction
- Building a culture of exemplary ethical practices

This strategy was presented and approved by the Audit, Risks and Sustainable Development Committee (ARSDC) and the Board of Directors in December 2020. These bodies regularly monitor the implementation of the strategy and the achievement rate of the associated criteria. In addition, Mercialys has submitted its climate strategy to a shareholder vote, in order to involve the latter in the Company's CSR approach. The climate ambitions and associated action plans were presented in a resolution to the 2022 General Meeting, in accordance with the recommendations of the "Say on Climate" initiative.

The table below establishes the correspondence between the CSR risks and opportunities identified by the RPC and Mercialys' CSR strategy priority issues, then summarizes the main measures implemented to prevent and mitigate these risks and seize CSR opportunities.

(1) *Materiality matrix published on the Company's website: https://www.mercialys.com/sustainability/sustainability-strategy-1/stakeholder-engagement*

MAIN NON-FINANCIAL RISKS AND OPPORTUNITIES

CSR STRATEGY PRIORITY ISSUES	DESCRIPTION OF THE RISK	DESCRIPTION OF THE OPPORTUNITY
Aim for net zero carbon emissions	• Transition risks related to the transition to a low-carbon society: ◦ increase in investments to respond to changes in regulations (tertiary eco-energy system, etc.) ◦ decrease in revenues due to changes in customer behavior ◦ difficulties in accessing capital due to the growing concerns of investors about climate change • Physical risks related to more frequent and severe weather events: ◦ damage to buildings, financial impacts (increase in insurance premiums, financial impact of claims associated with more frequent and more intense exceptional natural events, or the cost of adaptation measures, etc.), and disruption of the business activity of the Company and its tenants • Increase in the operating costs of the centers or supply difficulties in the event of scarcity of energy resources	• Owning and managing environmentally-certified, energy-efficient and resilient buildings attracts tenants and visitors, and increases asset value • Combating climate change attracts investors and lowers the Company's interest rates, notably with the entry into force of the European green taxonomy [(1)] and the SFDR [(2)] • Developing new innovative low-carbon service offerings to generate additional revenue • Controlling the expenses of its tenants to make the Company more attractive to retailers • Developing renewable energies can make Mercialys centers energy self-sufficient and protect its tenants from energy price volatility
100% waste recovered	• Increase in operating expenses for tenants • Increase in investment in response to changing regulations	• Collaborate with its tenants to improve the shopping centers' environmental footprint • Reduce tenant expenses and therefore be more attractive to retailers
Zero pesticide used	• Damage to the Company's reputation due to the use of controversial products or techniques for the management of green spaces, impacting biodiversity and human health	• Greening shopping centers to increase their attractiveness and the well-being of occupants and visitors
Focus on densification and reconversion over soil artificialization	• Restriction or modification of projects on account of their impact on biodiversity in a context of stricter regulations • Technical difficulties in converting or densifying commercial assets • Saturation of car parks in case of densification	• Benefit from a bonus for new entrants with proven know-how in the conversion, restructuring or rehabilitation of existing sites
100% of strategic assets certified	• Deterioration in the value of the portfolio and loss of attractiveness for investors in the event of non-certified assets • Difficulties in maintaining good levels of certification in a context of stricter guidelines • Contribution to mitigating several risks (carbon, waste, pesticides, retailer relations, safety, responsible purchasing, mobility)	• Attract tenants and visitors, and increase the value of the Company's assets • Access to sustainable financing • Enhance the sound management of the Company's assets on a daily basis
100% of centers offering responsible stores and services	• Loss of use and obsolescence of assets in the event of a merchandising mix that does not adapt to new consumer expectations	• Ensure the sustainability of the Company's business model by meeting the growing demands of consumers for more responsible and local products and services
100% of our tenants committed to our "responsible landlord tenant" pact	• Deterioration of the customer relationship in case of lack of communication • Deterioration of asset liquidity in the event of non-compliance with regulations on the overall energy performance of assets	• Amplify the positive impact of the Company by collaborating with its tenants • Develop new forms of dialog and partnerships with stakeholders • Collaborate with its tenants to retain them and improve the environmental footprint of the centers
Zero health and safety incidents	• Financial impacts (additional investments in video surveillance or special systems, for example, increase in insurance premiums, repair costs), in the event of health risks (air pollution, water pollution), safety risks (*e.g.* crime, attack), security (fire, flood) • Drop in revenues due to operating losses of affected tenants • Damage to the reputation of the shopping centers in question	• Ensure customer comfort and satisfaction as a differentiating factor in an increasingly competitive environment, to improve footfall and build visitor loyalty
100% of centers committed to robust regional development	• Loss of business and revenues for its tenants and, as a result, a risk on the Company's rental income, in the event of a downturn in the local economic fabric and shopping center catchment area	• Establish the reputation of its shopping centers in their catchment area and create social ties thanks to the links forged with the local economic fabric, while strengthening their local roots • Strengthen Mercialys' regional roots by promoting local entrepreneurship
100% of strategic centers with multifunctional spaces	• Loss of attractiveness in the event of a merchandising mix no longer responding to new consumer practices (coworking, leisure, etc.)	• Enhance the attractiveness of the centers and stand out by offering visitors to its centers new experiences
100% local and responsible purchasing	• Damage to the Company's reputation in the event of an ethical incident or a negative performance in terms of CSR related to one of its suppliers or subcontractors	• Obtain a better quality of service and responsiveness from service providers working in the shopping centers due to their geographical proximity • Creating local jobs
Promoting and supporting eco-mobility	• Difficulties in meeting the expectations of customers using new modes of transport to reach the shopping centers, leading to a loss of footfall • Increase in investments to respond to regulatory changes	• Improve the accessibility of its shopping centers and attract non-motorized customers • Reduce the indirect carbon footprint of its shopping centers • Indirectly participate in the fight against air pollution
100% of centers open to civil society	• Lack of ownership of sites by local stakeholders and decreased loyalty	• Establish the shopping centers' reputation within their catchment areas and foster community cohesion through the links forged with local non-profit organizations
Maintaining best practices for equality in the workplace	• Impact on the Company's performance (lack of innovation, etc.) in the event of a lack of diversity within the Company (age, gender, academic background, etc.)	• Develop a lasting dynamic of cohesion and collective emulation in a working environment conducive to the development of all employees
Development of employee engagement and satisfaction	• Difficulties in recruiting employees for strategic positions in case of low level of attractiveness on the jobs market • Decreased productivity, turnover and loss of skills in the event of Mercialys' inability to retain its talents	• Recruit the best talents through employer brand recognition • Develop employees' skills and support their development
Building a culture of exemplary ethical practices	• Legal and financial impacts for the Company, as well as damage to its reputation, in the event of the involvement of an employee or executive in a case of corruption, insider trading or money laundering	• Boost a positive knock-on effect for all employees, enabling overall performance improvement
Respecting the best work-life balance	• Drop in productivity and increase in absenteeism and staff turnover due to poor quality of life at work	• Offer a safe and high quality working environment, source of its employee buy-in and commitment

(1) *Taxonomy regulation (EU) 2020/852 on "the establishment of a framework to facilitate sustainable investment."*
(2) *Sustainable Finance Disclosure Regulation (SFDR) (EU) 2019/2088 on "sustainability-related disclosures in the financial services sector."*

2023 KEY PERFORMANCE INDICATORS	MAIN ACHIEVEMENTS	CONTRIBUTION TO SDGs (3)
15.2 kgCO_2eq./sq.m. scopes 1 & 2	• Carbon roadmap validated by SBTi (4) • Purchase of green energy • Installation of remote reading, optimization and management of equipment • Energy sobriety plan • Studies on the resilience of its assets to physical and transition risks related to climate change	7, 13
66% of waste recovered	• Implementation of dedicated communication tools for retailers • Regular awareness-raising of retailers • Deployment of the five waste and bio-waste streams across its portfolio • Waste characterization audits • Strengthening of CSR selection criteria in waste calls for tenders	12
5 liters of pesticide products used	• Implement a "zero pesticides" approach for green spaces • Differentiated management of green spaces integrated into contracts • Control of green space providers • Preparation of a greening guide by geographical area	12, 15
0 sq.m. artificialized	• Hypermarket decapitalization projects to increase the density of shopping centers	15
100% of strategic assets certified	• Environmental certification of the portfolio • Gradual transition of the certified portfolio to the new version of the guidelines • Expansion of the scope of certified assets	11
83% of strategic assets offering responsible retail and services	• Roll-out of the Le Shop digital and logistics platform	12
0% of our tenants engaged with our "responsible landlord tenant" commitments	• Generalization of environmental annexes to all leases signed • Recovery of environmental data from tenants • Annual meetings with tenants including a CSR update • Conduct tenant satisfaction surveys • Development of a tenant intranet	6, 7, 13
92/100 average score in safety audits	• Annual audit of the security provider • Implementation of preventive measures for health and safety risks • Installation of CO_2 sensors and sensors for other types of indoor air pollutants	
49% of centers committed to robust regional development	• Operations carried out in the centers • Retailer job offers posted on the shopping centers' websites and social media • National partnership with Initiative France • Director centers mentoring entrepreneurs	8
59% of strategic centers with a multifunctional space	• Deployment of coworking under the Cap Cowork brand • Installation of health centers • Development of a leisure offering	
88% of shopping center purchasing and **33%** of corporate purchasing with a CSR clause	• Map Mercialys' purchases and assess the corresponding CSR risks • Inventory of "local" purchases • Incorporate CSR criteria into center contracts and call for tenders • Establishment of works and maintenance specifications for real estate projects and major maintenance operations • Put in place control arrangements	8
100% of shopping centers close to public transport	• Installation of charging stations for electric vehicles, bicycle racks, and dedicated carpooling spaces • Rising awareness of visitors	11
96% of centers having hosted at least one association	• Provision of spaces for associations and organizations in shopping centers • CSR events organized in shopping centers	
93/100 on the gender equality index	• Monitoring and management of the main diversity indicators • 2nd place in the SBF 120 ranking of the feminization of ruling bodies	5, 10
92% response rate in the 360° managers survey	• Continued implementation of the action plan following the last satisfaction survey • Employee training program	4
96% of employees trained in ethics	• Code of Ethics given to all employees • Annual ethics training for employees • Whistleblowing procedure in place	
Retention of **arrangements for staff to work from home**	• Application of the charter on the right to disconnect • Non-profit partnerships for youth and employment with Article 1	3, 8

(3) SDGs: the Sustainable Development Goals adopted by the UN in 2015 define 17 priorities for development that is socially equitable, environmentally safe, economically prosperous, inclusive and predictable looking ahead to 2030.
(4) SBTi: Science Based Target initiative

2.2 For our environment

Because the construction sector generates 23% of French greenhouse gas emissions [1] and global warming represents physical and transition risks for Mercialys' portfolio, the real estate company is committed to contributing to carbon neutrality by:

- pursuing a very ambitious policy to reduce greenhouse gas emissions validated by the Science Based Targets initiative (SBTi);
- reducing the pressure that the Company exerts on natural resources.

2.2.1 Aim for net zero carbon emissions

The effects of climate change are also being observed in France, with 2023 being particularly marked by extreme climate events including record heat waves, forest fires, floods and violent storms. Taking action to mitigate climate change and adapting its assets and their operation accordingly are key challenges for Mercialys and all other economic players. Mercialys' Risks Prevention Committee (RPC) has identified and characterized the Company's risks and opportunities associated with the effects of climate change. It is also transparent about its climate risks, in accordance with the 11 recommendations of the international working group Task Force on Climate-related Financial Disclosure (TCFD) (see p. 119 *et seq.*) and by responding publicly each year to the Carbon Disclosure Project (CDP) since 2017.

Adapting to the effects of climate change

In order to ensure the resilience of its portfolio, particularly regarding the physical consequences of climate change, Mercialys has identified the climate risks most likely to affect its assets. Within the framework of its RPC, the Company has mapped the natural risks facing its assets: flooding, forest fires, risk of marine submersion, landslides, clay swelling, mining, seismic activity, and avalanches. 60% of its assets are affected by a Natural Risk Prevention Plan (PPRN), of which 4% have prescribed work on existing projects as part of the Flood Risk Prevention Plans (PPRI).

Taking things one step further, Mercialys carries out detailed studies, asset by asset, on the priority physical hazards and transition risks related to climate change to which it is exposed now or may be in the future, as well as the vulnerability and resilience of its assets to these hazards. These studies comply with the criteria defined in Appendix A of Regulation (EU) 2020/852, known as the Taxonomy Regulation (see Appendix 1 p. 110). The Company has thus assessed the risks of 62% of its portfolio, among the following hazards: heat waves, drought, clay shrinkage and swelling, forest fires, average rise in temperatures, floods/rainfall, storms, marine submersion, coastal erosion, earthquakes and landslides. Different timeframes and scenarios were used to carry out these analyses: at 30 and 50 years to be adapted to the life of a building, and the RCP 4.5 and RCP 8.5 scenarios of the Intergovernmental Panel on Climate Change (IPCC). These are the scenarios corresponding respectively to the implementation of measures to stabilize greenhouse gas emissions, and to the most unfavorable scenario without a climate policy.

It shows that Mercialys' assets are mainly affected by heat waves, average temperature rise and drought. The significant challenges therefore notably relate to the insulation of buildings and the heating and air conditioning systems of the Company's assets, as well as monitoring the structure of buildings. The Company is also investigating various measures to adapt to rising temperatures and heat waves. For example, it has applied a white coating, called cool roof, to the roofs of some of its shopping centers. This helps to reflect sunlight and thus improve the thermal comfort inside the building.

Mercialys is gradually extending these analyses to cover its entire portfolio and implement action plans to prevent priority risks.

Contribute to mitigating climate change with a scientifically-validated carbon roadmap

Through its carbon roadmap validated by the Science Based Targets initiative (SBTi) since 2019, the Company is directly involved in the Paris Climate Agreement. It contributes to the collective effort to limit the average rise in global temperatures to well below 2 °C compared to pre-industrial temperatures.

In order to define its objectives to fight climate change submitted to the Science Based Targets initiative (SBTi), Mercialys studied three scenarios, over several timeframes between 2022 (5 years) and 2050:

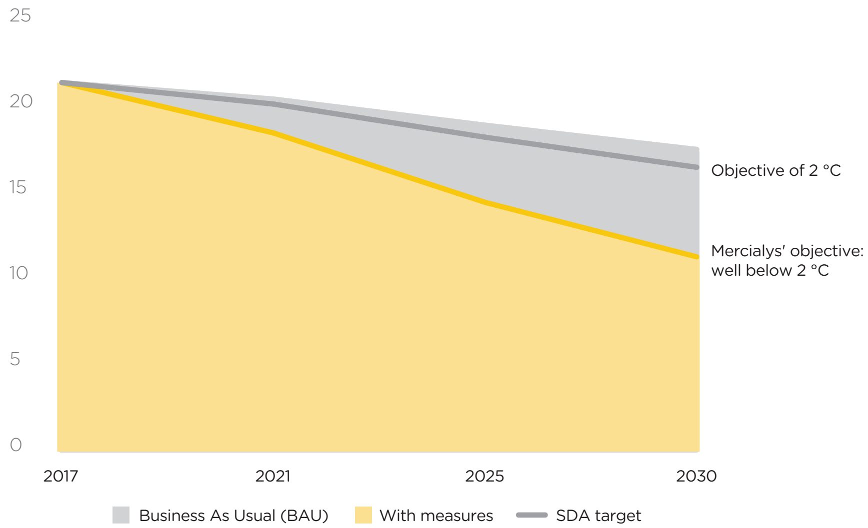
- the "Business-as-Usual" (BAU) scenario, estimating the change in Mercialys' emissions if its efforts remained at the level of the time;
- the "Sectoral Decarbonization Approach" (SDA) scenario of the real estate sector, making it possible to remain below a 2 °C increase (RCP 2.6 scenario of the IPCC Fifth Assessment Report);
- the scenario chosen by Mercialys, which leads to measures to reduce the emissions identified by the Company and limits the increase in global temperatures to "well below 2 °C" (the most ambitious category at that time) [2].

The various scenarios and the roadmap defined by Mercialys are shown in the graph below.

(1) Source: French Ministry for the Energy Transition, September 2020.
(2) When Mercialys submitted its carbon roadmap, the 1.5 °C category had not yet been launched by the SBTi (Science Based Targets initiative).

MERCIALYS CARBON ROADMAP VALIDATED BY THE SBTI

(in kgCO2eq/sq.m./year – current scope)



Aware that the fight against climate change goes beyond its scope of direct responsibility, Mercialys has set itself targets both for the energy consumption of the parts of its assets under its direct management and for refrigerant leaks from its air conditioning systems (scopes 1 and 2), as well as its carbon footprint extended to third-party stakeholders (scope 3). As such, Mercialys' climate strategy is based on four objectives covering the period between 2017 and 2030:

- reducing scope 1 and 2 emissions by 47% per sq.m. using the market-based method [(1)];
- reducing emissions from tenants' energy consumption by 46% per sq.m.;
- reducing emissions from employee travel by 26%;
- reducing emissions related to the treatment of waste produced by the centers by 26% per metric ton of waste produced.

The Science Based Targets initiative approved these objectives in 2019, making Mercialys one of the first real estate companies in the world to have its objectives scientifically approved. Mercialys plans to review its carbon roadmap in order to align it with current best practices.

In addition, Mercialys has included commitments to reduce its scope 1, 2 and 3 greenhouse gas emissions in its credit lines, and is thus gradually greening its debt (see page 81).

Through its 4 Fair Impacts CSR strategy, Mercialys is reaffirming its contribution to the fight against climate change by setting itself ambitious objectives, beyond those already established and approved by the SBTi. Indeed, Mercialys aims to contribute to carbon neutrality by 2030, across all its emissions (scopes 1, 2 and 3).

Continuing its actions on scopes 1 and 2

In order to achieve its 2030 objectives for scopes 1 and 2, Mercialys' strategy is based on four areas:

1. Continue to reduce the energy consumption of its centers by using the following levers:
   - the modeling of shopping centers' energy consumption, free from the impact of unexpected events (*e.g.* a breakdown) and influencing factors (*e.g.* weather, occupancy), is used to identify optimization measures and investments required to improve assets' energy performance. All Mercialys assets have been the subject to such a study;
   - the deployment of remote-read energy and water sub-meters at 73% of sites, with an additional 8% planned. They enable the real-time measurement of the energy and water consumption of the sites by use. This system also makes it possible to analyze consumption by cross-referencing it with activity data such as shopping center opening hours and footfall. Alerts are automatically sent in the event of abnormal water consumption so that certain management anomalies can be quickly corrected. This alert system is being rolled out for energy consumption;
   - facilities management and supervision through building technical management systems at 93% of Mercialys' assets to regulate temperatures and the operating time slots of the facilities, among other things. In order to anticipate tensions on the energy market, Mercialys implemented an energy sobriety plan in the autumn of 2022, to contribute to the national effort to save energy and determine and test the procedures in the event of power outage. The Company has thus rolled out concrete actions in its shopping centers, including:
     - lowering heating and air conditioning temperatures to 17°C in winter and 26°C in summer,
     - limiting heating at night to the bare minimum,
     - switching off of general lighting and signs one hour after the last store closes,
     - adjusting the air flow rates of ventilation systems,
     - shutting down hot water tanks,
     - using of 100% LED Christmas decorations,
     - lighting Christmas decorations from 11 a.m. indoors and 4 p.m. outdoors,
     - reducing the light intensity of advertising screens and large display walls.

(1) *Market-based: method used to calculate CO2 from energy consumption, which makes it possible to take into account energy suppliers' emission factors and to highlight the renewable energy purchase.*

This plan led to an average energy saving of 25% in the winter of 2022/2023 compared to the previous winter.

In order to perpetuate these actions, in 2023 Mercialys signed the Charter for the Energy Efficiency of Tertiary Buildings, initiated by the French Sustainable Building Plan and ADEME.

- multi-year work plans for the installation of energy-efficient equipment, such as the replacement of aging installations, or LED relamping for lighting. Over the past three years, 52% of sites have undergone such work. As proof of the rapid effectiveness of the work to switch the LED lighting in La Galerie Quimper shopping center in 2021, the energy consumption required for this item was halved compared to the previous year;
- improving the insulation of its sites, in particular by taking advantage of the repair of the waterproofing of its sites to improve the overall insulation performance of the building;

All these actions have made it possible to further reduce each year the energy consumption per square meter of the Company's shopping centers, to achieve - 33% between 2018 and 2023;

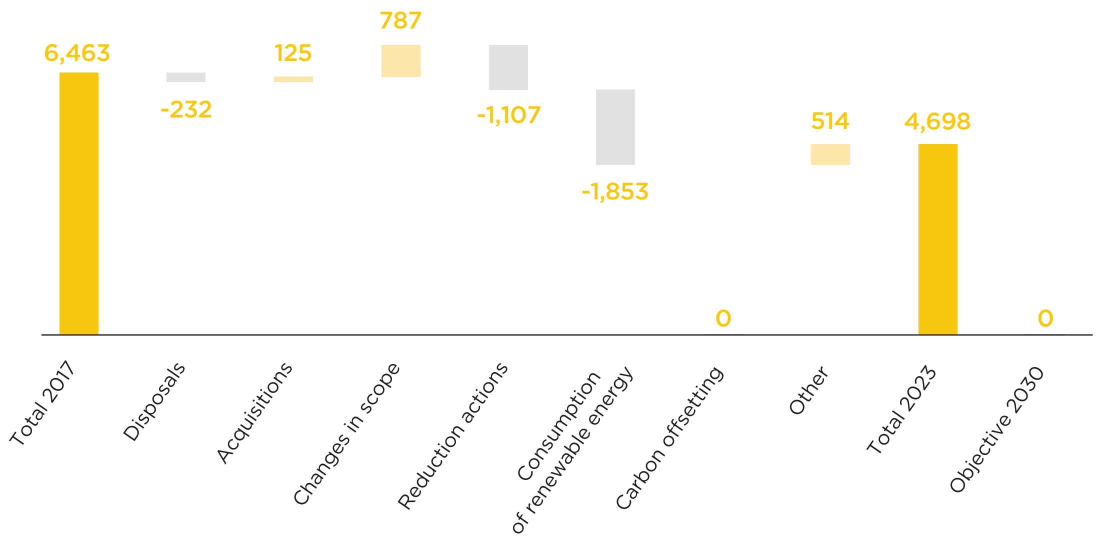
2. Use less carbon-intensive energy to operate the shopping centers. Thus, in 2023, 36% of Mercialys sites were supplied with exclusively green electricity and 83% of gas-powered centers subscribed to a 100% biogas offer. Mercialys is also able to reduce its carbon footprint with the development of self-produced renewable energy. For example, in 2023, La Galerie Cap Costières in Nîmes produced and consumed 295 MWh of electricity from solar energy thanks to photovoltaic units installed around the main building. This represents 30% of this center's consumption. The Company is preparing to launch a potential study to develop photovoltaic power plants at its centers. In addition, during replacements, the use of equipment using less carbon-intensive energy is favored. For example, the heating and air conditioning equipment in La Galerie le Phare de l'Europe shopping center in Brest using gas have been replaced by others using electricity, with a much lower carbon impact in metropolitan France.

   At the end of 2023, 50% of the energy consumption of Mercialys' centers came from renewable sources, and 51% of the electricity consumed by Mercialys' centers in mainland France was from renewable sources;
3. Replace leak-prone air conditioning systems with new units that run on refrigerants with a lower global warming potential (GWP, *i.e.* the level of contribution to the greenhouse effect). Mercialys checks its facilities regularly and monitors refrigerant leaks on a monthly basis. Its overall leak rate in 2023 was 0.8%, well below the national average, which is 9% (1). At the same time, Mercialys is exploring less-polluting alternatives to conventional refrigerants. All of these factors are an integral part of Mercialys' refrigerant replacement strategy.
4. As a last resort, Mercialys may have to offset its incompressible residual emissions. It has not yet resorted to this option.

Mercialys has assessed the impact of these measures, as well as external factors, to analyze the factors used to reduce its carbon emissions (see graph below).

CHANGE IN SCOPE 1 AND 2 CARBON EMISSIONS

(in tCO2eq. – current scope – market based)

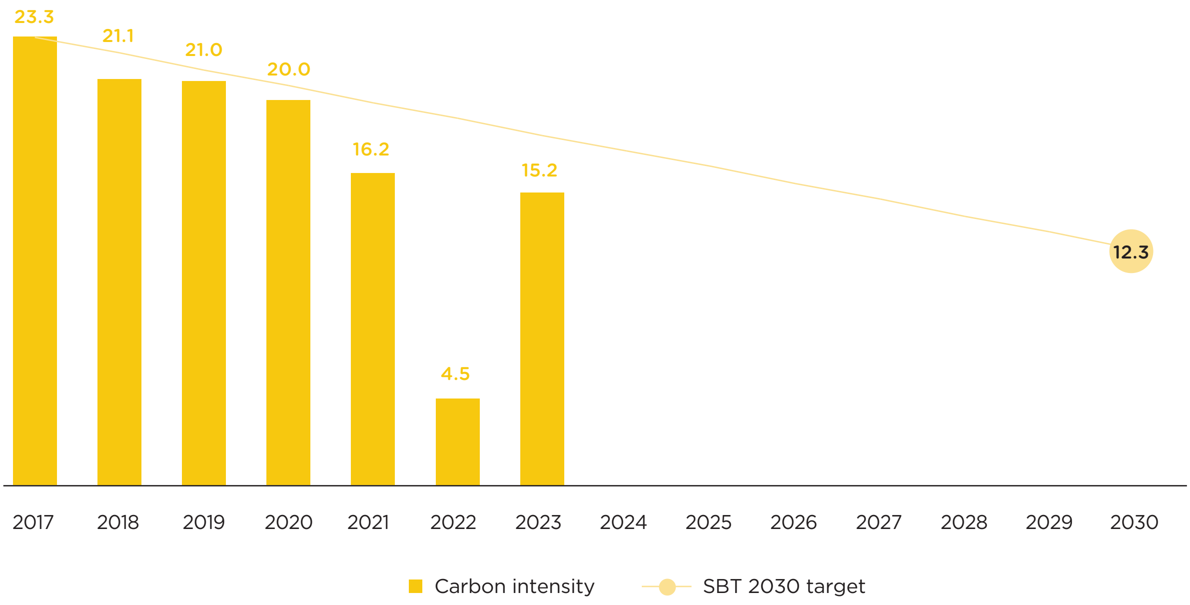


As such, the reduction in greenhouse gas emissions since 2017 is linked to action taken by Mercialys, whether in day-to-day management or investments. Thanks to these actions carried out over many years, Mercialys is ahead of its carbon roadmap for its scopes 1 and 2, as shown in the graph below.

(1) Source: ADEME – ARMINES, 2011.

CARBON INTENSITY SCOPES 1 AND 2 PER SQ.M.

(in kgCO2eq./sq.m. – current scope – market based)

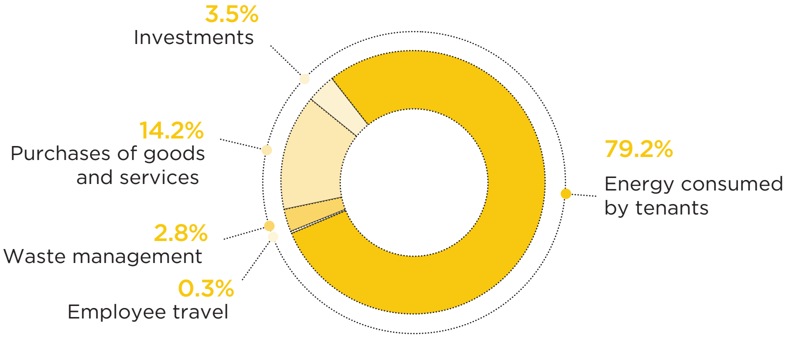


2023 Coverage rate: 100%

Mercialys' scope 1 and 2 greenhouse gas emissions increased between 2022 and 2023 due to the lower use of green energy contracts in 2023 compared to the previous year. The Company has initially refocused its efforts on reducing its energy consumption, while remaining in line with its carbon roadmap.

Enhance the approach by integrating scope 3

Mercialys' scope 3 breaks down as follows:



Meeting reduction commitments for scope 3 items involves the cooperation of all Mercialys' stakeholders. Its main levers for involving the shopping centers' tenants, employees and service providers are:

- working with retailers to reduce their energy consumption. For the past five years, retailers' consumption has been logged for incorporation into the Company's action plans and to provide them with comparative information useful for their operations (average energy consumption per square meter by type of activity, for instance, see p. 95);
- advising tenants on low-carbon electricity purchasing options;
- raising employees' awareness of their business travel's carbon impact. All employees are equipped with videoconferencing tools, widely used and the preferred option since 2020. The practice of teleworking, in place at Mercialys since 2017, is widespread (see p. 109 *et seq.*). In addition, the Company car leasing policy has been reviewed and now favors hybrid vehicles;
- working on the end-of-life treatment of the waste produced by the shopping centers. In conjunction with the waste collection services, Mercialys is seeking to optimize waste sorting and select the most energy-efficient outfalls in terms of carbon impact. These aspects were the subject of particular attention during the call for tenders conducted in 2023 (see p. 91).

GREENHOUSE GAS EMISSIONS

		SBT 2017-2030 objective	2023	2022	2021	2020	2019	2017	Change 2017-2023
Scopes 1 and 2	Energy for common areas and general services *(in kgCO_2eq./sq.m.)*	- 47%	**15.2**	4.5	16.2	20.0	21.0	23.3	- 35%
Scope 3	Energy consumed by tenants *(in kgCO_2eq./sq.m.)*	- 46%	**52.8**	54.0	51.0	62.7	65.0	51.5	+ 3%
	Employee travel *(in tCO_2eq.)*	- 26%	**157.7**	248.4	206.9	188.7	190.0	289.0	- 45%
	Waste management *(in tCO_2eq./metric ton)*	- 26%	**0.167**	0.170	0.172	0.175	0.174	0.280	- 40%

Mercialys is in line with its carbon roadmap and has already achieved two of its four objectives. In recognition of its active commitment to combating climate change, Mercialys has remained on the Carbon Disclosure Project (CDP) A List for the sixth consecutive year. This list is composed of the 346 companies worldwide considered leaders in the fight against climate change, out of over 23,000 participants listed in the CDP's 2023 edition.

Mercialys also presents all of its scope 3 items in the appendices (see p. 123 *et seq.*).

2.2.2 100% of waste recovered

In 2023, Mercialys shopping centers produced more than 5,700 metric tons of waste. Nearly all of this waste comes from the retailers' business activities and quantities are dependent on their packaging policies as well as their logistics organization. This topic was also a high expectation for retailers according to the Company's stakeholder consultation. In order to respond to this challenge and optimize the recovery of retailers' operational waste, Mercialys has a three-pronged waste management policy:

- working with retailers to offer them appropriate sorting solutions;
- making tenants aware of the importance of sorting their waste;
- working with waste collection and treatment providers to choose the most appropriate solution for each site.

Adapting sites

The Company has systematized the sorting of the 5 waste streams (cardboard/paper, plastics, wood, glass, scrap metal) and bio-waste at its sites [(1)]. In 2023, Mercialys carried out works at 2 of its centers to improve their waste sorting areas and accommodate new streams. On average, a Mercialys center sorts 6 waste streams, compared to 2.5 in 2017, and 97% of strategic centers sort at least five waste streams. This number can be up to 9 sorting flows at a single center: cardboard, bio-waste, plastics, bulky items, scrap metal, paper, Waste Electrical and Electronic Equipment (WEEE), glass and wood. Following the call for tenders for the waste collection service finalized in 2023, Mercialys also asked service providers to carry out a waste characterization audit per site. This helps to identify whether unsorted waste contains waste that could be recovered. Consequently, the Company can either set up a new type of sorted stream, or if this flow is already existing on site, once again make tenants aware of the proper sorting of their waste.

Additional systems are also rolled out for certain categories of waste. For example, to combat food waste, some retailers are working with the start-up Too Good To Go. Its app allows all food-selling companies (restaurants, bakeries, supermarkets, etc.) to sell their unsold products at reduced prices. Since 2017, nearly 90,000 baskets of food have been saved across the Mercialys centers. In addition to contributing to the fight against food waste, this constitutes additional income for retailers, estimated at Euro 270,000 over the period, of which Euro 49,000 for the year 2023. Other shopping centers such as Grand Quartier in Rennes and La caserne de Bonne in Grenoble recycle cigarette butts. Since 2018, 1.8 million cigarette butts have been collected and recovered, the equivalent of more than 46 km of cigarette butts lined up end-to-end.

Raising retailer awareness

Mercialys raises retailers' awareness through frequent reminders from its Operations Department, the property manager and on-site service providers. This takes the form, among other, of clear signage put up in the waste sorting areas, or regular formal and informal communications. A generic waste sorting guide, supplemented by a waste booklet tailored to each site, is regularly distributed to tenants. The latter are intended to be simple and educational to best support retailers. It is also included in the welcome booklet given to new tenants to make them aware of best sorting practices as soon as they move in.

Since the summer of 2023, a monthly newsletter dedicated to waste sorting has been sent to retailers in Mercialys centers. The aim is to encourage retailers to sort their waste with a view to achieving the annual sorting targets set by center.

Increased sorting streams and the continuous awareness-raising of tenants have made it possible to improve operational waste sorting rates at Mercialys' shopping centers compared with 2017.

(1) *Excluding local authority or hypermarket collection.*

Waste recovery

Once the waste has been collected, the waste service provider is responsible for treating it in such a way as to recover it and avoid its disposal in landfill. In 2022, to go further in its approach and in cooperation with its waste management service providers, Mercialys and its property manager, with support from a specialist service provider, launched a call for tenders in this regard. The specifications and contractual provisions have been reviewed to strengthen the CSR aspects, including in the selection criteria. The service providers were chosen according to the methods applied in the treatment of collected waste, favoring recycling or, failing that, energy recovery. Similarly, in order to minimize the carbon impact of collections, the distance between the shopping center and the processing unit has been taken into account, and plans are in place for systems that automatically trigger collections when the containers are 3/4 full. The aim is to avoid pointless journeys. The use of reconditioned equipment has been also requested, in application of a circular economy approach.

Finally, in order to encourage the service providers in charge of waste collection and treatment to commit to a process of continuous improvement, they are asked to propose an annual sorting performance objective by asset, defined following the characterization audits carried out. This objective is reiterated in the newsletters sent to retailers.

WASTE RECOVERY

	Objective 2030	2023	2022	2021	2020	2019	2018
Waste recovery rate	**100%**	**66.2%**	64.7%	56.1%	53.7%	64.0%	52.1%
Coverage rate		**96%**	92%	93%	93%	84%	78%

In 2023, thanks to all these actions combined, 22% of the centers achieved the Mercialys 2030 CSR strategy objective to recover 100% of their waste with a 0% burial rate.

2.2.3 Zero pesticide use

Mercialys has mapped its interactions with nature during its direct operations and throughout its value chain. In addition, a mapping of its entire portfolio has been drawn up to identify which sites are located near protected areas. It shows that only 27% of its assets are less than 500 meters from a protected area. The Company then assessed its impacts and dependencies related to nature, which enabled it to identify its main risks and opportunities in this area. The results of its work are presented on p. 117 *et seq.*, in accordance with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

Careful management of green spaces

On the subject of biodiversity, it seems that Mercialys' main direct impacts relate to the methods and products used to manage its green spaces. Mercialys is therefore committed to promoting biodiversity from the ecosystems surrounding its shopping centers.

To this end, the Company has carried out ecological audits and called upon ecologists to draw up biodiversity action plans for 83% of its portfolio since 2014. These involve conducting inventories of existing biodiversity on its sites and assessing green space management practices to determine improvement recommendations.

Following these audits, Mercialys amended the maintenance contracts for the green spaces of its centers to:

- introduce a "zero pesticide" policy;
- fight against invasive species that harm native biodiversity by disturbing and destroying it;
- promote the use of indigenous species to limit the need for external action.

The Company launched a call for tenders on the management of its shopping centers' green spaces in 2023. In line with its 100% local and responsible purchasing objectives (see page 100), the consultation incorporated discriminatory CSR criteria. Responding service providers were asked to adopt a mandatory "zero pesticide use" approach and the differentiated management of green spaces according to the areas and their ecological sensitivity based on information provided regarding the ecological specificities of each center. In particular, they were supplied with the ecological studies carried out on the relevant sites. The location of service providers in relation to the center to be managed was also taken into account when selecting the service providers.

At the end of 2023, 96% of contracts for the management of green spaces at Mercialys centers included a specific clause specifying that pesticides can only be used as a last resort and prioritizing the use of labeled products that can be used in organic farming. Each year, the service provider is monitored to ensure the proper application of this clause.

USE OF PESTICIDES

	Objective 2030	2023	2022	2021	2020	2019	2018
Quantity of pesticides used *(l)*	**0**	**5.0**	5.0	7.0	40.0	0.0	12.8
Coverage rate		**92%**	94%	91%	85%	41%	46%

In 2023, 90% of centers therefore did not use any pesticides in the maintenance of their green spaces, instead favoring manual or mechanical weeding for instance.

In addition, La Galerie Lanester and Espaces Fenouillet near Toulouse have adopted eco-grazing in collaboration with local companies specializing in this type of maintenance. Eco-grazing is a natural alternative to mechanical and chemical techniques, using herbivores to maintain green spaces. This method is non-polluting, quiet, and preserves biodiversity. Since 2022, two Ouessant sheep have maintained the 1,500 sq.m. of green spaces at La Galerie Lanester. One of the sheep gave birth to a lamb in the spring of 2023. A wooden shelter has been installed in their enclosure, offering them shelter in the event of inclement weather.

In 2023, the Company had specifications drawn up to be followed by its service providers when greening some or all of the interior or exterior spaces of the shopping centers it manages. These specifications include a database of species to be protected in each region due to their endemic or non-invasive nature, classified by type of plant: trees, shrubs, climbers, etc. Each species is then qualified according to 14 criteria, such as its need for water, its size or its interest for biodiversity. It is a practical and concrete guide for operational teams. It helps to establish species adapted to the climate in which they are found and which will therefore require fewer inputs to live, while combating the involuntary introduction of invasive species, which is one of the five major causes of the erosion of biodiversity as identified by the IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services).

Promoting the development of biodiversity

Mercialys is also seeking to boost high-value biodiversity at its sites by installing facilities adapted to local fauna. In line with ecologists' recommendations, 73% of shopping centers now have nesting boxes for birds, insect hotels, bat hotels, beehives, living walls, green roofs, etc.

In addition to protecting biodiversity, when protected species are identified at the centers, specific measures are taken to preserve them. For example, the green space service provider at La Galerie Le Phare de l'Europe in Brest has been informed of the presence of a protected species of orchid on the site, and pays particular attention to it during its interventions. In addition, there are lots of swallows' nests in La Galerie Fréjus shopping center and car park. As this species is protected by French law, the shopping center's teams are careful not to destroy their nests.

According to the naturalist inventories produced as part of the ecological studies carried out at Mercialys centers, a nationally protected species was observed at 46% of sites, and one threatened species according to the IUCN classification [(1)] at 17% of sites.

2.2.4 Effective management of the artificialization of soils

A study [(2)] sought to model the environmental impact of shopping in a shopping center compared to an online purchase, through the analysis of five major themes: the fight against climate change, the use of resources (packaging), the protection of biodiversity, the emission of fine particles and regional development. Concerning the protection of biodiversity, which covers environmental pollution and land use, the study shows that a purchase in a shopping center has between 4 and 10 times less impact than an online purchase. However, as a real estate company, the fight against the artificialization of soils remains a major issue for Mercialys, on which it has been focused for several years.

Indeed, the Company is fully aligned with the national objective of "net zero artificialization" set out in France's Biodiversity Plan, and helps to protect local biodiversity. Mercialys operates shopping centers in France built around the 1980s in urbanized or semi-urbanized areas.

Since its creation in 2005, Mercialys has favored areas already waterproofed to carry out its projects: car parks or former warehouses have been reused to carry out its major extension projects without altering land use. For example, Mercialys obtained a favorable opinion from the French National Commercial Development Commission (*Commission Nationale d'Aménagement Commercial* – CNAC) in 2020 for a project to extend its La Galerie Lanester center by more than 2,500 sq.m., on surfaces already waterproofed. This project will not lead to any consumption of permeable soil, and also provides for the permeability of parking spaces.

In addition, the Company may need to rethink the structure of its shopping centers by rebuilding or restructuring the existing building. It might, for example, reduce the surface areas of hypermarkets in order to transform them into several stores, or to increase their density by creating multi-story car parks.

Its urban projects contribute to the redevelopment and densification of (brownfield) spaces, to limit urban sprawl.

As a result, Mercialys is delivering on its 2030 commitment and, for new projects, it ensures that land densification and redevelopment are prioritized over the artificialization of soils. It also considers the possibilities of rewilding when appropriate.

(1) IUCN: the International Union for Conservation of Nature is a non-governmental organization composed of scientists whose purpose is the conservation of nature. It is a leading authority on this subject and prepares classifications on the conservation status of species, including its red list, which identifies threatened species at international level.

(2) Source: EY for the French council of shopping centers (CNCC), 2021 – comparative study of the social and environmental impact of physical commerce compared to online commerce.

2.3 For our stores

Because retail is undergoing major changes, notably driven by a need for proximity and meaning, Mercialys is committed to promoting more responsible retail by:

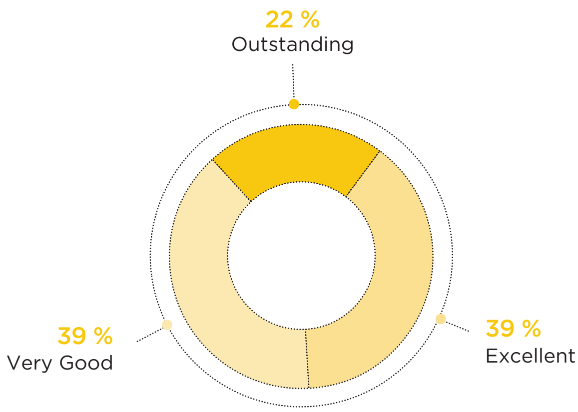
- offering its customers a range of more sustainable and ethical products and services in its certified centers;
- committing to its tenant retailers through a "responsible landlord tenant" pact.

2.3.1 100% of strategic assets BREEAM In-Use certified

Mercialys has been using the international environmental certification BREEAM In-Use as a simple, readable and scalable management tool for the assessment of its assets since 2014. This tool is used to support teams in the environmental management of sites. It provides a framework for comparing the assets of a portfolio, identifying best practices and highlighting the teams' work on a daily basis. Furthermore, certification helps the Company to implement the work necessary to guarantee the resilience of its portfolio, in both environmental and societal terms, by taking into account emerging CSR issues. On the other hand, certified, energy-efficient and resilient shopping centers may represent differentiating added value likely to make the centers more attractive to visitors, tenants and investors. Lastly, certification also addresses the issues that need to be considered from the point of view of financial stakeholders, as evidenced by the Euro 385 million cumulative credit lines signed since 2021 that notably include this indicator (see p. 81).

In 2022, Mercialys began the migration of its certified portfolio to the new version of the BREEAM In-Use standard (version 6). This new version, which is more rigorous than the previous one, strengthens the environmental resilience aspect. All the strategic centers assessed according to this new version were deemed Very Good for the asset management component, and 6 reached the higher level of Excellent. These results attest to the daily commitment of the teams, since only one third of BREEAM In-Use v6 certified retail assets in France are certified Very Good or above [1]. Mercialys is thus proving its ability to maintain its assets in line with the highest environmental standards and occupant comfort, in anticipation of new CSR challenges.

CERTIFICATION LEVEL: ASSET MANAGEMENT



All strategic assets are thus certified, with an average score of 72% in asset management. These excellent results testify to Mercialys' maturity and its teams' commitment to continually improving operational performance.

To continue its efforts, Mercialys has rolled out this certification beyond its strategic portfolio and currently covers 95% of its portfolio, as well as assets held in partnership with investors, who thus benefit from this expertise.

ENVIRONMENTAL CERTIFICATION ON OPERATIONAL PERFORMANCE

	Objective 2030	2023	2022	2021	2020	2019	2018
Share of strategic centers certified	100%	**100%**	100%	100%	83%	72%	59%

As all strategic centers have been BREEAM In-Use certified since the end of 2021, the objective is now to maintain the highest-level certifications of these centers while migrating them to the new version of the standards.

(1) As of January 3, 2024, according to the list provided by the BRE Group on its website https://tools.breeam.com/projects/explore/buildings.jsp

2.3.2 100% of centers offering responsible stores and services

Developing an innovative omnichannel commerce

Having an outlet in a shopping center is an advantage for retailers, who benefit from a physical environment that creates commercial, logistical and environmental synergies (as demonstrated by the FACT study mentioned on p. 92). Thanks to the multiple stores present in the same place, they can implement an effective communication policy in the catchment area. In order to cope with the rise of e-commerce whilst maintaining this strength, Mercialys is adapting its service offering, notably through the development of the Le Shop set of solutions. This ecosystem of services, incorporated directly into the centers' websites, comprising a marketplace, logistics aggregation capacities and delivery means, enables Mercialys to respond to the issue of last mile logistics while responding to changing consumer trends.

Launched at the end of 2019, one of these solutions, Le Shop, is a shared digital marketplace that allows all businesses in the same center to offer their products for sale and to benefit from customized delivery solutions (home delivery or click & collect). Different brands of food and non-food products can be ordered and delivered at the same time, reducing the carbon impact of delivery. Le Shop thus increases lessees' visibility and provides them with an online sales solution, especially useful for stops that do not have the resources to develop their own website and associated delivery services. This offering is thus a major opportunity for Mercialys and its tenants to generate new revenue growth while increasing the footfall at shopping centers during normal opening hours.

Le Shop also offers retailers a range of services facilitating the consolidation and dispatch of parcels from shops and a suite of last-mile solutions to enable customers to receive their products even more quickly: home delivery or click & collect.

It helps to build up the societal resilience of the Company's shopping centers. At the end of 2023, Le Shop digital marketplace was in operation at 83% of Mercialys' strategic shopping centers.

Promoting more responsible stores

The 15th responsible consumption barometer produced by GreenFlex and ADEME [(1)] highlights changes in French consumption patterns. Indeed, according to this barometer, 76% of French people are committed to responsible consumption.

Mercialys is supporting these changes by rethinking its retail spaces to accommodate more responsible businesses: second-hand items, certified or eco-labeled products, refurbished products, etc. A list of retailers meeting these criteria was drawn up and, in parallel, an inventory of the shopping centers that could accommodate them was produced to identify a pilot site.

RESPONSIBLE RETAIL AND SERVICES OFFER

	Objective 2030	2023	2022	2021	2020
Percentage of strategic centers offering responsible retail and services	100%	**83.1%**	90.3 %	93.4%	79.8%

2.3.3 100% of our tenants committed to our "responsible landlord tenant" pact

Tenant retailers are Mercialys' direct customers. The Company is therefore keen to meet their needs and provide them with an environment suitable for carrying out their business and seeks to cooperate with them in a balanced and long-term relationship.

Promoting awareness with retailers

In order to encourage its tenants to reduce the overall environmental impact, Mercialys signed its first environmental lease clauses in 2013. These have been included in all new contracts, from the first square meter [(2)]. This clause provides, amongst other things, for the exchange of information between the lessor and the tenant and an action plan to improve the overall environmental performance of buildings and leased premises. 100% of the leases signed during 2023 included an environmental clause, bringing the percentage of leases with an environmental clause to 49% of all Mercialys leases. As tenants' average lease length is relatively long, it will take time to roll out this clause across the entire Mercialys portfolio. Meetings to present the progress of the center's CSR strategy to retailers are held annually, facilitating the practical implementation of these environmental annexes. Such meetings were held on 53% of assets in 2023. Mercialys implements many initiatives to enhance cooperation with retailers, in particular on environmental issues. Firstly, the Company provides them with information documents. Work began to update the welcome packs given to new tenants. These packs include a section on the center's CSR approach and eco-friendly practices. As part of its energy sobriety plan (see p. 87 *et seq.*), Mercialys also distributed a retailer guide to best practices to adopt to prevent energy shortages in the winter of 2022-2023.

(1) Source: GreenFlex-ADEME responsible consumption barometer, 2022.
(2) Excluding amendments and exceptional leases of less than one year.

In addition, the Company produces and distributes a sorting guide to help retailers easily identify what is recyclable and in which containers to deposit their waste. This is supplemented by a waste booklet, specific to each center, indicating the location of waste sorting areas and offering practical information such as safety instructions related to the use of equipment. They are updated and distributed regularly. Mercialys also dedicates a section of its monthly newsletters to retailers to waste sorting (see page 90).

Sharing with retailers

Mercialys is continuing to recover the energy and water consumption of its tenants. In 2023, the Company collected the private energy consumption of 64% of its tenants. This information enables it to initiate dialogue with the retailers in question, providing them with comparative information and ways to improve the energy performance of their operations.

In addition, as part of the application of the obligations related to the Tertiary Eco-Energy Decree (DEET), Mercialys is initiating discussions with its tenant retailers. In 2023, these related in particular to the coordination of energy consumption declarations to be made on the OPERAT platform, and will be enhanced in future years. Indeed, to achieve the objectives of the decree, namely to reduce energy consumption by 40% by 2030, then 50% in 2040 and 60% in 2050, lessors and lessees will have to co-develop and monitor action plans.

To ensure tenant satisfaction, Mercialys conducts several satisfaction surveys each year on different and complementary topics. The Company first queried its tenants about their level of well-being within the centers, their level of satisfaction with the services offered and the quality of the service providers' work in the shopping center. The Center Management Department then feeds back the results of these surveys to retailers and proposes an action plan to improve their satisfaction. Administered in digital format, it was sent to the retailers at 98% of Mercialys centers in 2023. The Company plans to survey its tenants each year in order to analyze changes in their satisfaction.

In collaboration with its retailers, Mercialys organized a joint awareness-raising campaign for visitors to its shopping centers. Over the past few years, Mercialys has taken advantage of European Sustainable Development Week to identify the best CSR practices carried out by its volunteer retailers in order to promote them. They are shared on the websites of each shopping center and may also be displayed on site.

Structuring relations with tenants

In the context of the bringing back in-house of the rental management function by Mercialys and to standardize the various initiatives described above, Mercialys launched its extranet for tenants in 2023. It contains information and documents that are useful to them.

In addition, Mercialys has begun working on a "responsible landlord tenant" pact. Its objective is to engage all its brands and independent retailers in CSR issues, marketing, or business.

To meet the needs of Mercialys and its tenants, work was carried out in two stages. Firstly, an analysis of Mercialys' existing relationships with its retailers was carried out. Interviews were conducted internally with one or more managers of each department in regular contact with tenants: operations, asset management, letting, legal, rental management, marketing, innovation and customer experience, institutional relations, and CSR.

This inventory was then supplemented by interviews with retailer trade associations as well as a questionnaire for a panel of retailers, which identified their expectations and anticipated potential obstacles to the deployment of this agreement.

ENGAGEMENT WITH TENANTS

	Objective 2030	2023	2022	2021
Percentage of tenants engaged with the "responsible landlord tenant" commitments	100%	**0%**	0%	0%

2.3.4 Zero health and safety incidents

As a real estate company, Mercialys is responsible for ensuring the safety of visitors and staff working at its shopping centers. In particular, it must ensure compliance with the regulations in force, the quality of safety services and the adequacy of the health safety systems implemented.

In addition to safety, Mercialys seeks to ensure the comfort and well-being of customers visiting its shopping centers and the retail employees who work there. The aim is to retain them by offering a high-quality customer experience, a guarantee of satisfaction. The Company's quest for operational excellence is driven by its desire to provide a welcoming atmosphere to visitors and staff working in Mercialys' shopping centers. This quality approach also applies to security services at the centers, in order to limit security risks.

Preventing health & safety risks

Mercialys is especially attentive to the management of the health and safety risks by its shopping centers' property manager. A risk prevention and management policy has been drawn up with its stakeholders to identify and assess the risks, then put in place the appropriate risk management procedures and systems.

To ensure that these measures are proportionate, effective and properly applied, multiple drills and checks are carried out. At the same time, the real estate portfolio's regulatory compliance status on these issues is monitored on a quarterly basis by the operations, asset management and CSR departments. This makes it possible to identify future measures to be taken and monitor their progress.

An annual audit of each security provider is carried out. This covers the qualifications of the teams, their continuous training and their knowledge of prevention procedures and measures. It is supplemented by situation tests. In the event of a score below 90%, the service provider must offer the property manager a corrective action plan. It must then undergo a counter-audit within no more than 3 months. If the result of this counter-audit remains unsatisfactory, the contract with the service provider is terminated.

Mercialys' Risks Prevention Committee (RPC) also organizes unscheduled internal audits every year. They focus on the correct application of personal safety procedures by the property manager and the fire safety service provider.

The fire safety service provider also conducts safety drills once or twice a month. "Full-scale" drills can also be organized with public emergency services such as the fire Department or the police.

In addition, Mercialys regularly conducts specific preventive audits and assessments. These may relate, for example, to checking the soundness of roofs and the absence of legionella contamination in water systems. The objective is to ensure that these risks are properly managed, over regulatory requirements.

Managing economic crises

In the event of an exceptional crisis, whether related to the political climate, for example the "yellow jackets crisis," international issues such as terrorist attacks, or of any other type, Mercialys prepares itself by adopting specific measures.

The purpose of these measures is to ensure quality levels of hygiene and comfort for visitors and retailers.

Winter 2022/2023 was marked by an energy crisis with potential impacts on the continued operation of the Company's shopping centers. Mercialys and its property manager have prepared for the possibility of electricity outages and have developed a procedure to be implemented should such an event occur. It has also been shared with tenants, who are instructed to evacuate their customers to the common areas in the event of a power cut. An energy sobriety plan has also been rolled out to reduce the energy consumption of the Company's assets. This measure is still in place (see page 87).

Securing personal data and information systems

In addition to physical safety, Mercialys must also secure the personal data of its shopping centers' stakeholders, employees, customers and tenants. A Data Protection Officer (DPO) is responsible for ensuring that the Company's practices comply with applicable regulations and in particular the General Data Protection Regulation (GDPR). A map of this data processing is regularly updated. It aims to ensure that these data are processed in line with previously identified goals, in complete security and confidentiality, whether by Mercialys or its subcontractors.

To improve personal data processing, Mercialys has a GDPR compliance management software platform. In addition, compliance checks are conducted on a regular basis. Care is taken to raise awareness amongst employees, and more particularly, amongst the teams responsible for processing such data.

Furthermore, Mercialys makes every effort to provide people with the clearest and most transparent information on how their data is used by the Company and their right to have their data deleted.

More broadly, Mercialys deploys procedures to ensure cybersecurity, or the protection of its information systems and the data embedded in them. This protection is provided by the IT Department which deploys controls through the architecture of the systems, which can be audited by external service providers. The IT Department reports directly to the Chief Executive Officer, member of the Management Committee. Cybersecurity is also the responsibility of employees, who are regularly informed of related issues and have signed an IT security charter. In 2023, a phishing test was carried out on all Company employees.

Lastly, Mercialys' Board of Directors looks at the reviews carried out by the Company with regard to cybersecurity.

SAFETY AUDITS

	Objective 2030	2023	2022	2021	2020	2019	2018
Average score	95%	**92.2%**	94.4%	92.6%	91.7%	87.3%	86.5%
Percentage of shopping centers that have audited their security service provider		**97%**	97%	97%	87%	88%	81%

Health and safety risk management procedures are tested on a regular basis and have proven their relevance and effectiveness over time. This approach makes it possible to continuously improve year on year, as shown by the results, to achieve a high level of safety and health quality at the Company's sites.

2.4 For our communities

Because Mercialys is deeply rooted in local communities, it is committed to being a major partner to sustainable development, by:

- forging special links that create mutual value with local players;
- developing mixed-use spaces that generate solid and diversified activities;
- supporting local employment through local recruitment and subcontracting and initiatives led by local teams.

2.4.1 100% of centers committed to robust regional development

Shopping centers are places where people meet and foster community cohesion. They thus play an active role in the cities where they are located, creating new forms of centrality. Aware of this responsibility, Mercialys places its centers right at the heart of their local ecosystem. They contribute to the economic development of the regions in which they are located, by generating, among other things, local employment.

Supporting jobs in the centers

Mercialys centers host more than 16,000 long-term jobs that cannot be relocated, generated by site retailers. Indeed, 95% of shopping center jobs in France are permanent contracts, higher than the national average of 85% (1). Mercialys also broadcasts these jobs by publishing job offers from retailers on each center's website and social media. The Company increased the visibility of 82 job opportunities with its tenant retailers in 2023.

Furthermore, the centers' day-to-day management requires the involvement of numerous service providers (security, cleaning, etc.). In 2023, over 260 jobs were associated with on-site services.

Promoting jobs around shopping centers

The Company is also proactive in its support of employment in its economic regions. Every year, employment initiatives, such as job fairs or job datings are organized at the centers in partnership with local or national brands and recruitment agencies. The shopping centers provide these businesses with spaces to advertise their job vacancies. They may be tenants of the shopping center looking to recruit, or companies outside the center, present in the local region. For example, the Emploi Interaction bus was welcomed in the parking lot of the Espace Anjou shopping center in Angers, to promote local recruitment.

As another example, La Galerie Espaces Fenouillet formally opened a Relais Information Emploi unit in 2023. This is a service offered by the Fenouillet town council, the Pôle emploi jobs center and the CBE ("Nord 31 bassin d'emploi" committee). The units hosts workshops as well as providing information for jobseekers, employees and students as well as for companies looking for employees. Individual support is offered, as are collective workshops and local job offers with follow-up and networking.

Over the last two years, 70% of strategic centers have supported an employment or integration initiative.

Boosting regions

In order to revitalize the regions and their stores, Mercialys also signed a national partnership in 2021 with the Initiative France network, the leading non-profit network for financing and supporting entrepreneurs in France. It reflects the shared desire of the two players to support, in close synergy with local authorities, the economic development of the regions by facilitating the creation of businesses. The partnership is then implemented at the local level with each regional branch of the Company's centers. At the end of 2023, 54% of strategic centers had committed to local Initiative France associations, which is reflected in a number of ways.

First of all, Mercialys brings its expertise by encouraging its center directors to participate in commissions and panels to award financing to local entrepreneurs. As trade experts, they can support and advise them on their projects by analyzing the business plans presented to obtain financing, for example.

Then, the Company offers spaces to allow entrepreneurs to test their commercial offer in real conditions. One such example is the Cornouaille shop in La Galerie Quimper's allée de la Galerie. 22% of the Company's strategic centers set up such spaces in 2023. In total, Mercialys shopping centers indirectly donated Euro 19,000 in support of local entrepreneurs.

Another example of the partnership with the Initiative France network is the campaign conducted since mid-2022 by La Galerie Hyper 19 in Malemort, called "J'ouvre mon commerce à Malemort" (I open my business in Malemort). La Galerie, the Initiative Corrèze association and the town hall of Malemort have joined forces to promote the establishment of new stores within the shopping center. As part of the regional policy of urban revitalization and economic development, this innovative approach consists of offering people wishing to set up a business all of the conditions needed to open new stores: premises with negotiated rents, 0% interest financial support, bridging loans, assistance in kickstarting their project, technical assistance, and support with administrative procedures. As part of this partnership with the Initiative France association, Mercialys received the "Ethical Innovation" Award from Sopra Steria Next and Public Sénat in 2022.

In addition, Mercialys has renewed its partnership with the Villes de France association and is thus perpetuating its contribution to the economy and employment of "mid-size" cities (2).

Through all of these initiatives, Mercialys is involved in helping to revitalize neighborhood stores by providing its expertise, support and tools, in addition to financial sponsorship.

(1) Source: French National Shopping Centers Council (CNCC), Shopping centers, creating jobs and social ties, March 2017.
(2) Cities with between 10,000 and 100,000 inhabitants and their suburbs nationwide.

REGIONAL DEVELOPMENT

	Objective 2030	2023	2022	2021	2020	2019	2018
Share of strategic centers committed to robust regional development	100%	**49.3%**	68.3%	30.5%	5.7%	32.5%	35.4%

2.4.2 100% of strategic centers with multifunctional spaces

Visitors are increasingly in demand for multi-purpose venues, combining physical retail and services such as coworking, leisure areas, nurseries and medical practices. To maximize the use and enhancement of built-up areas and increase its resilience to changes in use and changes in consumption patterns, Mercialys integrates these multifunctional spaces into its shopping centers.

Mercialys is developing co-working spaces, operated under the “Cap Cowork” brand. In all, this activity uses more than 1,500 sq.m. In 2023, building on the success of these first spaces, Mercialys has extended its co-working space in the Espace Anjou center in Angers. The Company plans to continue to duplicate these spaces over the coming years, in line with the positioning of its sites in their catchment area.

Mercialys is also setting up health centers, such as at the La Galerie La Rocade Furiani near Bastia, home to the first health center inside a Corsican shopping center. It accommodates 9 practitioners with different specialties. These two new uses reflect the same desire to adapt the merchandising mix, generating both economic and societal value and meeting the challenges of functional diversity and local anchoring.

In addition, the Company became the majority shareholder of the DEPUR group in 2023, which will ultimately enable it to enhance its catering, entertainment and leisure offering at its sites and thus accelerate this area of its CSR strategy.

MULTIFUNCTIONAL SPACES

	Objective 2030	2023	2022	2021	2020	2019	2018
Share of strategic centers with a multi-functional space	100%	**59.5%**	57.7%	56.7%	48.9%	44.8%	32.6%

2.4.3 100% local and responsible purchasing

Purchases represent a significant portion of a company’s expenses and are, therefore, an effective lever for rolling out a corporate CSR policy. As a contracting company, Mercialys is not only responsible for the goods and services it purchases directly (from tier-1 service providers), but also for those purchased on its behalf by its agents and service providers (tier-2 and -3 service providers). Although the Company is not subject to certain provisions of the French Sapin II Law [(1)], or the law on the “duty of care,” [(2)] it voluntarily implements procedures to address these issues that, whilst not being regulatory prerequisites, are inherent to business ethics.

To ensure that the appropriate measures are in place for each purchasing category, Mercialys has structured its responsible purchasing approach around the following measures:

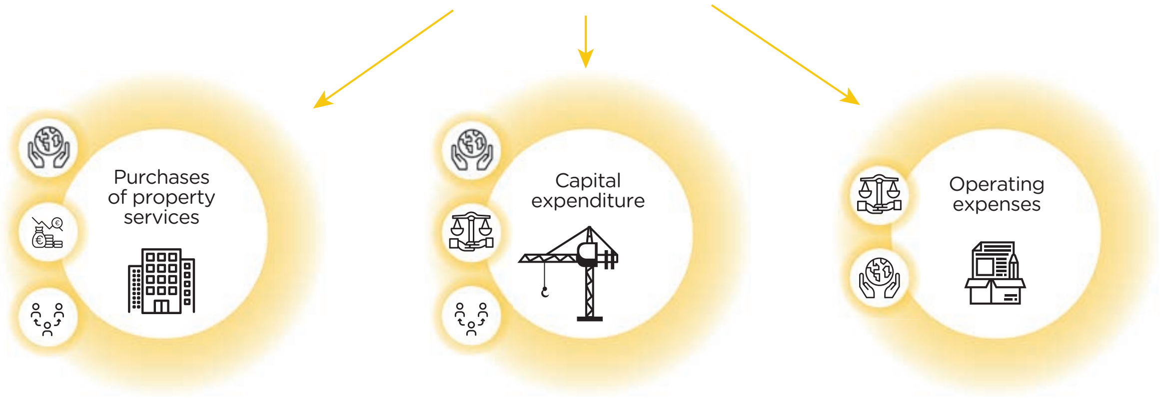
- mapping its purchases: the Company has identified the main categories of purchases made by Mercialys and its intermediaries;
- assessing its CSR risks and opportunities: each purchasing category was assessed with regard to five aspects of risk, making it possible to identify and rank the categories most at risk:
  - country risk, ethical risk,
  - environmental risk,
  - human rights risk,
  - risk related to personal health and safety,
  - risk related to economic ties;
- developing management measures appropriate to the type and level of risk identified: Mercialys has defined appropriate measures to be implemented to mitigate risks and/or seize identified opportunities. The Company relies on the tools it has designed (such as its “construction and maintenance specifications” or its ethics commitment letter);
- putting into practice the tools and procedures defined by Mercialys to comply with the letter’s requirements: the Company has implemented these tools on an operational level, for example, by including specific CSR clauses in service agreements for its centers;
- monitoring the effective application of these measures: depending on the measures taken, Mercialys has set up reporting processes, requests supporting documents, and carries out on-site audits (for example, security service provider audits), etc.

A summary of this mapping and the various aspects implemented for each purchasing category is presented opposite.

(1) Article 17 of Law No. 2016-1691 of December 9, 2016 relative to transparency, the fight against corruption and the modernization of economic life (the French Sapin 2 Law).
(2) Law No. 2017-399 of March 27, 2017 relative to parent companies’ and contracting companies’ duty of care.

MAPPING PURCHASES

MERCIALYS



RANK 1

Purchases of property services

- Medium
- Code of Ethics
CSR clauses
Construction and maintenance specifications
- Reporting
Audits

Capital expenditure

- High
- Code of Ethics
CSR clauses
Construction and maintenance specifications
- Reporting

Operating expenses

- Low
- Code of Ethics
Ethics commitment letter
Annual ethics training for employees
- RPC checks[3]
Documentary review

RANK 2

Purchases of services for shopping centers

- High
- Referencing process
CSR criteria in tenders
Specific CSR clauses
- Reporting
Audits
Documentary review

Purchases of project management/studies

- Medium
- Low-environmental impact building site charter
Construction and maintenance specifications
- Reporting

RANK 3

Purchases of products and materials

- Low
- Materials specifications
Construction and maintenance specifications
- Reporting

Purchases of products and materials

- Medium
- Materials specifications
Construction and maintenance specifications
- Reporting

Risk/opportunity categories

Environment | Ethics | Social | Economic

Level of risk/opportunity | Management tools | Control systems

(1) RPC: Risks Prevention Committee.

Managing shopping centers purchases

Mercialys works with a large number of economic players to coordinate, operate and renovate its assets: property managers, communications agencies, delegated project management, etc. Some of these companies have direct contracts with Mercialys (tier-one service providers), while the services provided for its assets (tiers two and three) do not have a contract with the Company but with an intermediary.

These services are most likely to be affected by the risks identified above. These services may present:

- social risks: stemming from undeclared work, forced labor or non-compliance with working hours;
- environmental risks: stemming from the use of products which are dangerous for people, or non-compliance with environmental regulations;
- ethical risks: risk of corruption;
- economic risks: risk of dependency.

As a result, Mercialys has included CSR clauses in its main tier-1 contract for its shopping centers, namely the property management mandate.

The technical and property management mandate provides notably helps make tenants aware of Mercialys' CSR strategy with its tenants, as well as supporting the BREEAM In-Use certification of the Company's portfolio. This mandate also provides for the monthly monitoring of energy consumption, water consumption and waste production on Mercialys' reporting tool. The Company conducts monthly reviews with the property manager, the center management department, asset management department and technical managers to ensure the comprehensiveness of this reporting and analyze changes in consumption. The mandate also provides for quarterly reporting on the regulatory compliance of its sites, as well as annual monitoring of the quality of services and compliance with Mercialys CSR requirements for the main services purchased for its shopping centers.

In addition, Mercialys' property management and delegated project management service providers [1] are subject to both the "Sapin 2 Law" and the "duty of care" law. A map of corruption risks and a duty of care plan have been drawn up, and determine the implementation of strict measures in terms of referencing, evaluation and monitoring of their purchases, providing additional assurance to Mercialys.

To go further, Mercialys works with its property manager to incorporate CSR into the calls for tenders issued for services at the centers (tiers 2 and 3). Thus, during 2023, a call for tenders for the management of green spaces was carried out, with an emphasis on environmental aspects. The challenges were multiple: engaging service providers in an approach that doesn't involve the use of pesticides, implementing differentiated management of the green spaces on each site thanks to detailed logs, optimizing the carbon footprint of transport by favoring local service providers (see p. 91).

CSR clauses are included in service agreements for the centers, as well as the cleaning contract, which requires the use of eco-labeled products. In 2023, 88% of shopping center purchasing had specific CSR clauses tailored to each type of service.

Mercialys also included all of its social and environmental requirements in its "construction and maintenance specifications" for projects and works. It was drawn up by the Company's teams and is appended to the delegated project management contract. This document stipulates all the requirements for the building's environmental certification, its energy performance, the sorting of construction waste, and the certification of materials used. Thematic specifications are also provided for each type of work. Detailed specifications for the implementation of Centralized Technical Management) and specifications for the greening of interior and exterior spaces were thus drawn up and shared with the service providers involved in these purchases.

Lastly, aware of its impact on employment in its area of activity (see p. 97), Mercialys seeks to promote local jobs for the services provided by its centers, which involve regular trips to the site. Since 2021, a survey has been carried out to find out where suppliers operating in its centers are travelling from. 87% of these purchases are local, with service providers located within an average radius of 60 km of the centers, and 55% of which are located in the same city or department as the center. This aspect, although previously taken into account on an informal basis, is now included as a selection criterion in new contracts and calls for tender.

RESPONSIBLE SHOPPING CENTER PURCHASING

	Objective 2030	2023	2022	2021	2020	2019	2018
Share of shopping center purchasing covered by CSR clauses	100%	**87.9%**	83.6%	81.9%	75.3%	78.9%	79.6%
Share of shopping center purchasing not covered by CSR clauses		**7.4%**	8.4%				
Share of shopping center purchasing still to be assessed		**4.7%**	8.0%	18.1%	24.7%	21.1%	20.4%

(1) Excluding Corsican assets (accounting for 5% of the portfolio).

LOCAL SHOPPING CENTER PURCHASING

	Objective 2030	2023	2022	2021
Share of local shopping center purchasing	100%	**87.1%**	79.8%	59.1%
Share of non-local shopping center purchasing		**2.3%**	1.3%	1.1%
Share of shopping center purchasing still to be assessed		**10.6%**	18.9%	39.8%

Clauses are now included in almost every contracts relating to its centers: 88% of them have CSR clauses adapted to the specific nature of each purchasing category and 87% are local. Monitoring procedures are in place to ensure the proper application of these clauses. Each year, the Company works to extend this analysis to all its purchasing to reduce the share yet to be assessed.

Applying the Company's CSR requirements to its operating purchases

The purchasing necessary for Mercialys' operations mainly pertain to purchases of services with a specific contract (*e.g.* consulting, marketing), and purchases of ordered goods (*e.g.* office supplies).

The former in particular can involve ethical risks. In order to prevent these risks, the Ethics and Compliance Director updates a corruption risks map and measures are put in place to mitigate such risks. In fact, for each new service provider codification, mandatory documents are requested such as their URSSAF certificate to combat undeclared labor, as well as the signing of an ethics commitment certificate. By signing this certificate, they undertake to comply with the fundamental principles set out by Mercialys in terms of human rights, working conditions, ethics and environmental protection. The Company also signs confidentiality agreements when the services purchased involve the sharing of certain information.

For purchases of goods that are not the subject of a specific contract, Mercialys incorporates CSR criteria in the selection of the products it purchases. It favors eco-labeled products (FSC, European eco-label, etc.), certified companies (ISO 14001, ISO 9001) and French companies.

RESPONSIBLE CORPORATE PURCHASES

	Objective 2030	2023	2022	2021	2020	2019	2018
Share of corporate purchases covered by CSR clauses	100%	**32.6%**	31.2%	26.7%	25.7%	21.4%	22.7%
Share of corporate purchasing still to be assessed		**67.4%**	68.8%	73.3%	74.3%	78.6%	77.3%

LOCAL CORPORATE PURCHASES

	Objective 2030	2023
Share of local corporate purchasing	100%	**99.5%**
Share of non-local corporate purchasing		**0.5%**
Share of corporate purchasing still to be assessed		**0.0%**

Mercialys has prioritized its purchasing efforts on its centers, as they have the greatest CSR impact since its corporate purchasing essentially consists of purchases of intellectual services. The Company is gradually working to apply this to its corporate purchasing and will carry out analyses to monitor its results in this area.

2.4.4 Promoting and supporting eco-mobility

New modes of transport have been developed in recent years, which are more environmentally-friendly than petrol and diesel cars. In order to follow this trend, Mercialys is seeking to multiply and diversify the transport solutions available to access its shopping centers. Although the Company can implement initiatives to promote these behaviors, it relies heavily on the Government, and action from local authorities in particular, to put in place or optimize public transport services.

Mercialys' primary lever is to support the development of an innovative and low-carbon transport offer. To do so, the Company maintains a regular dialog with its stakeholders, particularly local authorities. The goal is to make the shopping centers as accessible as possible by public transport, whether in relation to service frequency, times or ease of access. At the end of 2023, all centers had at least one entrance less than 500 m from a public transport stop, with an average frequency of less than 15 minutes during peak hours.

At the same time, Mercialys is also involved in the installation of specific equipment in its car parks. It launched a consultation to this end, in order to progress the installation of ultra- or semi-fast charging stations for electric vehicles at these centers. At the end of 2023:

- 99% of centers have bicycle shelters;
- 76% of car parks are equipped with charging stations for electric and hybrid vehicles;
- 61% of car parks offer spaces reserved for carpooling.

The second lever is to promote these modes of transport, in order to encourage visitors and shopkeepers to use them. Several communication channels are used:

- information about the routes serving the centers are regularly displayed on the center's screens;
- directional signage points the way to public transport stops;
- screens display the times of the next public transport service departure;
- the shopping centers websites provide information on center accessibility and facilities available.

Thus, Mercialys supports projects to equip the car parks at its centers with specific facilities encouraging low-carbon mobility, and then ensures their visibility with customers and retailers.

2.4.5 100% of centers open to civil society

For Mercialys, being a local player also means promoting solidarity. It thus multiplies the number of non-profit organizations by providing them with free casual leasing, organizing environmental or societal campaigns, and promoting and awareness-raising through posters at these centers or on social media.

Mercialys also seeks to be inclusive to enable everyone to visit its shopping centers in a comfortable manner. It has adapted its centers so that people with reduced mobility and families with strollers can move easily throughout them (*e.g.* wide corridors, moving walkways, elevators, nurseries). To continue this momentum, Mercialys is supporting the Autisme France association by introducing a quiet hour in some of its centers.

Furthermore, Mercialys was keen to support the Ukrainian population following the outbreak of the war in 2022. In concrete terms, the Company's shopping center management announced that its sites were available to host specific operations. For instance, La Galerie Montauban Albasud hosts the Occitalien association in a previously vacant unit. The association has been able to coordinate its solidarity actions in favor of Ukraine there since February 2022.

To combine the center's activities with CSR action, Mercialys also organizes solidarity events such as clothing drives and yard sales. These are opportunities for customers to bring clothes or toys that they no longer use to be sold by Secours Catholique, the French Red Cross or local associations. These operations combine the fight against waste with solidarity action, contributing to a circular economy. 41% of centers set up such solidarity collections in 2023.

LOCAL PUBLIC LIFE

	Objective 2030	2023	2022	2021	2020	2019
Share of assets that hosted an association	100%	96.2%	96.3%	96.9%	94.3%	84.1%

In total, these spaces allocated free of charge represent the equivalent of Euro 100,000 in rental income granted by Mercialys. Combined with the time spent on organization, donations, partnerships and sponsorship, over Euro 210,000 has been allocated to non-profit associations.

2.5 For our talents

Mercialys firmly believes that strong ethics, combined with strategic, inclusive and dynamic talent management, are sources of wealth and performance for itself and for its stakeholders.

The Company, as a responsible employer, has been committed for several years to a responsible approach based on four pillars:

- maintaining a very high level of ethics;
- promoting diversity and benefiting from inclusion;
- developing skills and enhancing individual potential;
- retaining talent and promoting employee engagement.

2.5.1 An employer committed to maintaining a very high level of ethics

Clearly defined business ethics commitments and procedures

Mercialys' commitment to this approach is reflected in its employees' strong involvement in ethics and regulatory compliance. This approach is overseen by the Ethics and Compliance Director, who is also the Company's Ethics Officer. She reports directly to the Deputy Chief Executive Officer.

In terms of ethics and compliance, the Company's objective is to reduce its exposure to the risks associated with non-compliance with regulations and thereby contribute to strengthening its reputation and ability to attract and retain employees.

In terms of compliance, Mercialys has structured operational and financial control processes to ensure that all laws and regulations relating to its business are complied with. They apply to the various decision-making chains giving rise to the Company's engagement with its various internal and external stakeholders. This approach contributes to the mitigation of the Company's risks, as described in chapter 5 of this Universal Registration Document. In addition to the control procedures, the compliance approach at Mercialys is deeply linked to the concept of ethics, and is regularly explained and reminded to all employees.

The Mercialys Code of Ethics and Code of Conduct reiterates the need to respect the major international fundamental principles, legislation and the environment. This document also formalizes the commitments made and the resulting rules of behavior in all of the Company's business lines and for all employees.

This charter reiterates that the Company operates exclusively in mainland France, Corsica and Reunion Island, and that all of its employees work in France, a country that has ratified the eight fundamental conventions of the International Labor Organization (ILO). These regulations therefore apply in particular to the fight against discrimination at work, freedom of association and the recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, and the abolition of child labor.

Mercialys strives to scrupulously comply with these conventions and all ethical regulations applicable to the business world.

Moreover, Mercialys has been a signatory to the UN Global Compact since 2018. This commitment demonstrates its will to respect the ten universal principles relating to human rights, international labor standards, environmental protection and the fight against corruption, and to ensure that its suppliers and subcontractors do likewise.

Mercialys has introduced a Code of Ethics and a Code of Conduct that its employees undertake to respect and uphold in the performance of their duties, for the smooth running of the business.

The charter addresses the following topics:

- respect for the environment and the measures implemented to reduce the Company's environmental footprint;
- prevention of conflicts of interests;
- fight against money laundering and financing of terrorism;
- fight against corruption;
- the duty of care;
- oversight of lobbying practices *via* Responsible lobbying guidelines;
- inside information and prevention of insider trading;
- non-financing of political life;
- protection of employees' health and safety;
- prevention of discriminatory actions and the right to union representation;
- the whistleblowing procedure.

This charter is given to all new employees joining the Company. It is also displayed on Mercialys' intranet and websites [(1)], in French and English.

It should be noted that, although Mercialys is not subject to certain provisions of the so-called "Sapin II" Law [(2)], the Company applies a determined approach to controlling this risk. Mercialys deals with the risk of corruption both in terms of compliance with the ethical rules that the Company wants all employees to respect, but also as an operational and financial hazard. As such, the Company conducts continuous checks and dialog with its various Departments.

The challenge is not only to deal with significant financial risks, but to identify behavior to be avoided. The scope of controls carried out to prevent corruption concerns the activities managed by Mercialys on its own behalf, the activities subcontracted by Mercialys, as well as the activities managed by Mercialys on behalf of its partners. The aspects of passive and active corruption are addressed by the control procedures put in place.

(1) The Code of Ethics and Code of Conduct are available on the Company's website: https://www.mercialys.com/strategy-governance/commitments/code-of-ethics.
(2) Law No. 2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernization of the economy.

Specific approaches and procedures to ensure all aspects of the Company's compliance policy are applied

As Mercialys is a listed company, compliance with stock market regulations is an important issue for all employees. In this respect, a regularly updated Stock Market Code of Ethics is published on the Company's intranet site, outlining the regulations applicable to executives, directors, members of the Management Committee, persons closely related to them, insiders and more generally to any other person concerned.

A procedure for the protection of whistleblowers is also in place. Employees are regularly reminded of this procedure, which is also clearly displayed in Mercialys' head offices, including the measures to improve this protection put in place by the Law of March 21, 2022. It guarantees confidentiality, as required by law, and allows whistleblowers to contact the Ethics Officer directly by telephone or email. The whistleblower is informed in writing of the receipt of their report within seven days. No reports were made *via* this system in either 2022 or 2023. Employees are also free to ask the Ethics Officer about any issues that they may wish to raise.

Furthermore, with a view to maintaining ethical, well-balanced business relations with retailers, Mercialys has signed the NEGO4GOOD Charter. This charter contains the four fundamental principles of ethical and responsible negotiation.

Responsible lobbying guidelines were also drawn up in 2020. The Director of Development and Institutional Relations is responsible for lobbying activities and ensures that the influencing strategy does not generate conflicts of interests. In 2023, Mercialys declared two interest representatives to the HATVP [(1)] at national level. A register of external persons met and the reason for the meetings has been put in place and is regularly updated. The procedure in place takes into consideration the extension of the regulations to actions carried out at local level, applicable since July 1, 2022.

To ensure that Mercialys' ethics policy is properly disseminated, training on the following topics is provided annually to all employees:

- representation of interests, prevention of corruption, money laundering and conflicts of interest;
- employee protection mechanisms, particularly in terms of combating discrimination and setting up a whistleblower system;
- stock market ethics;
- the protection of personal data.

ETHICS TRAINING FOR EMPLOYEES

	2023	2022	2021	2020	2019
Percentage of employees trained in ethics	**96.4%**	94.6%	97.1%	96.9%	82.9%

Mercialys aims to have 100% of the Company's employees trained in ethics every year.

Since 2022, employees sign an annual declaration on the existence or absence of conflicts of interest, in addition to the declaration signed when they join the Company.

Continuation of solidarity actions and partnerships

The Company's approach to ethics is not only based on its policies and processes, but also encompasses a number of solidarity actions.

Solidarity and the associated partnerships are an integral part of Mercialys' culture. In 2023, Mercialys renewed its non-profit partnership to promote the professional integration of young people and equal opportunities, with the Article 1 association. This association offers young students personalized educational support from a professional mentor, in order to help them through their integration and professional success, and in particular to find their first job.

Mercialys also supports the commitment of its employees to charity work, confident that this type of initiative is likely to promote employee involvement in civil society. This commitment is reflected in the participation in charitable community and sporting events, which the Company supports, such as the "Course de la Jonquille contre le Cancer" charity run held in March 2023. 53 employees took part in the event, divided into 11 teams, to raise money for the Institut Curie. Another such example is the "Foulées de l'Immobilier" race which took place over 12 days in June 2023.

In the same spirit, Mercialys employees have the opportunity to show solidarity by donating days of leave to colleagues with a relative (ascendant or descendant) whose health condition requires them to be available for significant periods of time.

2.5.2 An employer committed to the diversity of its employees

Mercialys firmly believes that diversity in the workplace boosts collective performance for the benefit of all employees.

French regulations prohibit companies from collecting or processing personal data revealing racial or ethnic origins, philosophical or religious choices or relating to the sexual orientation of employees. As such, companies cannot take these elements into account when developing workforce recruitment or monitoring policies. For Mercialys, as a listed company in France, the concept of diversity is based on non-discrimination, disability and gender equality.

(1) The French authority for transparency in public life.

In this context, Mercialys strives to systematically endorse and implement a talent management policy that promotes the diversity of its employees' profiles and their equal treatment.

This policy contributes to the development of a management team that respects people's differences. This policy improves team cohesion, the circulation of information and the generation of new ideas, for the benefit of economic performance.

A proactive policy and positive results in terms of gender equality

Mercialys is committed to ensuring professional equality between men and women in terms of compensation, training and access to promotions.

This commitment is reflected in company agreements and the signing of several charters:

- the agreement signed with employee representatives on April 1, 2020 on professional equality between women and men and quality of life at work. This agreement includes five areas of action: effective compensation, recruitment, training, coordination between personal and professional life and raising awareness of the fight against sexism;
- since 2018 Mercialys has been a signatory of the Diversity in Business charter, the content of which goes beyond the legal framework for combating discrimination. The Company is committed to preventing discrimination for any reason, and in particular to ensuring that no distinction is made between employees based on their age, gender, social, cultural, ethnic, racial or national origin, religious or political views, trade union activities, family situation, sexual orientation, health or disability;
- in December 2021, Mercialys adhered to the commitment charter drawn up by the Cercle des Femmes de l'Immobilier in favor of professional female-male parity and equality. By signing this charter, Mercialys is committed to promoting gender equality at the heart of its organization and governance, guaranteeing equal pay, encouraging the promotion of female talent and giving them fair access to decision-making structures.

At the same time, Mercialys applies its commitments on a daily basis, namely to:

- promote the representation of diversity at all levels of responsibility, and particularly within its management bodies, whether in the composition of the Board of Directors or the Management Committee;
- promote the enforcement of the principle of non-discrimination in all its forms in all actions by Management and in all Company decisions, particularly within the various Human Resources management processes;
- communicate its commitment to its employees, particularly when onboarding new employees, in order to encourage them to also adopt this approach.

The fight against all forms of discrimination is at the heart of Mercialys' Human Resources policy, from the hiring process throughout the entire career of employees, targeting in particular the 26 criteria defined by law concerning origin, gender, sexual orientation, gender identity, age, pregnancy, real or assumed belonging to an ethnic group, etc.

Specific awareness-raising actions were carried out in 2023 as part of actions to combat discrimination and promote professional equality. An annual training course, mandatory since 2018 for all teams, on the fight against all forms of discrimination (origin, disability, age, gender, religion, sexual orientation, physical appearance) was provided in 2023, attended by 96% of active employees.

Similarly, Mercialys' objective is for 100% of managers to be made aware of the positive impact of diversity among employees and the importance of non-discrimination.

Employees have multiple points of contact within Mercialys to report any issue that may be related to discrimination, to their line manager, the Human Resources or compliance departments, and lastly, the specific procedure to protect whistleblowers. It should be noted in this respect that no discrimination-related complaints were reported to the Ethics Officer or the Human Resources Department in 2022 or 2023.

Gender-balanced recruitment and workforce

51 permanent, fixed contract and work-study hires were finalized in 2023, of which 27 women and 24 men.

Mercialys continued its investment in supporting young people by recruiting 17 work-study students during 2023.

DISTRIBUTION OF WORKFORCE BY TYPE OF EMPLOYMENT CONTRACT

	2023		2022		2021		2020		2019	
Staff with permanent employment contracts (CDI)	**145**	**86%**	144	86%	122	89%	109	84%	93	84%
Staff with fixed-term employment contracts (CDD)	**23**	**14%**	24	14%	15	11%	20	16%	18	16%
TOTAL WORKFORCE	**168**	**100%**	**168**	**100%**	**137**	**100%**	**129**	**100%**	**111**	**100%**

As at December 31, 2023, 57% of Mercialys employees were women.

Over the long term, the Company's policy has helped to improve the balance between male and female managers.

BREAKDOWN OF WORKFORCE BY GENDER

	2023		2022		2021		2020		2019	
Female managers	**58**	**46%**	59	48%	48	47%	41	45%	33	42%
Male managers	**67**	**54%**	63	52%	55	53%	50	55%	45	58%
Female supervisors	**23**	**92%**	25	96%	32	94%	21	88%	16	94%
Male supervisors	**2**	**8%**	1	4%	2	6%	3	12%	1	6%
Female employees	**14**	**78%**	18	90%	0	0%	12	86%	12	75%
Male employees	**4**	**22%**	2	10%	0	0%	2	14%	4	25%
TOTAL WOMEN	**95**	**57%**	**102**	**61%**	**80**	**58%**	**74**	**57%**	**61**	**55%**
TOTAL MEN	**73**	**43%**	**66**	**39%**	**57**	**42%**	**55**	**43%**	**50**	**45%**

Gender equality at the heart of Mercialys' compensation policy

Mercialys is committed to making professional gender equality effective in terms of compensation, training and access to promotions, considering that this is a major area for implementing gender equality within the Company. More specifically:

- the Mandatory Annual Negotiation (NAO) agreement focused on the lowest salaries and therefore the female workforce at supervisor level, *via* a higher general increase proportion for this level;
- in order to guarantee a change in compensation that does not penalize the Company's female employees, the average wage increase provided for by collective agreements is automatically applied to the wages of women during their maternity leave. It should be noted that a system is also in place to ensure that employees on paternity leave are not disadvantaged;
- the duration of maternity or paternity leave does not impact the calculation of variable compensation;
- during maternity and paternity leave, Mercialys makes up the entire salary differential not covered by Social Security;
- for employees on paternity and childcare leave, Mercialys has maintained the benefit of three additional paid calendar days compared to the legal number of days, even though the legal number of days of paternity leave was increased from 25 to 28 days in 2021. This means the number of days granted by Mercialys is now 31 days (7 beneficiaries in 2023).

As an illustration of the effectiveness of this policy, Mercialys has recorded very good performance in terms of gender equality, as measured by the gender equality index.

Since 2019, French companies have had to gradually calculate and publish an index relating to gender equality as determined by the Ministry of Labor, Employment and Integration. Designed as a tool to put an end to professional inequalities, this index measures the gaps in pay and status between women and men in companies. If the result is less than 85 points out of 100, they must implement corrective measures that will enable them to reach at least this threshold within three years. Although not subject to this requirement until 2022, Mercialys nevertheless was keen to adopt this approach and has applied the methodology defined by the public authorities since 2019.

The national average score on the gender equality index, published on March 8, 2023 by the Minister of Labor, was 88; this year, Mercialys achieved the much higher score of 93/100.

	2023	2022	2021	2020	2019
Equality index (/100)	**93**	87	92	96	92

More specifically, Mercialys obtained the maximum scores for equality in the highest pay grades and the individual increases applied, as well as increases for women who have been in maternity leave in 2023. The improvement in the pay gap achieved in 2023 will have to be continued over the coming years.

Mercialys' objective is that its ranking according to this index should be maintained at a high level over the entire period from 2020 to 2030.

A strong desire for diversity in governing bodies

Mercialys implements an ambitious policy in terms of diversity in the management of its teams and in its management bodies.

This policy aims to maintain the highest standards in terms of balanced representation of women and men, both in terms of governance and in the operational management of the Company. It is illustrated by the gender balance prevailing within the Company's Management Committee and Board of Directors. In addition, the Chairmanships of the three specialized committees assisting the Board of Directors (Strategy and Transformation Committee, Audit, Risks and Sustainable Development Committee, and Appointments, Compensation and Governance Committee) are also chaired by women (see Chapter 4, § 4.1.5, p. 256).

	2023		2022		2021		2020		2019	
Women on the Management Committee	**8**	**57%**	8	53%	7	50%	8	50%	7	50%
Women on the Board of Directors	**5**	**56%**	5	56%	5	50%	5	50%	6	55%

Also illustrating the effectiveness of the actions carried out by Mercialys in this area, the Company has ranked extremely highly in the ranking of the feminization of ruling bodies in SBF 120 companies since the list was created in 2013. This ranking is organized by the French Secretary of State for Gender Equality and the Fight against Discrimination.

Steadily climbing in this ranking, Mercialys obtained 2nd place in this ranking in 2023, thus maintaining the excellent position established in 2022 while improving its score (93.4/100 compared to 91.7/100 in 2022).

A balanced intergenerational distribution

In addition to the specific aspects of gender equality described above, Mercialys pays particular attention to the diversity of its workforce.

This results in a balanced intergenerational distribution. At the end of 2023, 30% of employees were under the age of 30, 49% of the workforce were experienced employees aged between 30 and 50, and 21% of employees were aged over 50.

In 2023, the average age of Mercialys employees was 38.5 years.

	2023		2022		2021		2020		2019		2018	
Workforce under 30	**50**	**30%**	51	30%	41	30%	42	33%	37	33%	22	20%
Workforce aged between 30 and 50 years (inclusive)	**82**	**49%**	82	49%	68	50%	67	52%	54	49%	68	63%
Workforce over 50	**36**	**21%**	35	21%	28	20%	20	16%	20	18%	18	17%

21 young people under the age of 26 were recruited in 2023: 81% of them are work-study students, reflecting an active dynamic in terms of professional integration.

In addition, 5 of our work-study students were recruited on fixed-term or permanent contracts in 2023 at the end of their work-study contracts, equal more than 13% of work-study students during the year.

Lastly, 4 new seniors (aged 50 and over) were hired in 2023.

Workers with disabilities

The fight against discrimination also involves actions renewed each year to promote the employment of workers with disabilities. Mercialys' policy in this respect is based on two main priorities.

On the one hand, the development of partnerships to welcome interns or young graduates with disabilities. In 2023, Mercialys renewed its partnership in favor of employment for people with disabilities with the ARPEJEH association, which aims to promote the training, qualification and employment of young people with disabilities.

At the same time, Mercialys is raising service provider awareness of recruitment to promote the hiring of people with disabilities. In 2023, this systematic approach led to the hiring of a new employee on a permanent contract with Disabled Worker Status (*Reconnaissance de Qualité de Travailleur Handicapé* or RQTH in French). A second employee on a work-study program also declared their RQTH in 2023.

Furthermore, Mercialys contributes indirectly to the employment of people with disabilities by calling upon companies in the protected sector, in particular for the provision of services provided at its head office and in its centers.

2.5.3 Developing skills and enhancing individual potential

Mercialys has continued to strengthen its position over recent years through the development of professional skills and a proactive employee training policy.

Broadening of professional skills

Since 2019, Mercialys has pursued a policy of bringing back in-house functions historically outsourced to third parties by investing in the development of its teams' know-how, through internal employee transfers and targeted external recruitment.

2023 saw 6 people transfer internally and the Company recruited 29 people on permanent contracts (of which 3 recruited at the end of their work-study contracts).

A proactive training policy

Employee training is a vital tool for ensuring that the Company is agile and able to adjust quickly to changes in its sectors. It is also a driver of employee satisfaction, fulfillment and loyalty.

Mercialys' training policy is structured around two areas:

- development of employee skills and knowledge;
- support for employees during the course of their career or profession.

In order to assess their needs, employees are given the opportunity to express their training requests during their annual performance and professional development review. Training, whether diploma-based or otherwise, can also be formulated on a case-by-case basis by managers according to the needs identified for their employees, to ensure that they have the level of skills required should their current position change or for a planned future role.

Since 2020, Mercialys has set up a digital platform on which each employee can choose the training they need from among the courses available. This solution, made available to all, gives all Mercialys employees easy access to a large number of training courses.

Employees, while benefiting from the support of their managers, thus become participants in their training, which can take different forms:

- face-to-face training focused on the business lines (real estate finance, commercial negotiations, etc.);
- more general face-to-face training (communication, management, etc.);
- e-learning, distance learning, or remote training in the form of MOOC or webinars.

Internal training capitalizing on the expertise developed within the Company and promoting experience sharing is also encouraged.

In 2023, 100% of employees attended one or more training sessions.

	2023	2022	2021	2020	2019	2018
Share of employees trained	**100%**	100%	100%	100%	99%	100%

A focus on managerial skills

Mercialys' management team is heavily involved in all organizational development projects, from design to implementation.

Mercialys continued to develop the managerial skills of its main executives in 2023, to strengthen its collective dynamic, the organization's ability to work collaboratively and make decisions at the right collaborative level.

In this context, Mercialys carried out a 360° assessment for its main employees in management responsibility in October and November 2023. The results of this assessment will feed into specific, individual and collective development actions in 2024.

2.5.4 Retaining talent and promoting employee engagement

Mercialys is confident that employee engagement has a decisive impact on the Company's performance, in the short and medium term, by bringing the teams together around common values.

To promote this commitment, Mercialys has put in place a range of competitive advantages based on financial and non-financial valuation factors, as well as measures that contribute to a high level of quality of life at work.

An attractive compensation policy

In order to develop its attractiveness and retain its employees, Mercialys implements an incentive-based compensation policy in line with the market in which it operates. To this end, the Company regularly participates in sector-based compensation surveys.

Recognition of individual performance

All Mercialys employees, with the exception of work-study students, receive variable compensation equal to between 4% and 30% of their annual fixed salary. This variable component is based on the achievement of specific individual targets set jointly at the beginning of the year by employees and their managers, assessed at the beginning of the following year.

For 30% of this variable compensation, cross-functional objectives relating to the implementation of the CSR strategy are defined for each employee.

An internal platform set up in 2021 makes it possible to digitize, facilitate and promote fluid exchanges between employees and their managers throughout the year, in relation to the defined objectives.

Recognition of collective performance

Mercialys places just as much emphasis on collective performance and in 2023 introduced two important levers.

The NAO agreement signed in March 2023 provides for a value-sharing bonus of Euro 1,300 for all employees on permanent and fixed-term contracts with a fixed annual salary of below Euro 80,000.

Mercialys signed a profit-sharing agreement with social partners at the end of November 2023, made possible by the signing of an Economic and Social Unity (ESU) recognition agreement for the various entities comprising it.

This agreement will allow employees to receive a portion of the profit-sharing reserve starting in 2024 (based on 2023 results), which can be paid into the Company Savings Plan (PEE) implemented in 2019, and thus benefit from a matching contribution from the Company. Corporate officers do not benefit from this scheme.

Maintaining the distribution of bonus shares

In order to involve all Mercialys employees, as shareholders, in the creation and sharing of value, employee shareholding plans are regularly offered.

In 2023, 170 employees were eligible for bonus share plans, resulting in the distribution of 198,740 shares.

In 2022, this figure was 149 employees for 193,937 shares distributed and in 2021, 133 employees were eligible.

	2023	2022	2021	2020	2019
Number of shares distributed	**198,740**	193,937	155,986	188,433	72,890

Sustained social dialogue

An agreement to set up an Economic and Social Unit has led to the establishment of a joint Economic and Social Committee for all Mercialys entities.

In addition, Management signed 6 agreements in 2023:

- an agreement to set up the Economic and Social Unit;
- a profit-sharing agreement;
- a Company Savings Plan Agreement;
- an agreement on social dialogue;
- a mandatory annual negotiation (NAO) agreement covering employee benefits, working conditions and compensation for Mercialys employees;
- an agreement on the implementation of a value-sharing bonus;

A high-quality working environment

Mercialys firmly believes in the positive impact of a high-quality working environment on the well-being and commitment of its employees and, consequently, on the resulting collective effectiveness.

Thus, pleasant, inclusive premises that encourage comfort and concentration, investments in IT equipment and the automation of tasks with low added value, cross-functional projects promoting team cohesion, events and celebrations help to maintain a high level of engagement.

A Working from Home Charter renewed each year

For Mercialys, working from home is an integral part of Quality of Life and Working Conditions, as well as being beneficial from a CSR point of view.

A Working from Home Charter has been in place since February 2019 and gives Mercialys employees the option to work from home up to two days per week, in accordance with terms and conditions that maintain general cohesion within the Company.

A right to disconnect allowing a fair balance between professional and personal life

In order to protect the work-life balance of its employees, Mercialys has decided, in addition to its legal obligation, to develop a charter on the right to disconnect. The purpose of this charter is to present the recommendations applicable to all employees in order to ensure the effectiveness of their right to disconnect as well as the procedures under which this right is guaranteed.

Mercialys thus reaffirms the importance of the proper use of IT tools with a view to respecting rest periods and holidays and the importance of a good work/life balance.

An ongoing search for balance promoting low rates of absenteeism and limited turnover

By caring for the health and well-being of its employees whilst ensuring they have a good work-life balance, Mercialys was able to avoid workplace accidents in 2023, but has also maintained a low level of absenteeism and low staff turnover.

Over the course of the year, Mercialys recorded no fatal workplace accidents and no workplace accident with at least one day off work.

	2023	2022	2021	2020	2019
Number of fatal accidents	**0**	0	0	0	0
Number of road accidents	**0**	0	0	0	0
Number of occupational diseases	**0**	0	0	0	0
Number of workplace accidents resulting in lost time of at least one day	**0**	0	1	0	0
Absenteeism rate	**1.5%**	2.4%	1.2%	3.5%	4.4%

Thanks to the policies implemented, Mercialys has fulfilled employees who are more committed to their work and to customer satisfaction.

This translates into limited absenteeism, the rate of which was 1.5% in 2023 (2.4% in 2022), moderate in relation to national and real estate sector averages.

During the Great Place to Work 2022 survey, employees highlighted the relationship of trust and benevolence between themselves and the Company, particularly in terms of autonomy and the responsibility given to them to achieve their objectives. They also perceive their management as competent, accessible but also reliable and demonstrating ethical behavior.

Mercialys' staff turnover rate also reflects, in its own way, the high level of employee satisfaction with the Company. With a rate of 18.6% in 2023 and 16.4% in 2022, it remains at a level that may be considered low in view of the prevailing pressures on employment in the real estate sector and in the relatively low average age of the Group's employees.

	2023	2022	2021	2020	2019	2018
Permanent staff turnover	**18.6%**	16.4%	15.8%	13.9%	22.1%	10.2%

Mercialys has already achieved the objectives it set itself in 2020 as part of the 2020-2030 plan, in terms of employee loyalty and engagement. The objectives were as follows:

- maintain an employee satisfaction rate of at least 70% on the criteria relating to the working environment and material conditions (so-called "attention" criteria);
- guarantee the strict application of the charter on the right to disconnect for all employees;
- implement a teleworking system with the highest standards;
- maintain a favorable framework for parenthood and leave policy;
- the Company to remain on the list of "Good Place to Work" companies, *i.e.* a positive score on the overall perception of the Company of at least 65%;
- exceed 70% satisfaction on the 5 criteria relating to respect, fairness, pride in belonging to the Company, a feeling of trust and employee responsibility;
- systematically include an individual CSR objective in the annual roadmaps.

Appendices

1. European Taxonomy Regulation

The European Taxonomy Regulation (EU) 2020/852 of June 18, 2020 on "the establishment of a framework to facilitate sustainable investment," known as the EU Taxonomy, aims to define a common framework for the classification of environmentally sustainable activities. Its purpose is to drive investments towards activities contributing to the environmental transition to achieve the objectives defined in the European Green Deal.

Due to its size, Mercialys is not subject to the regulation, but nevertheless assesses its share of turnover, operating expenses and eligible investments aligned with sustainable activities according to the six objectives of the EU Taxonomy. In 2023, Mercialys announced its eligibility for and alignment with the first two objectives of the Taxonomy, namely climate change mitigation and climate change adaptation.

Mercialys' activities correspond to the activity eligible under section 7.7 of the Taxonomy "Acquisition and ownership of buildings." Indeed, the acquisition, transformation and operation of real estate assets, mainly shopping centers, constitutes Mercialys' business as presented in the Company's business model (see p. 8 *et seq.*). Some of the Company's capital expenditure (CapEx) is used to transform its assets into aligned assets, and thus make a substantial contribution in respect of Activity 7.3 "Installation, maintenance and repair of energy efficiency equipment."

The data presented corresponds to that in the financial statements, as published in Chapter 1 of this Universal Registration Document for the entire consolidated scope of the Company, as required by the Directive.

The operating expenses (OPEX) to be considered for the purposes of the taxonomy are restrictive and include only: non-capitalized R&D costs, renovation costs for non-capitalized buildings, short-term leases, maintenance and repair and other direct expenses related to the routine maintenance of property, plant and equipment necessary for their proper functioning. Mercialys' analysis showed that OPEX as defined by the European taxonomy represent less than 5% of the Company's total OPEX. They are therefore immaterial and are not presented.

Once the Company's eligible activities have been identified, to be "sustainable" they must make a substantial contribution to at least one of the following objectives while not causing significant harm to others and respecting minimum social standards:

- CCM: climate change mitigation: helping to stabilize greenhouse gas emissions in line with the Paris Climate Agreement;
- CCA: climate change adaptation: helping to prevent or reduce negative impacts related to the current and future climate;
- WTR: the sustainable use and protection of water and marine resources: ensuring the good condition of bodies of water and preventing the deterioration of bodies of water in good condition;
- CE: the transition to a circular economy;
- PPC: pollution prevention and control;
- BIO: the protection and restoration of biodiversity and ecosystems.

The criteria applicable to Mercialys' activities are as follows.

CLIMATE CHANGE MITIGATION AND ADAPTATION ALIGNMENT CRITERIA

Objective	Substantial contribution criterion (Activity 7.7)	Do no significant harm criterion (Activity 7.7)	Analysis of Mercialys' alignment
Climate change mitigation	**For buildings constructed before December 31, 2020** EPC A rating or among the top 15% of assets at national or regional level and With an energy performance measurement and management system	Physical risks related to the climate were identified through an assessment and Measures are taken (or within 5 years) when risks are identified	• Assessment of centers in the top 15% in terms of energy efficiency per sq.m. according to the benchmark defined by Deepki [1] and/or with an EPC A rating • Use of an energy consumption measurement and analysis tool at all of the Company's sites • In-depth studies of the resilience of each site to climate change 32% of the Company's sites made a substantial contribution to this objective
Climate change adaptation	Physical risks related to the climate were identified through an assessment and Adaptation solutions were put in place	**For buildings constructed before December 31, 2020** EPC rating A, B or C or among the top 30% of assets at national or regional level	• In-depth studies of the resilience of each site to climate change, with an appropriate action plan in the event of a major risk • Assessment of centers in the top 30% in terms of energy efficiency per sq.m. according to the benchmark defined by Deepki [4] and/or with an EPC of C or higher 58% of the Company's sites made a substantial contribution to this objective

Objective	Substantial contribution criterion (Activity 7.3)	Do no significant harm criterion (Activity 7.3)	Analysis of Mercialys' alignment

Climate change mitigation	Individual measurement [2] from among:
	• addition of insulation to existing building envelope components
	• replacement of existing windows or doors
	• installation and replacement of energy-efficient light sources
	• installation, replacement, maintenance and repair of heating, ventilation and air-conditioning systems
	• installation of low water consumption kitchen and sanitary water fittings
		Compliance with established criteria for construction materials and components related to pollution and the presence of chemicals
		and
		Assessment of the materiality of the risk for the individual measures implemented in assets identified as being the most vulnerable to climate change
			• Identification of CapEx that falls into one of these categories. It emerges that in 2023 the following were carried out:
			  • Switch to LED lighting in compliance with Directive 2011/65/EU of the European Parliament and of the Council of June 8, 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment (OJ L 174, 07/01/2011, p. 88)
			  • Replacement of rooftop systems that contain certain refrigerants in compliance with Annexes I and II of Regulation (EC) No. 1005/2009 of the European Parliament and of the Council

At the same time, the Company must guarantee minimum social standards. It must operate within the framework of the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (including the ILO Fundamental Conventions). As a signatory of the United Nations Global Compact since 2018, Mercialys is committed to respecting and ensuring that its suppliers and subcontractors respect the ten universal principles relating to human rights, international labor standards, protecting the environment and the fight against corruption. The Company has also formalized its commitments in its Code of Ethics and Code of Conduct, signed by all new employees. This charter reiterates that the Company operates exclusively in mainland France, Corsica and Reunion Island, and that all of its employees work in France, a country that has ratified the eight fundamental conventions of the International Labour Organization (ILO). These regulations therefore apply in particular to the fight against discrimination at work, freedom of association and the recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, and the abolition of child labor (see p. 98 *et seq.*, and p. 103).

Following these analyses, the share of turnover and capital expenditure (CapEx) eligible for and aligned with the EU Taxonomy are presented in the tables below.

(1) Deepki ESG Index for the retail sector in France, available on the website https://index-esg.com.
(2) Compliance with the minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and energy labels for energy efficiency equipment has been verified.

TURNOVER OF ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

	Share of Turnover / (Absolute turnover)	
	Aligned	**Eligible**
Climate change mitigation	31%	100%
Climate change adaptation	0%	0%
Water and marine resources	0%	0%
Circular economy	0%	0%
Pollution	0%	0%
Biodiversity and ecosystems	0%	0%

CAPEX FOR ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

	Share of CapEx / (Absolute CapEx)	
	Aligned	**Eligible**
Climate change mitigation	35%	94%
Climate change adaptation	61%	94%
Water and marine resources	0%	0%
Circular economy	0%	0%
Pollution	0%	0%
Biodiversity and ecosystems	0%	0%

REVENUES

				Substantial contribution criteria						Criteria for no significant harm (DNSH: Do not significantly harm)									
Economic activities	Codes	Turnover (€M)	Share of revenue	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Share of revenue aligned (year N-1)	Enabling activity	Transitional activity
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1. Environmentally sustainable activities (aligned with taxonomy)																			
Acquisition and ownership of buildings	CCM 7.7.	56,1	31%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
Revenue from sustainable activities (aligned) (A.1)		**56,1**	**31%**	**31%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**			
of which enabling		**0**	0%	0%	0%	0%	0%	0%	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes		M	
of which transitional		**0**	0%	0%						Yes	Yes	Yes	Yes	Yes	Yes	Yes			T
A.2. Activities eligible for the taxonomy but not sustainable (not aligned with the taxonomy)																			
Acquisition and ownership of buildings	CCM 7.7.	121,9	68%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Revenue from activities eligible for taxonomy but not environmentally sustainable (A.2)		121,9	68%	%	%	%	%	%	%										
Revenue from activities eligible for taxonomy (A)		178,0	100%	%	%	%	%	%	%										
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																			
Revenue from activities not eligible for taxonomy		0,3	**0%**																
TOTAL		**178,4**	**100%**																

CAPEX

				Substantial contribution criteria						Criteria for no significant harm (DNSH: Do not significantly harm)									
Economic activities	Codes	Capital expenditure (€M)	Share of capital expenditure	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Share of capital expenditure aligned (year N-1)	Enabling activity	Transitional activity
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1. Environmentally sustainable activities (aligned with taxonomy)																			
Acquisition and ownership of buildings	CCM 7.7./ CCA 7.7	13,43	61,0%	Yes	Yes	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
Installation, maintenance and repair of equipment promoting energy efficiency	CCM 7.3.	0,10	0,4%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes		M	
Capital expenditure related to sustainable activities (aligned)		**13,52**	**61,4%**	**34,6%**	**26,8%**	**0%**	**0%**	**0%**	**0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**			
of which enabling		**0,10**	**0,4%**	**0,4%**	0%	0%	0%	0%	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes		M	
of which transitional		**0**	**0,0%**	**0,0%**															T
A.2. Activities eligible for the taxonomy but not sustainable (not aligned with the taxonomy)																			
Acquisition and ownership of buildings	CCM 7.7./ CCA 7.7	7,12	32,3%	EL	EL	N/EL	N/EL	N/EL	N/EL										
Capital expenditure for activities eligible for the taxonomy but not environmentally sustainable (A.2)		**7,12**	**32,3%**	**%**	**%**	**%**	**%**	**%**	**%**										
Capital expenditure for activities eligible for the taxonomy (A)		**20,6**	**94%**	**%**	**%**	**%**	**%**	**%**	**%**										
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																			
Capital expenditure related to activities not eligible for taxonomy		1,3802	6%																
TOTAL (A+B)		**22,0**	**100%**																

OPEX

				Substantial contribution criteria						Criteria for no significant harm (DNSH: Do not significantly harm)									
Economic activities	Codes	Absolute operating expenses	Share of capital expenditure	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Share of operating expenses aligned (A.1.) Or eligible (A.2.) With taxonomy, year N-1	Category (enabling activity)	Category (transitional activity)
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
Environmentally sustainable activities (aligned with taxonomy)																			
Activity 1			%																
Operating expenses for environmentally sustainable activities (A.1)			**0%**																
of which enabling			**0%**																
of which transitional			**0%**																
A.2. Activities eligible for the taxonomy but not sustainable (not aligned with the taxonomy)																			
Operating expenses for activities eligible for taxonomy but not environmentally sustainable (A.2)			**0%**																
Operating expenses for activities eligible for the taxonomy (A)			**0%**																
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																			
Operating expenses for activities not eligible for taxonomy			0%																
TOTAL (A+B)			**100%**																

2. Other regulations applied on a voluntary basis

Over recent years, several fundamental aspects of corporate life have become the subject of regulations relative to business ethics and corporate responsibility, in the aim of encouraging companies to better incorporate these aspects into their strategic reflection and action plans.

Due to its size, its business segment and/or its exclusively French activities, Mercialys is exempt from a certain number of these regulations. Nevertheless, as a responsible company, Mercialys is voluntarily implementing certain policies, procedures and action plans to address issues that, while not being regulatory prerequisites, are inherent to business ethics.

The Company has voluntarily implemented best practices, although it is not subject to the following regulations:

- **Article L. 225-102-1 of the French Commercial Code establishing the Statement of Non-Financial Performance (SNPF)**

In Chapter 2 of its Universal Registration Document, Mercialys voluntarily presents the information required under the SNPF. It should be noted that, due to the nature of its activities, Mercialys does not present information regarding tax evasion, actions to promote the nation-army relationship and support involvement in the reserves, nor actions to promote physical and sporting activities and animal well-being. Mercialys operates solely in France, where all its employees are based. Moreover, it is subject to the REIT tax regime specific to listed real estate investment companies, exempting it from corporate tax on income from most of its activities, subject to predetermined conditions.

For further details, please refer to the cross-reference table in Chapter 9, § 9.4.5, p. 416.

- **Article 17 of Law No. 2016-1691 of December 9, 2016 relative to transparency, the fight against corruption and the modernization of economic life (the French Sapin 2 Law)**

All of Mercialys' assets are located in France, a country with a strict legal environment with regards to the fight against corruption. According to the corruption perception index published by Transparency International in 2023, France ranks 20th out of 180 countries. Moreover, Mercialys is a signatory to the United Nations Global Compact, under which it has undertaken to respect and ensure respect for universal principles including those concerning the fight against corruption, throughout its value chain. The real estate sector is considered a high-risk sector in terms of potential corruption. All corporate functions may be affected by this risk. Accordingly, the fight against corruption represents a major focus for Mercialys and is based on the following:

- measuring specific corruption risks *via* a dedicated map compiled by the Ethics and Compliance Director (also Ethics Officer) and the Head of Internal Control. It is prepared following regular discussions with all Mercialys Departments and its main service providers. An analysis and update is performed on a regular basis by the Risks Prevention Committee which is chaired by Mercialys' Chief Executive Officer and reports to the Audit, Risks and Sustainable Development Committee;
- control and assessment procedures at operational and financial levels. These procedures notably include:

1. the limitation of powers to make commitments on behalf of the Company,
2. the validation process by several departments of expenditure and transactions with tenants, and
3. the capacity restricted to four persons within Management to make payments on behalf of Mercialys;

- the existence of an internal whistleblowing system, of which employees are reminded on a regular basis and which guarantees legally-required confidentiality (see p. 103);
- a Code of Ethics and Code of Conduct, appended to the Rules of Procedure and describing prohibited conduct, in particular that relating to corruption and influence-peddling. Given to all new employees, it is regularly redistributed and is the subject of an annual training session (see p. 103);
- responsible lobbying guidelines, engaging the Company and its employees (as well as its service providers, if applicable) in any discussions that may be held with public officials (see p. 103).

- **Law No. 2017-399 of March 27, 2017 relative to parent companies' and contracting companies' duty of care**

In its business activities, Mercialys is committed to responsible purchasing and vigilance with regard to its value chain. This enables the Company to actively involve its stakeholders in its CSR endeavors. It can thus prevent abuses and mitigate risks in related areas such as ethics, human rights, the health and safety of people, and the environment.

The Company is a signatory to the UN Global Compact, under which it has undertaken to comply, and ensure compliance throughout its value chain, with 10 universal principles relating to human rights, the environment, international labor standards and the fight against corruption. Mercialys is also a signatory to the NEGO4GOOD charter for ethical and responsible business negotiations. Lastly, the Company's Code of Ethics and Code of Conduct cover the subject of the duty of care that the Company has imposed upon itself.

To honor these commitments, Mercialys is working on introducing a vigilance procedure based on the following:

- the precise mapping and monitoring of the nature of the Company's expenses in order to identify and assess the most significant purchases with regard to its responsibility in terms of human rights, health and safety, ethics and the environment (see p. 98 *et seq.*). An analysis and update is performed on a regular basis by the CSR Department, which reports to the Audit, Risks and Sustainable Development Committee;
- the adoption of measures to prevent and mitigate the risks identified, for example through the inclusion of CSR clauses in service contracts and major calls for tenders such as property management and the execution of projects and works within shopping centers (see p. 98 *et seq.*), or by reviewing contracts and procedures to ensure compliance with the GDPR (see p. 96);
- the monitoring of these measures and the performance of specific assessments and audits, such as external audits on the safety of each center, including the monitoring of the implementation of any corrective measures and which may go as far as the termination of the contract in the event of non-compliance with these measures (see p. 96), preventive environmental assessments, in addition to regulatory requirements (see p. 96), or audits on the quality of the shopping centers' main services (see p. 100);
- the existence of an internal whistleblowing system, of which employees are reminded on a regular basis and which guarantees confidentiality (see p. 103).

3. Voluntary normative frameworks

Mercialys incorporates nature-related and climate change risk management and opportunities into its corporate strategy. In order to be transparent, the Company's aligns its communications with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD).

Mercialys is structured to approach all CSR issues in the same way. As a result, the governance and management aspects of nature and climate-related risks are aligned and presented jointly below.

3.1 Common recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and Taskforce on Nature-related Financial Disclosures (TNFD)

Governance

a) Monitoring of climate change risks and opportunities by the Board of Directors and dependencies, impacts, risks and opportunities related to nature by the Board of Directors

Issues related to climate change and nature are discussed quarterly by the Board of Directors, in particular through the Audit, Risks and Sustainable Development Committee (ARSDC), one of the Board's three specialized committees. The ARSDC assesses the Company's risks and opportunities, including those related to climate change and nature. The CSR Director also presents the progress of the CSR strategy to this committee on an annual basis.

The Chairwoman of the ARSDC has been appointed responsible for monitoring the CSR policy and all members of this Committee have expertise in CSR. In total, six members of the Board of Directors are able to claim significant skills in CSR.

The Board of Directors has also approved Mercialys' CSR strategy, 4 Fair Impacts for 2030, which contains the objective of contributing to carbon neutrality and is informed at least annually of the achievement of the objectives associated with this CSR strategy. Each year, it also examines the Company's Universal Registration Document, which includes a chapter on CSR in which the risks, opportunities, dependencies and impacts related to nature and the climate, the objectives set in this area, action plans and associated results are presented. This chapter is audited annually by an independent third party responsible for ensuring the accuracy and reliability of the information provided. This audit report is published annually at the end of this chapter.

The Strategy and Transformation Committee (STC) takes CSR aspects into account when reviewing strategic projects.

The third specialized committee of the Board of Directors, the Appointments, Compensation and Governance Committee (AGCG), prepares the setting of performance criteria related to climate and nature-related issues as part of the compensation of Senior Management.

For more information, see Chapter 0, p. 22 *et seq.*; Chapter 2, § 2.1.1, p. 80 *et seq.*; Chapter 2, § 2.1.2, p. 82.

b) Management's role in assessing and managing climate-related risks and opportunities as well as dependencies, impacts, risks and opportunities related to nature

The role of the Risks Prevention Committee (RPC) is to identify and assess the Company's risks, as well as to ensure that appropriate measures are put in place to mitigate them. It is co-chaired by the Company's Head of Internal Control and CSR Director. Its other members include the Chief Executive Officer, the Deputy Chief Executive Officer, the Director of Human Resources and the Ethics and Compliance Director.

The 52 risks identified by the RPC are divided into 8 categories, one of which is dedicated to environmental, social and societal risks. This category includes physical and transition risks related to climate change. Each year, the RPC reports on its work to the ARSDC.

The CSR Director reports directly to the Deputy Chief Executive Officer, proof that the integration of CSR issues, including those related to climate and nature, are at the heart of the Company's strategy. The CSR Director updates the Deputy Chief Executive Officer on a weekly basis on the progress of the CSR strategy and the evolution of key performance indicators.

In addition, the CSR Director sits on the Management Committee and shares progress on the CSR strategy.

This structure ensures that decisions related to CSR risks and opportunities are in line with Mercialys' strategy, while improving communication with all of the Company's departments on progress, objectives and best practices.

See Chapter 2, § 2.1.1, p. 80 *et seq.*; Chapter 2, § 2.1.2, p. 82 *et seq*.

c) Human rights engagement policies and activities, as well as Board and management oversight with respect to indigenous peoples, local communities, relevant stakeholders and other stakeholders, in the organization's assessment of and response to nature-related dependencies, impacts, risks and opportunities (TNFD only)

Mercialys maintains regular dialogue with all of its stakeholders: retailers, shopping center visitors, suppliers and service providers with whom it works, as well as all regional players, both public and non-profit, with which it collaborates, in the same way as the financial community and professional organizations. This dialogue is an opportunity to be part of a process of innovation and continuous improvement.

In 2020, Mercialys conducted an extensive consultation with its stakeholders with a view to updating its materiality matrix drawn up in 2015. Employees, service providers, local authorities, associations, retailers, shopping center customers, etc. were asked by an external firm to assess the importance of 33 CSR issues, including those related to nature and human rights. The issues proposed were identified using a sectoral analysis and participant responses were anonymous. There were more than 900 participants, testifying to the quality of the dialogue maintained by Mercialys with its stakeholders over many years. This consultation led to the identification of Mercialys' material challenges and was used in the development of its 2020-2030 strategy. Mercialys' Senior Management and the Board of Directors were presented with a report on the results.

In addition, during urban development projects, Mercialys communicates with all stakeholders including local residents (local populations that may be affected by these projects), town halls, public development institutions, etc. The Company listens to their expectations and involves in the project development stage.

Mercialys operates exclusively in mainland France, Corsica and Reunion Island. All of its employees and the majority of its value chain are based in France. France is one of the countries that has ratified the eight fundamental conventions of the International Labor Organization (ILO). These regulations therefore apply in particular to the fight against discrimination at work, freedom of association and the recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, and the abolition of child labor. Mercialys strives to scrupulously comply with these conventions as well as all regulations relating to human rights and indigenous populations applicable to the business world.

Moreover, Mercialys has been a signatory to the UN Global Compact since 2018. This commitment demonstrates its will to respect the ten universal principles relating to human rights, international labor standards, environmental protection and the fight against corruption, and to ensure that its suppliers and subcontractors do likewise.

In its Code of Ethics and Code of Conduct, Mercialys sets out these commitments and the rules of conduct that its employees undertake to respect and uphold in the performance of their duties. The Mercialys Code of Ethics and Code of Conduct reiterates the need to respect the major international fundamental principles, legislation and the environment. This charter is given to all new employees joining the Company. It is also posted on Mercialys' intranet and website, in French and English.

In its business activities, Mercialys is committed to responsible purchasing and vigilance with regard to its value chain. This enables it to concretely involve its stakeholders in its CSR approach and to prevent violations on subjects relating in particular to human rights and nature. Mercialys is working on:

- mapping its purchases in order to identify and assess the most significant purchases with regard to, among other things, human rights and nature. An analysis and update is performed on a regular basis by the CSR Department, which reports to the Audit, Risks and Sustainable Development Committee;
- adopting measures to prevent and mitigate identified risks, for example through the inclusion of CSR clauses in major service contracts and tenders, such as the management of green spaces at its shopping centers;
- monitoring these measures and carry out specific audits, such as ecological studies on the quality of the green spaces at each center, including any corrective measures to improve on-site management practices;
- the existence of an internal whistleblowing system, of which employees are reminded on a regular basis and which guarantees anonymity.

No complaints or cases related to nature have been brought to the Company's attention. It has not been involved in any controversies of this kind.

See Chapter 2, § 2.1.1, p. 80 *et seq*.

Risk management

a) Process for identifying and assessing climate-related risks as well as dependencies, impacts, risks and opportunities related to nature in its direct operations (A.i) and its upstream and downstream value chain (A.ii)

The identification of risks is the result of work carried out by the Risks Prevention Committee (co-chaired by the CSR Director) on the basis of interviews with each department head and all employees. The Company's risk matrix is presented and validated by the Audit, Risks and Sustainable Development Committee in order to verify the exhaustive coverage of all risks and to monitor risk management procedures. This iterative methodology is likely to identify new risks, particularly climate-related risks, depending on any operational and regulatory changes as well as changes in the commercial real estate market.

The 52 risks identified by the RPC are divided into 8 categories, one of which is dedicated to environmental, social and societal risks. This category includes physical and transition risks related to nature and climate change.

Mercialys reviews the main risks that could have a material impact on its business activities, financial position or results on a quarterly basis.

All risks are assessed according to their impact and probability of occurrence. Probability of occurrence assesses the possibility that a risk will materialize at least once, in the short, medium and/or long term. It is divided into three types of occurrences: improbable, possible, probable.

The impact quantifies possible consequences, either in terms of the Company's financial position (change in operating results or Net Asset Value), or obstacles to the ongoing implementation of the Company's strategy or operations, or its reputation (importance given by stakeholders or media impact). It can be low, moderate, or high.

To support the assessment of CSR risks, Mercialys carries out detailed studies, asset by asset, of the priority physical hazards and transition risks related to climate change that it encounters or will encounter in the future, as well as the vulnerability and resilience of its assets to these hazards.

In addition, stakeholders are regularly consulted and called upon to express their views on the importance of CSR issues for Mercialys, including those related to nature. During the last consultation carried out in 2020, they were also asked about their perception of the Company's maturity on each subject.

See Chapter 2, § 2.1.2, p. 82 *et seq*.; Chapter 5, § 5.2 p. 328 *et seq*.

b) Process for managing climate-related risks and dependencies, impacts, risks and opportunities related to nature

Mercialys decides to mitigate, accept or control the risks identified according to their potential impacts. It prioritizes the management and monitoring of its risks according to their materiality. This is defined on the basis of their impact and probability.

Based on the risk mapping, the ARSDC ensures that Mercialys has structured and relevant resources to manage its activities. The RPC is responsible for identifying and assessing existing procedures, implementing a plan to supplement or optimize risk management and ensuring that these procedures have been correctly applied.

Dedicated action plans are put in place to mitigate and manage risks related to the climate and nature with quantifiable objectives and key performance indicators. Mercialys also aims to capitalize on the opportunities that may arise from climate change and is committed to anticipating market changes.

See Chapter 2, § 2.1.1, p. 80 *et seq*.; Chapter 2, § 2.2, p. 86 *et seq*.; Chapter 5, § 5.2, p. 327 *et seq.*

c) Integration of processes for identifying, assessing, and managing climate-related risks and those related to nature within the Company's overall risk management

Climate risk management is integrated into the Company's decision-making and operational procedures.

Mercialys' Board of Directors is informed of the main features of the risk management and internal control procedures.

The ARSDC is responsible for verifying that Mercialys has structured and relevant resources to identify, detect and prevent risks, anomalies and irregularities in the management of its activities.

Risks related to climate and nature are included in Mercialys' overall risk identification and assessment. They are part of one of the eight risk families identified.

See Chapter 2, § 2.1.2, p. 82 *et seq.;* Chapter 5, § 5.2, p. 328 *et seq.*

3.2 Taskforce on Climate-related Financial Disclosures (TCFD) recommendations

Strategy

a) Climate-related risks and opportunities identified in the short, medium and long term and b) Impact of climate-related risks and opportunities on the Company's activities, strategy and financial planning

- In the short term:
  - **opportunity related to the development of new services:** each purchase has an impact in terms of carbon emissions, partly due to upstream and downstream logistics. Proposing a solution that minimizes this impact in terms of last mile logistics is a climate opportunity in the sense that it could attract new customers to its shopping centers and generate additional revenues.
- In the medium term:
  - **transition risk related to future regulations:** Mercialys is subject to the tightening of new climate-related regulations, especially since the real estate sector is prone to stricter regulations, both for existing buildings and new constructions. They result in an increase in compliance costs and investments.
  - **market transition risk related to changes in consumer behavior:** consumers are increasingly attentive to the environmental and carbon impacts of their consumption. As a retail real estate company, Mercialys would be directly impacted by changes in consumer behavior and/or mobility and would have to adapt its retail and service offerings accordingly in order to maintain its retailers' revenues. The risk related to changes in consumer behavior has also been identified as a priority risk by the Company's RPC;
  - **reputational risk related to the growing concerns of investors and shareholders regarding climate change:** analysts and investors are gradually incorporating sustainability into their investment decisions, and climate change is one of the main issues they have identified. Inadequate actions by companies on climate-related issues or a poor understanding of the expectations of analysts and investors could make it more difficult or take longer to obtain financing, which may be at higher interest rates;
  - **opportunity related to the development of low-carbon goods and services:** customers are increasingly looking for environmentally-certified, energy-efficient and climate change-resistant buildings. Certified, energy-efficient and resilient shopping centers can represent differentiating added value that can make shopping centers more attractive to visitors and tenants. In addition, certification arouses the interest of investors, as illustrated by questionnaires and sustainability ratings which now include certification as a standard criterion and can increase the fair value of assets;
- In the medium/long term:
  - **acute physical risks:** according to IPCC experts, climate change is expected to lead to an increase in the frequency of extreme events, such as storms and floods, as well as an increase in their severity. These events could threaten the safety of shopping centers and visitors. They could eventually force Mercialys to close its shopping centers for a certain period of time in order to carry out appropriate repairs. The Company's assets are mainly exposed to a risk of flooding which can cause a variety of damage to centers, with different levels of severity (structural damage, partitions and screens, property stored by tenants, etc.);
- In the long term:
  - **opportunity related to the use of less carbon-intensive energy:** with the Paris Climate Agreement, many investors have committed to fighting climate change. In addition, with Article 173 of the French Energy Transition Law and the SFDR [(1)], investors are now required to report on the carbon impact of their portfolio and demonstrate how they are aligning themselves with a low-carbon strategy. A company that is committed to combating climate change is therefore more attractive to investors.

See Chapter 2, § 2.1.2, p. 82; Chapter 2, § 2.2.1, p. 86 *et seq.*

c) Resilience of the Company's strategy, taking into account different climate-related scenarios, including a 2 °C or lower scenario

In order to develop its climate strategy submitted to the SBTi, Mercialys studied three scenarios, over several timeframes (between 5 years and 2050):

- the "Business-as-Usual" (BAU) scenario, estimating the change in Mercialys' emissions if its efforts remained at the current level;
- the Sectoral Decarbonization Approach (SDA) scenario of the real estate sector, making it possible to remain below a 2 °C increase (RCP 2.6 scenario of the IPCC Fifth Assessment Report);
- the scenario chosen by Mercialys, which leads to measures to reduce the emissions identified by the Company and which limits the increase in global temperature to "well below 2°C."

See Chapter 2, § 2.2.1, p. 86 *et seq.*

Metrics and targets

a) Indicators used to assess climate-related risks and opportunities are in line with the Company's risk management strategy and process

Mercialys uses a wide range of indicators to monitor the progress of its CSR strategy and ensure that climate-related risks and opportunities are effectively mitigated or taken advantage of.

They are presented throughout this chapter, with a history of 6 years to certify changes over time.

These include greenhouse gas emissions (scopes 1, 2 and 3), energy consumption, energy consumption per sq.m., the share of renewable energy, the portfolio covered by a Natural Risk Prevention Plan (PPRN), and having been the subject of adaptation work.

(1) Sustainable Finance Disclosure Regulation (SFDR) (EU) 2019/2088 on "sustainability-related disclosures in the financial services sector."

See Chapter 2, § 2.2.1, p. 86 *et seq.;* Chapter 2, Appendix 1.3, p. 120 *et seq.*

b) Scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and related risks

Greenhouse gas emissions are presented in the table in the appendix on p. 123 *et seq.,* with details of the various scopes and the items comprising them.

The Company publishes all of its scopes 1, 2 and 3 emissions, as well as performance ratios such as the carbon intensity of its portfolio per sq.m.

See Chapter 2, § 2.2.1, p. 86; Chapter 2, Appendix 4.1, p. 123 *et seq.*

c) Targets used by the Company to manage climate-related risks and opportunities and performance against these targets

Mercialys has set objectives for its scopes 1 and 2 and for its broader carbon footprint (scope 3). Mercialys' climate strategy for the 2017 to 2030 period is thus based on the following four objectives:

- reducing scope 1 and 2 emissions by 47% per sq.m. using the market-based method [1];
- reducing emissions from tenants' energy consumption by 46% per sq.m.;
- reducing emissions from employee travel by 26%;
- reducing emissions related to the treatment of waste produced by the centers by 26% per metric ton of waste produced.

The Science Based Targets initiative approved these objectives in 2019, making Mercialys one of the first real estate companies in the world to have its objectives scientifically approved.

Through its 4 Fair Impacts CSR strategy and in the face of the climate emergency, Mercialys is reaffirming its contribution to the fight against climate change by setting itself ambitious objectives, beyond those already established and approved by the SBTi. Indeed, Mercialys aims to contribute to carbon neutrality by 2030, across all its emissions (scopes 1, 2 and 3).

The table on p. 90 presents the Company's performance against these targets. It is ahead of its targets for scopes 1 and 2 as well as for waste treatment, and is in line with its roadmap for targets related to tenant waste and energy consumption.

See Chapter 2, § 2.2, p. 86 *et seq.*

3.3 Taskforce on Nature-related Financial Disclosures (TNFD) recommendations

Strategy

a) Nature-related dependencies, impacts, risks and opportunities identified in the short, medium and long term and b) Impacts of dependencies, impacts, risks and opportunities on the activities, value chain, strategy and financial forecasts of the Company as well as the transition plans or analyses in place

Mercialys has identified its significant dependencies, impacts, risks and opportunities related to nature in several steps, following the LEAP (locate, evaluate, analyze, prepare) approach recommended by the TNFD:

- mapping of Mercialys' interactions with nature, during its direct operations and throughout its value chain;
- mapping of its strategic sites to assess whether they are located near protected areas (< 500 m), or have nationally protected and/or threatened species on site, as classified by the IUCN classification;
- identification of the impacts of Mercialys and its value chain on environmental assets, as well as Mercialys' dependencies on the ecosystem services provided by nature that it needs;
- assessment of the frequency, severity and potential timeframe of Mercialys' impacts and dependencies on the main factors of pressure on nature identified by the international group IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services): change in land use, overuse of resources, climate change, pollution and invasive species. The Company carried out its assessment based on its knowledge of its activities and its value chain, and cross-referenced this with the ENCORE [2] sector-based external assessment to ensure that no topic was overlooked;
- identification of risks and opportunities arising from these dependent relationships and impacts on nature in the short term (< 2 years), medium term (2-5 years) and long term (> 5 years);
- prioritization of these risks and opportunities based on their potential financial impacts for the Company and probability of occurrence.

This mapping of natural risks then feeds into the overall risk mapping of the Company carried out by the RPC.

Mercialys' priority risks and opportunities related to nature are:

- In the short term:
  - **chronic financial risk:** increase in the prices of resources and raw materials for the operation of the Company, or supply issues in the event of the scarcity of natural resources. For example, Mercialys could be significantly financially impacted by the increase in the price of energy, raw materials and technical facilities required to carry out its work.
  - **legal and political transition risk:** increase in investments and compliance costs related to changes in regulations and/or increase in associated taxes (Tertiary Eco-Energy Decree, F-Gas regulations, ICPE, the 7 flows decree, zero net artificialization, etc.).
- In the medium term:
  - **resource efficiency opportunity:** owning and operating a building that is efficient in terms of insulation and thermal and sound regulation (for instance, through the use of green walls or roofs) helps to reduce operating costs and reduce exposure to fluctuations in the price of natural resources, and increase the value of these assets.
- In the medium/long term:
  - **resilience opportunity:** by integrating adaptation measures into the design of buildings or in the event of extension/renovation, Mercialys could operate a more resilient portfolio. In the event of a natural disaster (*e.g.* flooding) or the occurrence of a chronic physical risk (*e.g.* heat island), its portfolio would be less impacted and degraded.

(1) *Market-based: method used to calculate CO_2 from energy consumption, which makes it possible to take into account energy suppliers' emission factors and to highlight the renewable energy purchase.*

(2) *ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure. Mercialys has used the ENCORE materiality analysis of the "real estate activities" process for the upstream part and direct operations. The downstream part has not yet been developed in the tool, so Mercialys' internal assessment alone has been used. The ENCORE tool was developed by the Natural Capital Alliance in partnership with UNEP-WCMC (the World Center for Conservation of Nature, part of the United Nations Environment Program).*

- In the long term:
  - **acute physical risks:** the degradation of nature and ecosystems can exacerbate the severity of damage caused by meteorological phenomena such as droughts, floods and heat waves. These include damage to buildings, financial impacts (increase in insurance premiums, financial impact of claims associated with more frequent and more intense exceptional natural events, or the cost of adaptation measures, etc.), and disruption of the business activity of the Company and its tenants.

See Chapter 2, § 2.1.2, p. 82; Chapter 2, § 2.2.1, p. 86; Chapter 2, § 2.2.3, p. 91.

c) Resilience of the Company's strategy, taking into account different scenarios

Mercialys has carried out an assessment of its risks related to heat waves, drought, clay shrinkage and swelling, forest fires, average rise in temperatures, floods/precipitation, storms, marine submersion, coastal erosion, seismic activity, landslides, over different timeframes and scenarios. Mercialys used a 30-year scenario and a 50-year scenario to be adapted to the life of a building, and the IPCC RCP 4.5 and RCP 8.5 scenarios. These scenarios correspond respectively to the implementation of measures to stabilize greenhouse gas emissions, and to the most unfavorable scenario, without a climate policy.

Concerning the risks of water stress, the analysis was carried out to 2030 and 2040 according to the "pessimistic" scenario of the Aqueduct Water Risk Atlas (SSP3 RCP 8.5 scenario).

See Chapter 2, § 2.1.2, p. 82; Chapter 2, § 2.2.1, p. 86; Chapter 2, § 2.2.3, p. 91.

d) Interactions of the organization with low integrity ecosystems, high importance ecosystems or areas of water stress

Mercialys has mapped its interactions with nature during its direct operations and throughout its value chain. In addition, a map of its strategic sites has been drawn up in order to identify whether they are located near protected areas (ZNIEFF type I and II and Natura 2000 areas). It shows that few sites are concerned, since only 27% of the portfolio is less than 500 m from the nearest protected area and no site is in a protected area.

In addition, it has mapped its strategic centers to assess whether they are located in a water-stressed area, using the Aqueduct Water Risk Atlas. It emerges that Mercialys' sites, being only in France, are not affected by the risks of water stress in the short or medium term.

See Chapter 2, § 2.2.3, p. 91.

Metrics and targets

a) Indicators used by the organization to assess significant nature-related risks and opportunities in accordance with its risk management strategy and process

In order to monitor the evolution of Mercialys' impact and dependencies on biodiversity, as well as the appropriateness of measures implemented and their effectiveness, the Company uses the indicators constructed taking into account the GRI indicators and IUCN recommendations. The most significant of these are presented throughout this chapter 2, with a history of 6 years when available to certify changes over time.

These include measurement indicators (proportion of sites with green spaces, located near protected areas, having identified protected or threatened species, etc.) and one performance indicator per identified factor of pressure on nature identified by international group IPBES: quantity of pesticides used, net artificial surface area, energy and water consumption per sq.m., carbon footprint (see TCFD recommendations), waste recovery rate, percentage of sites that have undertaken work to combat invasive species.

See Chapter 2, § 2.1.2, p. 82; Chapter 2, § 2.2.3, p. 91; Chapter 2, Appendix 4.1, p. 123.

b) Indicators used by the organization to assess and manage dependencies and impacts

In order to monitor changes in Mercialys' impact and dependencies on biodiversity, as well as the appropriateness and effectiveness of the measures implemented, the Company uses indicators developed by taking into account the Global Reporting Initiative (GRI) Indicator Table, the list of fundamental and additional indicators of the TNFD and the recommendations of the IUCN.

Mercialys has defined a relevant key performance indicator for its activity by biodiversity erosion factor:

- changes in the use of land, oceans and freshwater: square meterage artificialized;
- use of resources: energy consumption per sq.m, water consumption per visitor;
- climate change: scopes 1, 2 and 3 carbon footprint;
- pollution: quantity of pesticides used; waste recovery rate;
- invasive species: percentage of centers that have been the subject of operations to combat invasive species.

In addition, the Company monitors measurement and impact indicators.

c) Targets used by the Company to manage nature-related dependencies, impacts, risks and opportunities and performance against these targets

Mercialys has committed to several nature-related issues by 2030 in its 4 Fair Impacts for 2030 CSR strategy:

- reducing scope 1 and 2 emissions by 47% per sq.m. between 2017 and 2030, using the market-based method;
- reducing emissions linked to tenants' energy consumption by 46% per sq.m. between 2017 and 2030;
- reducing emissions from employee travel by 26% between 2017 and 2030;
- reducing emissions related to the treatment of waste produced by its centers by 26% per metric ton of waste produced between 2017 and 2030;
- contributing to carbon neutrality;
- zero pesticides used;
- 100% of waste recovered;
- 100% of strategic centers sorting 5 waste streams;
- use of recycled materials in construction products;
- promotion of the reuse of construction materials;
- prioritize densification and reconversion over artificialization.

Annual performance against these objectives is published in chapter 2 of the Mercialys Universal Registration Document.

See Chapter 2, § 2.1.2, p. 82; Chapter 2, § 2.2, p. 86 *et seq.*

3.4 EPRA governance indicators

To comply with the EPRA sBPR, the table below shows where to find governance information in this Universal Registration Document.

Information	EPRA code	Universal Registration Document consistency
Composition of the Board of Directors	Gov-Board	Chapter 4, § 4.1.1.2, p. 229 to 248
Procedure for selecting and appointing Board members	Gov-Select	Chapter 4, § 4.1.1, p. 228 and 232 to 233
Procedure for managing conflicts of interests	Gov-Col	Chapter 4, § 4.1.8, p. 265

4. Summary of indicators

4.1 Additional indicators

CSR STRATEGY PRIORITY ISSUES	INDICATOR	SCOPE	EPRA CODE	UNIT	2019	2020	2021	2022	2023
For our environment	Energy consumption	○		MWh	54,356	47,015	45,675	45,455	**36,566**
		□		MWh	50,389	44,351	41,677	41,866	**32,604**
	Electricity consumption	○	Elec-Abs	MWh	41,645	36,724	33,802	34,631	**27,998**
		□	Elec-LFL	MWh	39,520	35,352	31,623	32,337	**25,702**
	Gas consumption	○	Fuels-Abs	MWh	10,806	8,666	10,092	9,180	**6,994**
		□	Fuels-LfL	MWh	8,964	7,374	8,494	8,070	**5,759**
	Urban heat consumption	○	DH&C-Abs	MWh	1,905	1,625	1,781	1,644	**1,574**
		□	DH&C-LFL	MWh	1,905	1,625	1,561	1,460	**1,144**
	Energy intensity per unit area	○	Energy-Int	kWh/sq.m.	168.8	156.8	147.1	148.8	**118.3**
		□	Energy-Int	kWh/sq.m.	166.7	157.0	148.5	150.8	**116.8**
	Usage energy intensity	○	Energy-Int	kWh/visitor	0.4	0.4	0.4	0.4	**0.3**
		□	Energy-Int	kWh/visitor	0.4	0.4	0.4	0.4	**0.3**
	Share of energy consumption from renewable sources	○		%	33.5	16.4	55.3	86.5	**50.0**
	Percentage of portfolio with a photovoltaic power plant, by value	○		%	48.6	48.9	48.5	50.3	**50.8**
	Scope 1 greenhouse gas emissions, location-based	○	GHG-Dir-Abs	$tCO_2eq.$	1,965	1,615	1,893	1,921	**1,367**
		□		$tCO_2eq.$	1,527	1,280	1,365	1,558	**1,059**
	Scope 2 greenhouse gas emissions, location-based	○	GHG-Indir-Abs	$tCO_2eq.$	4,850	4,348	4,062	3,931	**3,773**
		□		$tCO_2eq.$	4,475	3,982	3,613	3,525	**3,364**
	Scope 2 greenhouse gas emissions, market-based	○	GHG-Indir-Abs	$tCO_2eq.$	4,479	4,375	3,413	191	**3,923**
	Scopes 1 & 2 greenhouse gas emissions, location-based	○		$tCO_2eq.$	6,815	5,964	5,955	5,852	**5,140**
		□		$tCO_2eq.$	6,002	5,262	4,978	5,082	**4,423**
	Scopes 1 & 2 greenhouse gas emissions, market-based	○		$tCO_2eq.$	6,444	5,990	5,037	1,386	**4,698**
	Scopes 1 & 2 areal carbon intensity, location-based	○	GHG-Int	$kgCO_2eq.$/sq.m.	22.2	19.9	19.2	19.2	**16.6**
		□	GHG-Int	$kgCO_2eq.$/sq.m.	22.8	21.4	20.3	21.0	**18.1**
	Scopes 1 & 2 areal carbon intensity, market-based	○	GHG-Int	$kgCO_2eq.$/sq.m.	21.0	20.0	16.2	4.5	**15.2**
	Scopes 1 & 2 carbon intensity of use, location-based	○	GHG-Int	$gCO_2eq.$/visitor	48.3	48.4	54.2	46.8	**42.7**
		□	GHG-Int	$gCO_2eq.$/visitor	57.8	61.0	65.2	58.1	**55.1**
	Scope 3 greenhouse gas emissions related to purchases	○		$tCO_2eq.$		5,106	4,949	5,680	**6,402**
	Scope 3 greenhouse gas emissions related to work	○		$tCO_2eq.$				1,120	**1,585**
	Scope 3 greenhouse gas emissions relating to the management of operations waste	○		$tCO_2eq.$		1,256	1,224	1,365	**1,249**
	Scope 3 greenhouse gas emissions related to employee travel	○		$tCO_2eq.$	190.0	188.7	206.9	248.4	**157.7**

○ *Current* □ *Like-for-Like*

CSR STRATEGY PRIORITY ISSUES	INDICATOR	SCOPE	EPRA CODE	UNIT	2019	2020	2021	2022	2023
For our environment	**Scope 3 greenhouse gas emissions related to tenants' energy consumption**	○		$tCO_2eq.$		45,545	36,389	36,561	**35,724**
	Scope 3 greenhouse gas emissions	○		$tCO_2eq.$		53,652	44,893	44,974	**45,119**
	Scope 3 greenhouse gas emissions related to tenants' energy consumption	○		$kgCO_2eq./$ sq.m.	65.0	62.7	51.0	54.0	**52.8**
	Scope 3 greenhouse gas emissions relating to the management of operations waste	○		$tCO_2eq./$ metric ton	0.2	0.2	0.2	0.2	**0.2**
	Greenhouse gas emissions from electricity upstream production	○	GHG-Indir-Abs	$tCO_2eq.$		1,042	1,041	1,045	**874**
	Total quantity of waste	△	Waste-Abs	metric tons	6,909	5,945	5,188	6,302	**5,759**
		□	Waste-LfL	metric tons	5,080	4,339	3,754	4,298	**4,135**
	Quantity of non-hazardous industrial waste	△	Waste-Abs	metric tons	4,964	4,198	3,532	4,277	**3,749**
		□	Waste-LfL	metric tons	3,574	3,037	2,565	2,898	**2,717**
	Quantity of cardboard	△	Waste-Abs	metric tons	1,755	1,536	1,429	1,730	**1,634**
		□	Waste-LfL	metric tons	1,405	1,192	1,080	1,255	**1,150**
	Quantity of plastic	△	Waste-Abs	metric tons	25.6	24.7	13.9	19.2	**13.0**
		□	Waste-LfL	metric tons	17.5	21.2	11.3	15.9	**9.2**
	Quantity of bio-waste	△	Waste-Abs	metric tons	80.0	84.4	65.4	130.9	**133.8**
		□	Waste-LfL	metric tons	53.6	63.7	45.3	70.6	**97.2**
	Quantity of paper	△	Waste-Abs	metric tons	0.0	0.0	1.1	1.1	**30.3**
		□	Waste-LfL	metric tons	0.0	0.0	1.1	1.1	**30.3**
	Quantity of wood	△	Waste-Abs	metric tons	14.2	22.0	22.9	48.3	**54.4**
		□	Waste-LfL	metric tons	3.6	10.0	12.9	29.6	**36.7**
	Quantity of glass	△	Waste-Abs	metric tons	13.2	14.8	9.1	14.3	**32.2**
		□	Waste-LfL	metric tons	2.5	3.2	6.4	14.3	**32.2**
	Quantity of metal	△	Waste-Abs	metric tons	0.0	0.8	3.2	7.3	**13.5**
		□	Waste-LfL	metric tons	0.0	0.3	2.1	5.3	**11.4**
	Quantity of other waste	△	Waste-Abs	metric tons	57.6	63.8	111.0	74.5	**98.7**
		□	Waste-LfL	metric tons	23.7	12.4	29.5	8.1	**50.7**
	Waste sorting rate	△		%	28.2	29.4	31.9	32.1	**34.9**
	Waste recovery rate	△		%	64.0	53.7	56.1	64.7	**66.2**
	Percentage of recycled waste	△		%	14.2	11.9	8.4	9.4	**10.4**
	Percentage of composted waste	△		%	0.3	0.4	0.4	0.5	**0.7**
	Percentage of waste incinerated with energy recovery	△		%	9.0	7.0	6.4	5.2	**7.5**
	Percentage of waste recovered in other ways	△		%	40.8	34.7	41.3	50.1	**48.3**
	Total water consumption	△	Water-Abs	m^3	111,281	108,488	82,091	108,404	**110,468**
		□	Water-LfL	m^3	104,431	103,225	77,882	100,033	**102,218**
	Areal water intensity	△	Water-Int	m^3/sq.m.	0.9	0.9	0.7	0.8	**0.8**
		□	Water-Int	m^3/sq.m.	1.0	0.9	0.7	0.9	**0.9**
	Water consumption per visitor	△	Water-Int	L/visitor	1.2	1.3	1.1	1.2	**1.3**
	Quantity of pesticide used during theyear	△		liters	0.0	40.0	7.0	5.0	**5.0**

○ *Current* □ *Like-for-Like* △ *RSE*

CSR STRATEGY PRIORITY ISSUES	INDICATOR	SCOPE	EPRA CODE	UNIT	2019	2020	2021	2022	2023
For our stores	Percentage of BREEAM In-Use certified strategic centers, by value	☆	Cert-Tot	%	71.8	82.7	100.0	100.0	**100.0**
	Percentage of BREEAM In-Use certified strategic centers, by surface area	☆	Cert-Tot	%	64.4	83.0	100.0	100.0	**100.0**
	Number of BREEAM In-Use certified strategic centers	☆	Cert-Tot		15	17	23	23	**23**
	Average score of BREEAM In-Use certified strategic centers in part 2	☆	Cert-Tot	%	67.5	80.1	79.5	76.4	**72.4**
	Percentage of the portfolio that is BREEAM In-Use certified, by value		Cert-Tot	Cert-Tot	65.3	76.7	91.2	89.4	**95.1**
	Percentage of BREEAM New Construction certified centers, by value	☆	Cert-Tot	%	8.5	8.3	7.9	8.1	**8.1**
	Number of BREEAM New Construction certified centers	☆	Cert-Tot		1	1	1	1	**1**
	Percentage of assets covered by a tenant satisfaction survey			%	89.1	94.5	44.1	96.8	**97.7**
	Percentage of leases signed during the year comprising an environmental clause			%	94.2	95.2	97.8	93.7	**100.0**
	Percentage of leases with environmental clause in the portfolio			%		39.0	46.1	46.5	**49.5**
	Percentage of shopping centers placing CSR on the agenda of a meeting with tenants			%	93.8	79.7	91.5	72.5	**53.5**
	Private energy consumption			MWh	83,210	96,227	104,299	95,414	**99,651**
	Water consumption of tenants			m^3		162,900	126,826	188,537	**148,037**
	Share of tenants whose energy consumptions were collected			%	35.4	52.9	66.1	65.0	**63.5**
	Share of assets covered by a security audit in the year		H&S-Asset	%	88.0	86.8	97.2	97	**96.7**
	Average score on the security audit		H&S-Asset	/100	87	92	93	94	**92**
	Number of convictions related to a health or safety incident		H&S-Comp					0	**0**
For our communities	Percentage of shopping centers that hosted an employment event during the year	☆	Comty-Eng	%	35.3	38.0	25.9	61.6	**70.5**
	Number of jobs hosted by Mercialys activity				17,222	17,423	16,436	16,606	**16,509**
	Percentage of centers with a multi-functional space	☆		%	44.8	48.9	56.7	57.7	**59.5**
	Share of assets purchases covered by CSR clauses			%	78.9	75.3	81.9	83.6	**87.9**
	Share of corporate purchases covered by CSR clauses			%	21.4	25.7	26.7	31.2	**32.6**
	Percentage of purchases by "local" shopping centers			%			59.1	79.8	**87.1**
	Percentage of "local" corporate purchasing			%					**99.5**
	Average number of transport lines accessible to one visitor to a shopping center				3	4	4	4	**4**
	Percentage of shopping centers located less than 500 meters from a public transport stop			%	100.0	100.0	100.0	100.0	**100.0**
	Share of assets equipped with charging stations for electric vehicles			%	49.3	49.3	64.2	68.0	**75.9**
	Percentage of centers having carried out a CSR action during the year		Comty-Eng	%	84.1	94.3	96.9	96.3	**97.7**
	Socio-economic contribution		Comty-Eng	€K		860.1	593.8	345.2	**218.3**

☆ *Strategic*

CSR STRATEGY PRIORITY ISSUES	INDICATOR	EPRA CODE	UNIT	2019	2020	2021	2022	2023
For our talents	Total staff			111	129	137	168	**168**
	Staff with permanent employment contracts (CDI)			93	109	122	144	**145**
	Staff with fixed-term employment contracts (CDD)			18	20	15	24	**23**
	Number of work-study students accepted during the year			4	9	3	15	**37**
	Number of interns hosted during the year			5	4	2	3	**1**
	Temporary staff			9	9	1	4	**1**
	Full-time staff			105	123	132	160	**161**
	Part-time staff			6	6	5	8	**7**
	Total number of hires	Emp-Turnover		30	44	33	63	**51**
	Number of new hires with fixed-term employment contracts (CDD)	Emp-Turnover		14	16	10	21	**22**
	Number of new hires with permanent employment contracts (CDI)	Emp-Turnover		16	28	23	42	**29**
	Number of redundancies	Emp-Turnover		0	0	0	0	**0**
	Number of dismissals for other reasons	Emp-Turnover		5	4	2	0	**2**
	Total number of departures	Emp-Turnover		21	14	18	22	**27**
	Permanent staff turnover	Emp-Turnover	%	22.1	13.9	15.8	16.4	**18.6**
	Average annual increase for employees		%	1.0	1.0	0.5	4.0	**4.0**
	Number of bonus shares distributed			72,890	188,433	155,986	193,937	**198,740**
	Total number of training hours	Emp-Training	hours	1,402	741	1,525	854	**1,418**
	Average number of training hours per employee trained	Emp-Training	hours/ employee	12.9	5.8	11.2	5.6	**8.4**
	Number of permanent employees trained	Emp-Training		96	114	129	133	**148**
	Share of employees trained	Emp-Training	%	99.0	100.0	100.0	100.0	**100.0**
	Budget allocated to training	Emp-Training	Euro	127,767	122,456	150,000	200,000	**140,000**
	Number of workers with disabilities	Diversity-Emp		1	1	0	1	**2**
	Total number of women	Diversity-Emp		61	74	80	102	**95**
	Total number of men	Diversity-Emp		50	55	57	66	**73**
	Total number of female managers	Diversity-Emp		33	41	48	59	**58**
	Total number of female employees	Diversity-Emp		12	12	0	18	**14**
	Total number of female supervisors	Diversity-Emp		16	21	32	25	**23**
	Total number of male managers	Diversity-Emp		45	50	55	63	**67**
	Total number of male employees	Diversity-Emp		4	2	0	2	**4**
	Total number of male supervisors	Diversity-Emp		1	3	2	1	**2**
	Number of women on the Management Committee	Diversity-Emp		7	8	7	8	**8**
	Number of men on the Management Committee	Diversity-Emp		7	8	7	7	**6**
	Number of women on the Board of Directors	Diversity-Emp		6	5	5	5	**5**
	Number of men on the Board of Directors	Diversity-Emp		5	5	5	4	**4**

CSR STRATEGY PRIORITY ISSUES	INDICATOR	EPRA CODE	UNIT	2019	2020	2021	2022	2023
For our talents	Number of women on permanent employment contracts promoted during the year	Diversity-Emp		1	2	1	1	**4**
	Number of women recruited during the year	Diversity-Emp		22	27	18	41	**28**
	Number of women trained during the year	Diversity-Emp		66	82	81	86	**95**
	Average age		years	37.3	37.6	38.0	38.7	**38**
	Number of employees under 30	Diversity-Emp		37	42	41	51	**50**
	Number of employees between 30 and 50	Diversity-Emp		54	67	68	82	**82**
	Number of employees over 50	Diversity-Emp		20	20	28	35	**36**
	Gender equality index	Diversity-Pay	/100	92	96	92	87	**93**
	Number of referrals to the Ethics Officer as part of the whistleblowing procedure			0	0	1	0	**0**
	Percentage of employees trained in ethics during the year		%	82.9	96.9	97.1	94.6	**96.4**
	Percentage of employees trained in CSR during the year		%		74.0	74.0	1.3	**1.2**
	Percentage of employees with an individual CSR objective		%	100.0	100.0	100.0	100.0	**100.0**
	Lobbying expenses		€K		55.0	27.3	132.0	**101.2**
	Absenteeism rate	H&S-Emp	%	4.4	3.5	1.2	2.4	**1.5**
	Number of fatal accidents	H&S-Emp		0	0	0	0	**0**
	Number of road accidents	H&S-Emp		0	0	0	0	**0**
	Number of workplace accidents	H&S-Emp		0	0	1	0	**0**
	Number of occupational diseases	H&S-Emp		0	0	0	0	**0**
	Frequency rate of workplace accidents	H&S-Emp		0.0	0.0	5.3	0.0	**0.0**
	Severity rate of workplace accidents	H&S-Emp		0.0	0.0	0.2	0.0	**0.0**
	Number of employees teleworking			41	38	33	112	**146**
	Number of people eligible for teleworking			55	74	73	112	**146**
	Number of days donated to caregivers		days	0	7	0	4	**0**
	Percentage of employees covered by a collective agreement		%	100.0	100.0	100.0	100.0	**100.0**
	Number of meetings held with staff representatives			27	33	30	31	**10**
	Percentage of employees who had an annual appraisal interview	Emp-Dev	%		100.0	100.0	100.0	**100.0**

4.2 Head office indicators

INDICATOR	SCOPE	EPRA CODE	UNIT	2019	2020	2021	2022	2023	CHANGE 2022/2023
Total electricity consumption	○	Elec-Abs	MWh	147.0	16.6	35.4	43.1	**27.4**	
	□	Elec-LFL	MWh	147.0	16.6	35.4	43.1	**27.4**	- 36%
Total energy consumption from district heating or cooling networks	○	DH&C-Abs	MWh	184.0	67.3	160.7	144.7	**101.0**	
	□	DH&C-LFL	MWh	184.0	67.3	160.7	144.7	**101.0**	- 30.0%
Total fuel consumption	○	Fuels-Abs	MWh	3.2	0.0	0.0	0.0	**0.0**	
	□	Fuels-LfL	MWh	3.2	0.0	0.0	0.0	**0.0**	
Energy intensity of the building		Energy-Int	kWh/sq.m.	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**	
Total direct GHG emissions		GHG-Indir-Abs	$tCO_2eq.$	0.58	0.00	0.00	0.00	**0.00**	
Total indirect GHG emissions		GHG-Indir-Abs	$tCO_2eq.$	37.5	11.8	13.8	11.6	**13.0**	+ 12.4%
Carbon intensity of the building		GHG-Int	$tCO_2eq.$/ sq.m.	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**	
Total water consumption	○	Water-Abs	m^3	611.0	517.0	400.9	559.4	**819.3**	
	□	Water-LfL	m^3	611.0	517.0	400.9	559.4	**819.3**	+ 46.5%
Building's water intensity		Water-Int	m^3/visitor	Not applicable	Not applicable	Not applicable	Not applicable	**Not applicable**	
Total waste production by type of treatment	○	Waste-Abs	metric tons	2.9	0.6	0.3	0.4	**3.9**	
			% recycled	57%	100%	100%	100%	**9%**	
			% buried	43%	0%	0%	0%	**91%**	
	□	Waste-LfL	metric tons	2.9	0.6	0.3	0.4	**3.9**	+ 839.5%
			% recycled	57%	100%	100%	100%	**9%**	
			% buried	43%	0%	0%	0%	**91%**	

○ *Current* □ *Like-for-Like*

5. Methodological note

5.1 Scopes

A. Current scope

The current scope comprises the assets within the CSR scope, excluding acquisitions during the year, in accordance with the
CSR reporting guidelines of the FACT (formerly the CNCC).

B. CSR scope

The CSR scope includes assets in the portfolio as at December 31 of year N, excluding isolated units and dismembered assets, *i.e.* assets that represent less than 1% of the Mercialys portfolio in terms of surface area. The CSR scope therefore consists solely of shopping centers and represents 94% of the current scope. Unless otherwise stated, the information published relates to the CSR scope.

C. Strategic centers

Strategic centers are assets identified by Mercialys as generating added value in the medium term given their size, legal structure and project potential. In 2023, they represented 88% of the current scope.

D. Like-for-Like scope

The like-for-like scope comprises the assets within the current scope, excluding assets that underwent construction representing the creation of Gross Leasable Area (GLA) of more than 20%, in accordance with the CSR reporting guidelines of the FACT (formerly the CNCC). The like-for-like scope is calculated in relation to the year 2017.

5.2 Reporting period

The environmental and footfall indicators are reported over a rolling 12-month period, from October 1 of year N-1 to September 30 of year N. The data entered as "N" therefore correspond to the indicators calculated from October 1 of year N-1 to September 30 of year N inclusive.

Social and societal indicators are reported on a calendar-year basis, from January 1 to December 31 of year N.

Each time a CSR indicator is used as a compensation criterion on an annual calendar basis, it is calculated in accordance with the rules detailed above.

5.3 Coverage rate

For each indicator, the coverage rate is given in terms of fair value, including transfer taxes. The fair value of each asset is based on appraisals conducted for Mercialys.

5.4 Business indicators

A. Surface area of common areas

Common areas are considered to be the center, areas open to the public and heated, ventilated or chilled/cooled areas and offices.

B. Gross Leasable Area (GLA)

The gross leasable areas (used for the calculation of coverage rates in surface area) are those presented in Chapter 1, § 1.3.2.3, p. 73 *et seq.*

C. Footfall

Footfall data comes from the counter systems set up at the shopping centers and are collected daily.

The shopping centers for which counters were installed (full installation or modification of existing equipment) during the reporting period are not included in the usage indicators scope. They are factored in after a full year of operation.

5.5 Environmental indicators

A. Energy consumption

This refers to energy consumption in kWh (final energy) paid for by the property manager and distributed to the common areas as well as the private areas that may be served by shared systems for heating, ventilation and/or air conditioning (connected private areas). The energy produced and consumed on site is also recorded.

B. Greenhouse gas emissions

Greenhouse gas emissions are calculated in accordance with the GHG Protocol.

Greenhouse gas emissions (scope 1)

Emissions related to energy consumption burned on-site for the common areas and connected private areas (particularly gas) and to refrigerant leaks.

Greenhouse gas emissions generated by refrigerant leaks from air conditioning systems are calculated as follows:

Greenhouse gas emissions generated by the refrigerant (kgCO2eq.) = quantity of refrigerant leak (kg) × refrigerant's Global Warming Potential (GWP) [1](kgCO_2eq./kg).

Greenhouse gas emissions (scope 2)

Emissions related to electricity consumption and urban heat used for the common areas and connected private areas.

Location-based emission factors and Global Warming Potential GWP

The location-based emission factors and GWP used are derived from the most recent version of ADEME's Carbon Base.

Market-based emission factors

The market-based emission factors are derived directly from the different energy suppliers. If the emission factor is not available for year N at the time of the Universal Registration Document's publication, the emission factor for N-1 is used.

In addition, for properties for which information is not provided by the energy supplier, the residual factor calculated by the AIB (Association of Issuing Bodies) is used. For Corsican and Reunionese assets, the location-based emission factor of the Carbon Base is used.

Employee travel (scope 3)

Greenhouse gas emissions related to Mercialys employee travel are reported over a period from January 1 to December 31 of year N.

(1) *Global Warming Potential (GWP): an indicator that measures the cumulative effect of all the substances that aggravate the greenhouse effect.*

C. Waste

This is waste produced by retailers and left by visitors in the center's bins.

The sites for which waste management is shared between the hypermarket and the shopping center are not taken into account as part of the waste scope.

Quantity

Waste quantities are given by the service provider that collects and handles the treatment of waste on a web platform. For removal in volume, the collected tonnage is estimated based on the number of containers removed and an average volume weight.

For removal by the town, an estimation methodology based on average tonnage by square meter has been devised.

Quantities of unclassified waste (waste that is sorted but rejected for recovery because it is insufficiently sorted) is incorporated into the tonnage of non-hazardous industrial waste.

Outfalls

Information on outfalls is reported by the waste service providers based on European nomenclature codes. A site is excluded from the scope of this indicator if the end-of-life treatment of more than 30% of the waste produced (in metric tons) is unknown.

D. Water consumption

This applies to drinking water consumption in communal areas only. This indicator includes consumption related to:

- the shopping center's sanitation facilities (customer sanitation facilities and those of the shopping center's management);
- cleaning the center (mall, compactors, etc.);
- the watering of green spaces;
- air conditioning systems (cooling towers).

This indicator does not include:

- purely private consumption (shop consumption);
- water consumption related to fire safety (sprinkler tank, etc.).

E. Head office environmental indicators

The environmental indicators related to offices occupied by Mercialys are limited to the surface area occupied in the building (percentage shares).

5.6 Social indicators

A. Training

All types of training, whether face-to-face or e-learning courses, are taken into account for the training indicators. There is no minimum duration used to calculate training hours.

The proportion of employees trained is calculated on the basis of the number of permanent and fixed-term contracts trained in year N divided by the average number of permanent and fixed-term employees in year N, taking into account new arrivals, departures and long absences that may occur during the year.

B. Turnover

Turnover is calculated for staff with permanent employment contracts by dividing the total number of departures of staff with permanent employment contracts by the average staff with permanent employment contracts.

C. Absenteeism

The absenteeism rate is calculated based on theoretical working days. It takes into account all days of absence that are not days for parental leave, training hours or days of leave.

D. Gender equality index

The gender equality index, established by the French Ministry of Labor, Employment and Economic Inclusion, is made up of five indicators:

- the gender pay gap;
- differences in the distribution of individual pay rises;
- number of employees receiving a pay rise on their return from maternity leave;
- parity among the 10 highest paid employees.

5.7 Societal indicators

A. Environmental certifications

A shopping center is considered certified for the period if the certificate is issued before December 31 of year N.

B. Green leases

The coverage rate of environmental lease clauses is calculated as a percentage of leases signed during the current year that are eligible for an environmental clause. Exceptional leases of less than one year and amendments to the lease are excluded.

C. Tenant satisfaction

Tenant satisfaction is measured using paper or online questionnaires. To be included in the coverage rate, a shopping center must have used the survey in the last 24 months.

D. Jobs at the portfolio's shopping centers

These jobs include:

- store positions in shopping centers. These jobs were identified specifically from a sample group of Mercialys portfolio of centers. Based on the corresponding areas, employment ratios per square meter, specific to each business sector, were calculated. These ratios make it possible to extrapolate the jobs hosted by the stores of all Mercialys centers;
- indirect jobs with service providers operating at Mercialys' centers. The following activities were taken into account: maintenance, cleaning, insurance and security.

E. Local and responsible purchasing

The percentage of shopping centers with a CSR clause is calculated based on the operating expenses of the centers.

A purchase is considered "local" if it is made:

- in the region or within a radius of 200 km for shopping center purchases;
- in Europe for corporate purchases.

Purchases that do not involve travel by the service provider to the site are excluded from the calculation. These include, for example, Wi-Fi and telephone contracts.

Only purchases representing a cumulative minimum of Euro 10,000 over the reporting period are taken into account in the calculation of these indicators. Indeed, smaller expenses are often not subject to a contract.

F. Socio-economic contribution

The amount allocated to the support of non-profit organizations corresponds to the sum of donations made by the centers and Mercialys, whether financial or in the form of vouchers, the monetary value of the time spent by the teams, and the amount of the rents granted on an *ex gratia* basis.

6. Opinion of the independent third party

Report by the independent third party on the consolidated statement of non-financial performance

Fiscal year ended on December 31, 2023

To the General Management,

Following the entity's request and in our capacity as independent verifier, member of the network of one of the statutory auditors of your company (hereinafter "entity"), we present to you our report on the consolidated non-financial statement for the year ended on the 31 December 2023 (hereinafter the "Statement"), with the provisions of Article R. 225-105 of the French Commercial Code (Code de commerce) and on the accuracy of the historical information (observed or extrapolated) provided in accordance with 3° of I and II of Article R. 225-105 of the Commercial Code (hereinafter the "Information") prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), presented in the management report in accordance with the provisions of Articles L. 225-102-1, R. 225-105, and R. 225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures performed, as described in "Nature and scope of the work", and on the elements we have collected, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.
Therefore, the Information should be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

The information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The Entity's responsibility

It is the responsibility of management to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied in relation to these risks, as well as the results of these policies, including key performance indicators and, moreover, the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- prepare the Statement by applying the Entity's Guidelines as mentioned above;
- implement the internal control that it deems necessary to establish Information that does not contain significant anomalies, whether resulting from fraud or errors.

The Statement has been prepared by the Board of Directors.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- the fairness of historical information (recorded or extrapolated) provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, *i.e.,* the outcomes, including key performance indicators, and the measures implemented considering the principal risks.

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

However, it is not our responsibility to comment on:

- the Entity's compliance with other applicable legal and regulatory requirements, in particular the information set out in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), the French duty of care law and anti-corruption and tax avoidance legislation;
- the accuracy of the information required by Article 8 of Regulation (EU) 2020/852 ("Taxonomy Regulation");
- the compliance of products and services with the applicable regulations.

Professional standards applied

Our work described below has been carried out in accordance with the provisions of Articles A. 225-1 and following of the French Commercial Code, our verification program consisting of our own procedures (Verification Program for the non-financial performance statement, dated July 7, 2023), and the professional standards of the National Association of Statutory Auditors concerning this engagement, notably the technical opinion of the National Association of Statutory Auditors, Auditor's Intervention - OTI Intervention - Non-financial performance statement, and International Standard on Assurance Engagements ISAE 3000 (revised) (1).

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

(1) ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information

Means and resources

Our verification work mobilized the skills of four people and took place between October 2023 and March 2024 on a total duration of intervention of about ten weeks.
We enlisted the assistance of our specialists in sustainable development and corporate social responsibility to support us in carrying out our work. We conducted three interviews with the persons responsible for the preparation of the Statement, including in particular the CSR and Human Resources departments and rental management.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information.

In our opinion, the procedures we have performed in the exercise of our professional judgment enable us to provide a limited level of assurance:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1 III of the French Commercial Code; as well as the information provided for in paragraph 2 of Article L. 22-10-36 on respect for human rights and the fight against corruption and tax evasion and includes, where applicable, an explanation of the reasons for the absence of the information required under paragraph 2 of Article L. 225-102-1-III of the French Commercial Code;
- we verified that the Statement presents the information provided for in Article R. 225-105-II of the French Commercial Code when it is relevant with regard to the main risks;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented;
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1. Concerning certain risks (professional equality, employee commitment and satisfaction, ethics and work/life balance), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: La Galerie - Géant Quimper and La Galerie - Géant Lanester;
- we verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code;
- we obtained an understanding of internal control and risk management procedures the Entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in said data,
  - tests of details, using sampling techniques or other methods, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities listed above and covers between 5% and 10% of the consolidated data selected for these tests (6% of energy consumption, 8% of common areas and 10% of market value);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures implemented as part of a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with professional guidance; a higher level of assurance would have required us to carry out more extensive verification work.

Paris-La Défense, March 12, 2024

Independent third party

EY & Associés

Thomas Gault

Partner, Sustainable Development

Appendix 1: the most important information

Social information

Quantitative Information *(including key performance indicators)*	Qualitative Information *(actions or results)*
Turnover of employees on permanent contracts Distribution of the workforce by age and gender Share of women on the Management Committee Share of women on the Board of Directors Professional equality index (between women and men) Wage equity ratios Share of employees trained Average number of hours of training per employee Frequency rate and severity rate of occupational accidents Absenteeism rate	Measures to promote diversity and professional equality Employee involvement approach in ethics Development of employee engagement and satisfaction Measures to ensure the quality of life at work and the health and safety of employees

Environmental information

Quantitative Information *(including key performance indicators)*	Qualitative Information *(actions or results)*
Total quantity of waste and type of waste Waste sorting rate Waste valorization rate and breakdown by types of waste valorization (recycled, reused, composted, incinerated with energy recovering, other type of valorization) Water consumption of common parts Water consumption of tenants Share of tenants whose energy consumptions were collected Energy intensity per unit area Share of energy consumption from renewable sources Greenhouse gas emissions scope 1 and scope 2 (location-based and market-based) Carbon intensity per unit area scope 1 and scope 2 (location-based and market-based) Greenhouse gas emissions scope 3 (related to the management of waste from operations, related to tenants' energy consumption, related to employees' travel, related to purchasing and related to construction work) Share of BREEAM In-Use certified strategic centers Average score for Part 2 BREEAM In-Use certifications Share of BREEAM New Construction certified strategic centers Quantity of phytosanitary product used in the year	Monitoring of the carbon trajectory Measures to improve energy efficiency and implementation of the application measures of the Tertiary Decree Measures for waste management and recovery Measures to promote biodiversity

Societal information

Quantitative Information *(including key performance indicators)*	Qualitative Information *(actions or results)*
Share of assets equipped with charging stations for electric vehicles Share of assets located within 500 meters of a public transport stop Share of assets covered by a tenant satisfaction survey Share of assets covered by a security audit in the year Average score on the security audit Number of jobs hosted by Mercialys activity Share of assets that hosted an association during the year Percentage of centers having carried out a CSR action during the year Socio-economic contribution of the assets Share of strategic centers that have carried out an employment action Share of leases signed within the year covered by an environmental annex Share of corporate purchases covered by CSR clauses Share of assets purchases covered by CSR clauses Share of local assets purchases Number of cases referred to the Ethics Officer as part of the alert procedure	Development of a responsible retail offering Measures implemented to promote alternative means of transport to personal gas-powered cars Implementation of local employment initiatives Actions to promote solidarity within the assets Actions to promote environmental awareness towards tenants and visitors Actions to promote local and responsible purchasing Measures to ensure safety, health quality and well-being within the assets

83.9%
EBITDA margin

2.3%
average cost of drawn debt

€118 M
in cash

3

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3.1 Consolidated financial statements

3.1.1 Financial statements

3.1.1.1 Consolidated income statement

(in thousands of euros)	Notes	12/31/2023	12/31/2022
Rental revenues		**178,010**	**173,277**
Service charges and property taxes		(51,079)	(45,159)
Charges and tax billed to tenants		45,201	37,883
Net property operating charges		(1,208)	(69)
Net rental income	**6.1**	**170,924**	**165,932**
Management, administrative and other activities income	6.2	3,078	2,846
Other income	6.3	-	424
Other expenses	6.4	(4,433)	(6,283)
Personnel expenses	6.5	(20,169)	(18,690)
Depreciation and amortization	6.6	(38,540)	(37,729)
Reversals of/(Allowances for) provisions		(4,774)	(2,527)
Other operating income	6.7	10,647	88,740
Other operating expenses	6.7	(30,915)	(86,486)
Operating income		**85,818**	**106,227**
Income from cash and cash equivalents		3,185	246
Gross finance costs		(38,194)	(53,480)
(Expenses)/Income from net financial debt	**14.1.1**	**(35,009)**	**(53,234)**
Other financial income	14.1.2	774	1,089
Other financial expenses	14.1.2	(6,085)	(3,939)
Net financial expense		**(40,321)**	**(56,083)**
Tax expense	7.1	(495)	(709)
Share of net income from equity associates and joint ventures	3.5	1,727	2,380
CONSOLIDATED NET INCOME		**46,730**	**51,814**
Attributable to non-controlling interests (1)		(6,643)	8,720
Attributable to owners of the parent		53,373	43,094
Earnings per share (2)	**20.3**		
Net income attributable to owners of the parent *(in euros)*		0.57	0.46
Diluted net income attributable to owners of the parent *(in euros)*		0.57	0.46

(1) The loss attributable to non-controlling interests is mainly related to the recognition of provisions for impairment of investment property attributable to non-controlling interests recorded in 2023.

(2) Based on the weighted average number of shares over the period adjusted for treasury shares.
Undiluted weighted average number of shares in 2023 = 93,305,357 shares.
Fully diluted weighted average number of shares in 2023 = 93,305,357 shares.

3.1.1.2 Statement of consolidated comprehensive income

(in thousands of euros)	Notes	12/31/2023	12/31/2022
Consolidated net income		46,730	51,814
Items that may be recycled as income		**(11,700)**	**24,872**
Cash flow hedges	18	(12,103)	25,715
Tax effects	7.2	403	(843)
Items that may not be recycled as income		**(35)**	**(184)**
Change in fair value of financial assets measured at fair value through the other items of comprehensive income	18	(58)	(136)
Actuarial gains or losses	22.1	30	(64)
Tax effects	7.2	(8)	17
Other comprehensive income for the period, net of tax		**(11,735)**	**24,688**
CONSOLIDATED COMPREHENSIVE INCOME		**34,995**	**76,502**
Attributable to non-controlling interests		(6,643)	8,720
Attributable to owners of the parent		41,638	67,782

3.1.1.3 Consolidated statement of financial position

Assets

(in thousands of euros)	Notes	12/31/2023	12/31/2022
Intangible assets	8.1	3,144	3,381
Property, plant and equipment	8.1	5,825	4,743
Investment properties	8.1	1,864,950	1,907,148
Right-of-use assets	9	10,615	10,184
Investments in associates	3.5	39,557	35,203
Other non-current assets	10	37,577	50,219
Deferred tax assets	7.2	1,614	1,601
Non-current assets		**1,963,282**	**2,012,478**
Trade receivables	12	35,936	28,557
Other current assets	13	31,902	31,854
Cash and cash equivalents	14	118,155	216,085
Investment properties held for sale	8.2	1,400	-
Current assets		**187,393**	**276,496**
TOTAL ASSETS		**2,150,676**	**2,288,974**

Equity and liabilities

(in thousands of euros)	Notes	12/31/2023	12/31/2022
Share capital	20	93,887	93,887
Additional paid-in capital, treasury shares and other reserves		583,337	631,246
Equity, attributable to owners of the parent		677,224	725,132
Non-controlling interests	20.5	188,871	205,294
Equity		**866,095**	**930,426**
Non-current provisions	22	1,406	1,225
Non-current financial liabilities	14	1,131,627	1,131,974
Deposits and guarantees		24,935	23,622
Non-current lease liabilities	9	9,529	9,409
Other non-current liabilities	17.2	4,834	2,377
Non-current liabilities		**1,172,332**	**1,168,607**
Trade payables	15	9,265	13,910
Current financial liabilities	14	53,037	126,353
Current lease liabilities	9	1,331	1,084
Current provisions	22	15,581	13,279
Other current liabilities	16	32,940	35,237
Current tax liabilities	16	95	78
Current liabilities		**112,249**	**189,941**
TOTAL EQUITY AND LIABILITIES		**2,150,676**	**2,288,974**

3.1.1.4 Consolidated cash flow statement

(in thousands of euros)	Notes	12/31/2023	12/31/2022
Net income attributable to owners of the parent		53,373	43,094
Non-controlling interests		(6,643)	8,720
Consolidated net income		**46,730**	**51,814**
Depreciation, amortization (1) and provisions, net of reversals	6.6	64,054	46,161
Expenses/(income) relating to stock options and similar		763	773
Other calculated expenses/(income) (2)		5,559	(386)
Share of net income from equity associates and joint ventures	3.5	(1,727)	(2,380)
Dividends received from associates and joint ventures	3.5	2,525	3,065
Income from asset disposals	4.3/6.7	(766)	(8,486)
Expenses/(Income) from net financial debt		35,009	53,234
Net financial interest in respect of lease agreements	9	344	321
Tax expense (including deferred tax)	7	495	709
Cash flow		**152,987**	**144,825**
Taxes received/(paid)		(569)	(1,033)
Change in working capital requirement relating to operations, excluding deposits and guarantees (3)		(19,464)	5,816
Change in deposits and guarantees		1,313	515
Net cash flows from operating activities		**134,267**	**150,124**
Cash outflows on acquisitions of:			
• investment properties and other fixed assets	4.2/8.1.2.3	(22,532)	(19,098)
• non-current financial assets		(4)	(43)
Cash inflows on disposals of:			
• investment properties and other fixed assets	4.3	3,964	81,161
• non-current financial assets	4.5	3,146	1,274
Investments in associates and joint ventures	4.5	(6,312)	-
Impact of changes in scope with change of control		-	(4,292)
Change in loans and advances granted		-	-
Net cash flow from investing activities		**(21,740)**	**59,002**
Dividends paid to shareholders of the parent company (final)	21	(89,565)	(86,025)
Dividends paid to shareholders of the parent company (interim)	21	-	-
Dividends paid to non-controlling interests	20.5	(9,780)	(5,437)
Increase or decrease in share capital		-	-
Other transactions with shareholders		-	-
Changes in treasury shares		(744)	(439)
Increase in borrowings and financial liabilities	4.1	109,000	754,809
Decrease in borrowings and financial liabilities	4.1	(192,204)	(880,222)
Repayment of lease liabilities	9	(1,231)	(1,398)
Interest received (4)	4.4	17,880	20,999
Interest paid	4.4	(43,727)	(52,484)
Net cash flow from financing activities		**(210,371)**	**(250,198)**
CHANGE IN CASH POSITION		**(97,844)**	**(41,072)**
Net cash at beginning of year	14	215,999	257,071
Net cash at end of year	14	118,155	215,999
• of which cash and cash equivalents		118,155	216,085
• of which bank overdrafts		-	(87)

(1) Depreciation and amortization exclude the impact of impairment on current assets		
(2) Other calculated expenses and income mainly comprise:		
• discounting adjustments to construction leases (see Note 10, p. 168)	*(207)*	*(236)*
• lease rights received from tenants and spread out over the fixed term of the lease	*2,920*	*(662)*
• deferred financial expenses	*648*	*826*
• interest on non-cash loans and other financial income and expenses	*2,024*	*(362)*

(in thousands of euros)	Notes	12/31/2023	12/31/2022
(3) The change in working capital requirement breaks down as follows:			
• trade receivables		*(7,462)*	*8,392*
• trade payables		*(4,646)*	*(2,863)*
• other receivables and payables		*(7,356)*	*287*
Total working capital requirement		*(19,464)*	*5,816*

(4) Mainly composed of interest received on instruments classified as hedges of debt instruments in accordance with IAS 7.16.

3.1.1.5 Changes in consolidated equity

(in thousands of euros)	Share capital	Capital reserves (1)	Treasury shares	Consolidated reserves and retained earnings	Actuarial gains or losses	Change in financial assets through other comprehen-sive income	Equity, attributable to owners of the parent (2)	Non-controlling interests	Total equity
As at December 31, 2021, published	**93,887**	**498,102**	**(3,739)**	**162,053**	**(231)**	**(6,953)**	**743,118**	**202,011**	**945,129**
Impact of IFRS IC - SaaS decision	-	-	-	(76)	-	-	(76)	-	(76)
At January 1, 2022 (restated)	**93,887**	**498,102**	**(3,739)**	**161,977**	**(231)**	**(6,953)**	**743,042**	**202,011**	**945,052**
Other comprehensive income for the period	**-**	**-**	**-**	**24,872**	**(48)**	**(136)**	**24,688**	**-**	**24,688**
Net income for the fiscal year	-	-	-	43,094	-	-	43,094	8,720	51,814
Consolidated comprehensive income for the period	**-**	**-**	**-**	**67,966**	**(48)**	**(136)**	**67,782**	**8,720**	**76,502**
Treasury share transactions (see Note 20, p. 183)	-	-	(1,188)	748	-	-	(439)	-	(439)
Dividends paid for 2021	-	-	-	(86,025)	-	-	(86,025)	(5,437)	(91,462)
Share-based payments	-	-	-	773	-	-	773	-	773
As at December 31, 2022	**93,887**	**498,102**	**(4,927)**	**145,439**	**(279)**	**(7,089)**	**725,132**	**205,294**	**930,426**
Other comprehensive income for the period	**-**	**-**	**-**	**(11,700)**	**22**	**(58)**	**(11,735)**	**-**	**(11,735)**
Net income for the fiscal year	-	-	-	53,373	-	-	53,373	(6,643)	46,730
Consolidated comprehensive income for the period	**-**	**-**	**-**	**41,673**	**22**	**(58)**	**41,638**	**(6,643)**	**34,995**
Treasury share transactions (see Note 20, p. 183)	-	-	(396)	(348)	-	-	(744)	-	(744)
Dividends paid in respect of 2022	-	-	-	(89,565)	-	-	(89,565)	(9,780)	(99,345)
Share-based payments	-	-	-	763	-	-	763	-	763
AS AT DECEMBER 31, 2023	**93,887**	**498,102**	**(5,323)**	**97,962**	**(257)**	**(7,147)**	**677,224**	**188,871**	**866,095**

(1) Capital reserves correspond to premiums on shares issued for cash or assets, merger premiums and statutory reserves.
(2) Attributable to Mercialys SA shareholders.

3.1.2 Notes to the financial statements

Information about the Mercialys group

Mercialys is a *société anonyme* (French-law limited liability company), specialized in retail real estate. Its head office is located at 16-18, rue du Quatre-Septembre, 75002 Paris, France.

Mercialys SA's shares are listed on Euronext Paris Compartment B.

The Company and its subsidiaries are hereafter referred to as the "Group" or the "Mercialys group."

The consolidated annual financial statements as at December 31, 2023 reflect the accounting position of the Company, its subsidiaries and joint ventures, as well as the Group's interests in equity associates.

On February 14, 2024, the Board of Directors approved and authorized the publication of the Mercialys group consolidated financial statements for the 2023 fiscal year.

Note 1 Accounting principles, rules and methods

1.1 Standards

Pursuant to Regulation (EC) 1606/2002 of July 19, 2002, the Mercialys group's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union at the date on which the financial statements were approved by the Board of Directors and applicable at December 31, 2023.

These standards are available on the European Commission website at the following address: https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/financial-reporting_en

The accounting policies set out below were applied consistently to all the periods presented in the consolidated financial statements, after taking into account the new standards and interpretations described below.

Standards, amendments and interpretations adopted by the European Union and mandatory as from the fiscal year beginning January 1, 2023

The European Union has adopted the following standards which are mandatory for the Group with effect from its fiscal year beginning January 1, 2023:

The following texts have no material impact on the Group's consolidated financial statements:

- amendments to IAS 1 - Disclosure of accounting policies;
- amendments to IAS 8 - Definition of accounting estimates;
- amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction;
- IFRS 17 and amendments to IFRS 17 - Insurance contracts;
- pension reform: increase in the retirement age and extension of the contribution period.

1.2 Basis of preparation and presentation of the consolidated financial statements

1.2.1 Basis of assessment

The consolidated financial statements were prepared using the historical cost principle with the exception of:

- assets and liabilities remeasured at fair value in the context of a business combination, in accordance with the principles set out in IFRS 3;
- derivative financial instruments and financial assets measured at fair value. The book value of assets and liabilities that are fair value hedged items that would otherwise be measured at cost is adjusted to reflect changes in fair value attributable to the risks being hedged.

The consolidated financial statements are presented in thousands of euros. The amounts stated in the consolidated financial statements have been rounded up or down to the nearest thousand and include figures that have been rounded individually. There may be differences between the arithmetic totals of these figures and the aggregates or subtotals shown.

1.2.2 Use of estimates and judgments

In preparing the consolidated financial statements, the Management is required to make a number of judgments, estimates and assumptions that affect the amount of certain assets and liabilities, income and expense items, and certain information provided in the notes to the financial statements. As assumptions are inherently uncertain, actual results may differ from these estimates.

The Group reviews its estimates and assessments on a regular basis to take into account past experience and incorporate factors considered relevant under current economic conditions.

The material judgments made by management to apply the Group's accounting methods and the main sources of uncertainty linked to estimates are identical to those described in the latest annual financial statements.

The main line items in the financial statements that may depend on estimates and judgments are:

- financial assets at fair value through other comprehensive income whose fair value was determined based on their liquidation value;
- the fair value of investment properties whose valuations, as determined by independent assessors, are based on unobservable data;
- the impairment of trade receivables;
- the classification of investment properties held for sale;
- the procedures used for the application of IFRS 16, in particular the determination of discount rates and the lease duration used for the measurement of lease liabilities.

Mercialys' financial statements take into account, based on current knowledge and practices, challenges related to climate change. The expenses incurred by the Company as part of its 2030 CSR policy, in particular related to environmental issues (carbon neutrality, careful use of natural resources and control of the artificialization of soils), are recognized as investments (heating and air conditioning, changes in lighting systems, waste management facilities, etc.) or expenses (consulting, studies, etc.). In addition, the valuation of investment properties incorporates this dimension through the inclusion of multi-year work plans taking into account the expenses associated with changes made to buildings and their uses.

Lastly, it should be noted that all of Mercialys' undrawn bank credit lines at the end of December 2023 include ESG criteria, in particular related to climate change issues (carbon roadmap, BREEAM rating of assets in particular) that have an upward or downward impact on the cost of this financing.

The Group, notably through its Audit, Risks and Sustainable Development Committee, regularly monitors risks related to climate change, and transition risks in particular, based on the financial impacts for economic players of the effects of the implementation of a low-carbon economic model.

Note 2 Significant events of the fiscal year

Company financing and balance sheet

At end-June 2023, Mercialys set up a new credit line for Euro 180 million, maturing in June 2026, with two 1-year extension options. This new credit line, which has not been drawn down to date, incorporates ESG (Environmental, Social and Governance) criteria and replaces the Euro 180 million line due to mature in December 2024.

Acquisitions

With a view to strengthening its expertise in consumer trends, on July 17, 2023, Mercialys became a 22.9% shareholder in Hillel (DEPUR group) for Euro 1.2 million including costs. Mercialys exercises significant influence over this company, which is accounted for using the equity method in the Group's financial statements from the second half of 2023. (see Note 3.4, p. 146)

On December 20, 2023, Mercialys acquired a 30% stake in ImocomPartners.

ImocomPartners is a portfolio management company (SGP). The remaining 70% will be acquired by Mercialys in 2025. Mercialys does not have power over this entity, nor does it have the ability to affect yields, but it does exercise significant influence. It will be accounted for using the equity method. (see Note 3.4, p. 146)

Note 3 Consolidation scope

ACCOUNTING PRINCIPLE

Subsidiaries

Subsidiaries are companies controlled by the Group. The Group controls a subsidiary where it is shown or where it has the right to variable returns due to its links with the entity and it has the ability to influence these returns due to its power over the entity. Financial statements of subsidiaries are included in the consolidated financial statements as from the date of effective transfer of control until the date the control ceases to exist. Subsidiaries, regardless of the percentage interest held, are fully consolidated in the Group's statement of financial position.

Partnerships

The Group classifies its interests in partnerships either as a joint activity (if it has rights to assets and assumes obligations with respect to liabilities, within the framework of a partnership) or as a joint venture (if it only has rights to the net assets concerned by a partnership). On making this assessment, the Group has taken into account the structure of the partnership, the legal form of the separate vehicle, contractual stipulations and, if applicable, other facts and circumstances.

The Group has analyzed its partnerships and concluded that they should be qualified as a joint venture (previously jointly-owned entity). As a result, investments are accounted for using the equity method.

Equity associates

Equity associates are companies over which the Group exercises significant influence on financial and operating policies but which it does not control. Equity associates are recognized in the consolidated statement of financial position using the equity method. Goodwill relating to these entities is included in the book value of the equity investment.

Business combinations

Pursuant to IFRS 3 as revised, the consideration transferred (purchase price) is measured at the fair value of the assets in question, the equity issued and the liabilities incurred on the date of the transaction. The identifiable assets and liabilities of the acquired business are measured at their fair value on the date of acquisition. Costs directly associated with the acquisition are recognized under "Other operating expenses."

Any surplus remaining, plus, if relevant, the amount of non-controlling interests and the fair value of all interests previously held in the acquired company, after deduction of the Group share of the net fair value of the identifiable assets and liabilities of the acquired business will be recognized as goodwill. When the difference is negative, a gain on a bargain purchase is immediately recognized as income.

At the date of acquisition, for each business combination, the Group may elect to apply either the partial goodwill method (restricted to the share acquired by the Group) or the full goodwill method. If the full goodwill method is chosen, non-controlling interests are measured at their fair value and the Group recognizes goodwill on the full amount of the identifiable assets acquired and liabilities assumed.

Business combinations completed prior to January 1, 2010 were accounted for using the partial goodwill method, this being the only method applicable before IFRS 3 (revised).

In case of acquisition by stages, the previously-held equity interest will be remeasured at fair value on the effective date of control. The difference between the fair value and net book value of this equity interest is recognized directly in the income statement (under "Other operating income" or "Other operating expenses").

The amounts recognized on the acquisition date may be adjusted retrospectively if they relate to new information brought to the buyer's attention concerning facts and circumstances that existed before the acquisition date. Beyond the measurement period (not exceeding 12 months after the takeover of the acquired entity), the goodwill may no longer be adjusted; subsequent acquisitions/disposals of non-controlling interests are recognized as transactions with shareholders, i.e. directly under equity.

In addition, earn-out payments are included in the consideration transferred at their fair value at the acquisition date and regardless of their probability. During the valuation period, subsequent adjustments are allowed against goodwill when they relate to facts and circumstances that existed at the acquisition date. Otherwise, and beyond this period, adjustments to earn-out payments are recognized directly in the income statement (under "Other operating income" or "Other operating expenses"), unless the earn-out payments are against an equity instrument. In the latter case, the earn-out payment is not restated at a later date.

Year-end

The fiscal year-end for all group companies is December 31.

Transactions eliminated from the consolidated financial statements

Balance sheet items and income and expense items resulting from intragroup transactions are eliminated when preparing the consolidated financial statements.

3.1 Transactions in 2023

On July 17, 2023, Mercialys Gestion became a 22.9% shareholder in Hillel (DEPUR group). The purpose of this company is to advise companies in the catering, hospitality and retail real estate sectors. The governance of this company is determined by a shareholders' agreement signed on July 17, 2023. Mercialys does not have power over this entity within the meaning of IFRS 10 but exercises significant influence over Hillel, which will therefore be consolidated using the equity method from the second half of 2023 (see Note 3.4, p. 146).

On December 20, 2023, Mercialys Gestion acquired 30% of the share capital of ImocomPartners, an Imocom portfolio management company. The rules of governance are determined by a shareholders' agreement. Strategic decisions are authorized by a Strategic Committee, of which Mercialys is a member, giving it significant influence. ImocomPartners is therefore consolidated using the equity method. Mercialys has a commitment to buy back the remaining 70% of the Company's share capital. This is a commitment to buy back at fair value (put), subject to the meeting of conditions precedent, with a deadline in 2025 (see Note 23, p. 189).

3.2 Transactions in 2022

On September 29, 2022, Mercialys purchased 70% of the share capital and voting rights of SCI Rennes-Anglet from L'Immobilière Groupe Casino. As a result, Rennes-Anglet became fully consolidated on this date.

3.3 List of consolidated companies

At December 31, 2023, the Mercialys group comprised 31 consolidated companies:

	December 31, 2023			December 31, 2022		
Name	**Method**	**% of interest**	**% of control**	**Method**	**% of interest**	**% of control**
Mercialys SA	**FC**	**Parent company**	**Parent company**	**FC**	**Parent company**	**Parent company**
Mercialys Gestion SAS	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Kerbernard	FC	100.00%	100.00%	FC	100.00%	100.00%
Point Confort SAS	FC	100.00%	100.00%	FC	100.00%	100.00%
Corin Asset Management SAS	EM	40.00%	40.00%	EM	40.00%	40.00%
Société du Centre Commercial de Narbonne SNC	FC	100.00%	100.00%	FC	100.00%	100.00%
FISO SNC	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS des Salins	FC	100.00%	100.00%	FC	100.00%	100.00%
SCI Timur	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Géante Périaz	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Dentelle	FC	100.00%	100.00%	FC	100.00%	100.00%
SCI Caserne de Bonne	FC	100.00%	100.00%	FC	100.00%	100.00%
SCI AMR	EM	25.00%	25.00%	EM	25.00%	25.00%
SNC Aix2	EM	50.00%	50.00%	EM	50,00%	50.00%
SNC Fenouillet Participation	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Fenouillet Immobilier	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Hyperthetis Participations	FC	51.00%	51.00%	FC	51.00%	51.00%
SAS Immosiris	FC	51.00%	51.00%	FC	51.00%	51.00%
SAS Epicanthe	FC	100.00%	100.00%	FC	100.00%	100.00%
SARL Cypérus Saint-André (formerly Toutoune)	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Mercialys Exploitation	FC	100.00%	100.00%	FC	100.00%	100.00%
SCI Rennes-Anglet	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Astuy	FC	100.00%	100.00%	FC	100.00%	100.00%
SNC Sacré-Cœur	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Ocitô la Galerie	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Cap Cowork Mercialys	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Saint-Denis Genin	EM	30.00%	30.00%	EM	30.00%	30.00%
SAS Mercialys Participations	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS The Next Horizon	FC	100.00%	100.00%	FC	100.00%	100.00%
SAS Hillel	EM	22.88%	22.88%	-	-	-
SAS ImocomPartners	EM	30.00%	30.00%	-	-	-

FC: Full consolidation.
EM: Equity method.

3.4 Assessment of control

With the exception of the acquisition of stakes in SAS Hillel and ImocomPartners (see Note 3.1, p. 145), no event that occurred in 2023 called into question the assessments of the control of the entities within the consolidation scope.

Analysis of control for entities that are not wholly owned by the Mercialys group:

SAS Corin Asset Management

The Group jointly holds a 40% stake in Corin Asset Management. In view of the agreements with its partner, the Group considers this company as a joint venture in accordance with IFRS 11. Corin Asset Management is therefore accounted for using the equity method (see Note 3.5, p. 147).

SCI AMR

Following the non-proportional capital increase carried out for SCI AMR by its shareholders in December 2020, SCI AMR is now 75%-owned by Amundi and 25%-owned by Mercialys SA. The SCI is governed by the articles of association and a shareholders' agreement dated December 23, 2020. The key decisions granting their holders a participatory right are taken by simple majority. Other decisions requiring the approval of Mercialys are non-strategic decisions and they confer a protective right on partners.

The Group only has significant influence over SCI AMR and the company is therefore accounted for using the equity method (see Note 3.5, p. 147).

SNC Aix2

The Group jointly holds a 50% stake in SNC Aix2. A shareholders' agreement formalizes the sharing of control of the business and sets out the powers of the Monitoring Committee composed of both executives. Each member of the Monitoring Committee has one vote. The Monitoring Committee may only validly deliberate when all members are present. The Committee's decisions are adopted unanimously.

Accordingly, the Group considers the company as a joint venture in accordance with IFRS 11. SNC Aix2 is therefore accounted for using the equity method (see Note 3.5, p. 147).

OPCI UIR II

Since July 2011, Mercialys has owned 19.99% of OPCI UIR II, established with Union Investment (UI) which owns 80.01%.

A capital increase of OPCI UIR II was carried out in September 2020. In the first half of 2023, a capital reduction was carried out for OPCI UIR II by its shareholders, without affecting the share ownership stakes.

The governance rules are as follows:

- the Board of Directors makes all decisions (strategic, financial and operational);
- management is undertaken by UI and Mercialys may not cancel this;
- dividend distributions are on the initiative of UI;
- all decisions of the Board of Directors are made by a majority of those present (UI is represented by four out of five members);
- no specific rights are granted to Mercialys;
- Mercialys may decide to leave the OPCI since it benefits from a put option in respect of UI.

These governance rules cannot presume that Mercialys has significant influence over the OPCI. OPCI UIR II is therefore classified under "Financial assets at fair value through other comprehensive income" (see Note 10, p. 168). This company is being liquidated.

SAS Hyperthetis Participations

On June 1, 2015, Mercialys set up the simplified joint-stock company Hyperthetis Participations with a capital of Euro 10. On June 17, 2015, Mercialys transferred six real estate assets to Hyperthetis Participations. On June 26, 2015, Mercialys sold 49% of the shares in Hyperthetis Participations to OPCI SPF2, majority-owned by BNP Paribas.

Since the end of June 2015, Mercialys has held a 51% stake in SAS Hyperthetis Participations. In according with IFRS 10, analysis has led to the conclusion that Mercialys has exclusive control over the whole.

Mercialys has the power to influence the returns of SAS Hyperthetis Participations through the shareholders' agreement in place.

Consequently, SAS Hyperthetis Participations continues to be accounted for in the Group's consolidated financial statements using the full consolidation method (see Note 20.5, p. 185).

SAS Immosiris

On October 22, 2015, Mercialys set up the simplified joint-stock company, Immosiris, with a capital of Euro 100.

On November 2, 2015, Mercialys transferred one real estate asset to Immosiris. On November 10, 2015, Mercialys sold 29.7% of the shares in Immosiris to OPCI REAF, majority-owned by BNP Paribas. On November 10, 2015, Mercialys was diluted by OPCI REAF to 51%.

Since November 2015, Mercialys has held 51% of SAS Immosiris. In accordance with IFRS 10, the analysis performed concludes that the governance rules in place do not define a joint venture but monitor Mercialys' exclusive control over the partners, accompanied by protection rights for minority shareholders given the particular nature of the activity, of which a part of the revenues is obtained from a related party. This is because the criteria defining the concept of control, in accordance with IFRS 10, are met:

- Mercialys has power over collective decisions and consequently controls the operational and strategic activities of SAS Immosiris which mainly comprise the management of rents and investments;
- the rights that Mercialys grants to non-controlling interests are protective rights.

Consequently, SAS Immosiris is consolidated according to the full consolidation method in the Group's consolidated financial statements (see Note 20.5, p. 185).

SAS Saint-Denis Genin

SAS Saint-Denis Genin is 70%-owned by SAS Telamon (formerly SAS Panhard Developpement) and 30%-owned by SAS Astuy. Ordinary decisions are taken by a simple majority of the votes cast by the partners. Extraordinary decisions, as well as those coming under Article L. 227-19 of the French Commercial Code, require the partners' unanimous approval. The Group only has a significant influence over SAS Saint-Denis Genin. As a result, the company is accounted for using the equity method.

SAS Hillel

Mercialys Gestion has held a 22.88% stake in SAS Hillel since July 17, 2023. The governance of this company is determined by a shareholders' agreement, also signed on July 17, 2023. The company is represented by a Chairman, vested with the most extensive powers. However, the Chairman may not make any strategic decisions without the prior approval of the Strategy Committee, which is composed of three members, including a representative of Mercialys.

Collective decisions will be taken by a simple majority of the Strategy Committee except for strategic decisions, such as the adoption of the budget, investments and divestments, capital transactions and dividend distributions which must be taken unanimously.

Mercialys does not have full power but exercises significant influence over Hillel, which is therefore accounted for using the equity method.

SAS ImocomPartners

Mercialys Gestion acquired 30% of the share capital of SAS ImocomPartners on December 20, 2023. The rules of governance are set out in a shareholders' agreement. The Chairman, who is a partner, has the most extensive powers to represent the company in dealings with third parties. There are two Chief Executive Officers, one of whom is a Mercialys representative, and a Strategy Committee which is composed of three members, one of whom is Mercialys. For major decisions, the Chairman must have the approval of the Strategy Committee.

Each member of the Strategy Committee has one vote and decisions are made by simple majority. Mercialys does not have power over this entity but exercises significant influence. As a result, the company is accounted for using the equity method (see Note 23, p. 189).

At the same time as the shareholders' agreement was signed, a purchase and sale agreement was signed for the shares issued by the company in relation to the transfer of ownership of the remaining 70% to Mercialys in 2025. The sale price of the remaining 70% has not been fixed. It will be determined on the basis of a 2025 enterprise value, which will notably be based on the 2023 and 2024 EBITDA and 2024 financial liabilities. This price reflects the fair value of underlying assets.

3.5 Investments in equity associates and joint ventures

3.5.1 Significant equity associates

The table below shows the full condensed financial statements of the four main equity associates accounted for using the equity method. This information is prepared in compliance with IFRS, restated where appropriate for adjustments made by the Group such as fair value revaluation adjustments on the date of loss or gain of control, adjustments to bring the accounting principles into line with those of the Group and elimination of intragroup acquisitions or disposals up to the percentage held in equity associates:

	2023				2022		
(in thousands of euros)	SCI AMR	SNC Aix2	SAS Hillel	SAS Imocom Partners	SCI AMR	SNC Aix2	SCI Rennes-Anglet (09/29/2022)
% interest	25%	50%	22.9%	30%	25%	50%	30%
Net rental income	18,402	1,343	-	-	18,016	1,063	309
Operating income	11,587	550	(443)	-	12,660	311	(55)
Net financial expense	(4,452)	(394)	-	-	(3,159)	(239)	-
Tax expense	(40)	(3)	-	-	(77)	2	-
Net income	**7,095**	**154**	**(443)**	**-**	**9,425**	**73**	**(55)**
Investment properties	250,112	27,351	-	-	255,237	27,446	5,538
Intangible assets	-	-	177	308	-	-	-
Property, plant and equipment	-	-	95	118	-	-	-
Non-current financial assets	-	-	21	35	-	-	-
Other non-current assets	5	-	-	-	-	-	-
Non-current assets	**250,117**	**27,351**	**294**	**461**	**255,237**	**27,446**	**5,538**
Trade receivables	1,482	544	120	659	1,961	442	1
Other current assets	2,452	646	306	49	4,378	255	217
Cash and cash equivalents	14,567	2,354	951	2,604	12,300	2,256	319
Current assets	**18,501**	**3,544**	**1,377**	**3,312**	**18,639**	**2,952**	**537**
TOTAL ASSETS	**268,618**	**30,895**	**1,671**	**3,773**	**273,876**	**30,398**	**6,075**
Equity	**107,306**	**14,579**	**712**	**1,317**	**113,284**	**13,624**	**5,647**
Non-current financial liabilities	148,125	15,240	816	-	149,618	15,732	-
Other non-current liabilities	1,729	447	36	-	-	565	103
Non-current liabilities	**149,853**	**15,687**	**852**	**-**	**149,618**	**16,297**	**103**
Trade payables	2,305	-	50	75	5,305	-	300
Current financial liabilities	2,233	256	1	-	-	142	-
Other current liabilities	6,919	373	56	2,380	5,668	335	25
Current liabilities	**11,457**	**629**	**107**	**2,456**	**10,973**	**477**	**324**
TOTAL EQUITY AND LIABILITIES	**268,617**	**30,895**	**1,671**	**3,773**	**273,876**	**30,398**	**6,075**

3.5.2 Change in investments in equity associates and joint ventures

The table below presents aggregate information of individually non-significant equity associates and joint ventures, for the share held by the Group.

(in thousands of euros)	**Beginning of period**	**Share of net income for the fiscal year**	**Retail**	**Other**	**End of period**
Equity associates and joint ventures					
SAS Corin Asset Management	66	(17)	-	-	48
SCI AMR	29,010	2,356	(3,045)	-	28,321
SNC Aix2	6,924	37	175	(322)	6,812
SCI Rennes-Anglet	1,907	(17)	(195)	(1,694)	-
SAS Saint-Denis Genin	-	21	-	-	21
2022 FISCAL YEAR	**37,907**	**2,380**	**(3,065)**	**(2,016)**	**35,203**
Equity associates and joint ventures					
SAS Corin Asset Management	48	(24)	-	-	24
SCI AMR	28,321	1,774	(3,268) (1)	-	26,827
SNC Aix2	6,812	77	(39)	440	7,290
SAS Saint-Denis Genin	21	2	-	-	23
SAS Hillel	-	(101)	-	1,101 (2)	999
SAS ImocomPartners	-	-	-	4,393 (3)	4,393
2023 FISCAL YEAR	**35,203**	**1,727**	**(3,307)**	**5,934**	**39,557**

(1) Of which Euro 1,560,000 in dividends not collected at December 31, 2023, and Euro 817,000 at December 31, 2022.
(2) On July 19, 2023, Mercialys Gestion acquired 22.9% of the shares in Hillel for Euro 0.2 million and participated in the capital increase for Euro 0.9 million.
(3) On December 20, 2023, Mercialys Gestion acquired 30% of the shares in ImocomPartners for Euro 4.4 million (see Note 23.1.2 , p. 189) .

Note 4 Additional information on the cash flow statement

ACCOUNTING PRINCIPLE

The cash flow statement is prepared according to the indirect method on the basis of the consolidated entity's pre-tax income and is broken down into three categories:

- cash flow from operating activities: including tax, and dividends received from equity associates and joint ventures;
- cash flows from investing activities: especially acquisitions of control, loss of control including transaction costs, acquisitions and disposals of shares in non-consolidated companies, equity associates and joint ventures as well as fixed asset acquisitions and disposals;
- cash flows from financing activities: in particular bond issues and redemptions, issues of equity instruments, transactions between shareholders, net interest (cash flows from finance costs), equity-related transactions and dividends paid.

4.1 Reconciliation between change in cash position and change in net financial debt

(in thousands of euros)	12/31/2023	12/31/2022
Change in cash position	(97,844)	(41,072)
Increase in borrowings and financial liabilities (1)	(109,000)	(760,000)
Decrease in borrowings and financial liabilities (2)	179,000	852,500
Issue costs, interest not due and loan repayment premiums (3)	6,593	3,510
Fair value of liabilities	(2,098)	6,345
CHANGE IN NET FINANCIAL LIABILITIES	**(23,349)**	**61,282**

(1) *In 2023, increases in borrowings and financial liabilities correspond to commercial paper purchases for Euro - 109 million.*
In 2022, increases in borrowings and financial liabilities corresponded to the placement of the new bond issue of Euro - 500 million, and commercial paper purchases for Euro - 260 million (see Note 14.2.3, p. 175).

(2) *In 2023, the decrease in borrowings and financial liabilities corresponds to commercial paper repayments for Euro 179 million.*
In 2022, the decrease in borrowings and financial liabilities corresponded to the repayment of the bond maturing in 2023 for an amount of Euro 469.5 million, the euro 100 million partial buyback of the bond maturing in July 2027, and commercial paper repayments of Euro 283 million (see Note 14.2.6, p.176). Expenses related to the early buyback of bonds amounted to Euro 26 million (see Note 14.2.3, p. 175).

(3) *In 2023, the balance relating to the restructuring of financial instruments amounted to Euro - 13.2 million.*
Balances are spread out, i.e. Euro 5.6 million in 2023.
In 2022, costs and issue premiums linked to this new bond issue amounted to Euro 2.2 and 3.0 million respectively. Expenses related to the early buyback of bonds amounted to Euro 26 million. Lastly, the balance relating to the restructuring of financial instruments amounted to Euro - 12.3 million (see Note 14.2.3, p. 175)..

4.2 Reconciliation of fixed asset acquisitions

(in thousands of euros)	12/31/2023	12/31/2022
Increase and other acquisitions of intangible assets	(929)	(1,132)
Increase and other acquisitions of property, plant and equipment	(1,408)	(771)
Increase and other acquisitions of investment properties (1)	(20,243)	(16,690)
Increase in right-of-use assets	-	(541)
Increase in investment properties held for sale	(31)	-
Change in liabilities on fixed assets	80	35
CASH OUTFLOWS LINKED TO ACQUISITIONS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	**(22,532)**	**(19,098)**

(1) *In 2023 and 2022, cash outflows related to the acquisition of standalone units and works.*

4.3 Reconciliation of fixed asset disposals

(in thousands of euros)	12/31/2023	12/31/2022
Disposals of property, plant and equipment [(1)]	48	12,975
Disposals of investment properties during the fiscal year	1,326	-
Disposals of IFRS 5 assets held for sale (see Note 8.2, p. 164)	1,414	59,673
Income from asset disposals [(1)]	766	8,486
Change in trade receivables	411	28
CASH INFLOWS FROM DISPOSALS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	**3,964**	**81,161**

(1) In 2023, as in 2022, cash inflows from disposals consisted of disposals for the period (see Note 6.7, p. 155).

4.4 Reconciliation of net financial interest paid

(in thousands of euros)	12/31/2023	12/31/2022
Net finance costs presented in the income statement	**(35,009)**	**(53,234)**
Neutralization of depreciation of costs and issue/redemption premiums	1,657	33,189
Change in incurred interests and fair value hedge derivatives of financial liabilities	7,849	(11,120)
Interest paid on lease liabilities	(344)	(321)
Net interest	**(25,847)**	**(31,485)**
of which received	17,880	20,999
of which paid	(43,727)	(52,484)

4.5 Other disclosures relating to the cash flow statement

Investments in associates and joint ventures

On July 17, 2023, Mercialys became a 22.9% shareholder in Hillel (DEPUR group) for Euro 1.2 million, including Euro 0.1 million in acquisition-related costs.

On December 20, 2023, Mercialys acquired 30% of the share capital of portfolio management company ImocomPartners for Euro 5.1 million, including Euro 0.6 million in costs.

Proceeds from disposals of non-current financial assets

OPCI UIR II, which is being liquidated, carried out a capital reduction of Euro 13.5 million during the first half of 2023, *i.e.* Euro 2.7 million for Mercialys' share.

Note 5 Segment reporting

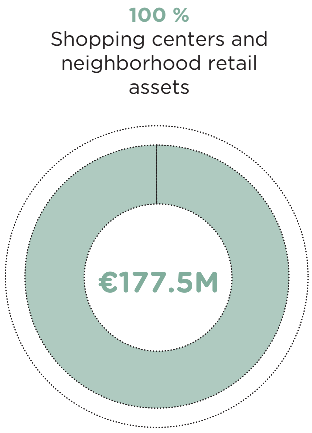
ACCOUNTING PRINCIPLE

Segment reporting reflects Management's view and is established on the basis of internal reporting used by the Chief Operating Decision Maker (the Chief Executive Officer) to make decisions about resources to be allocated and to assess the Group's performance.

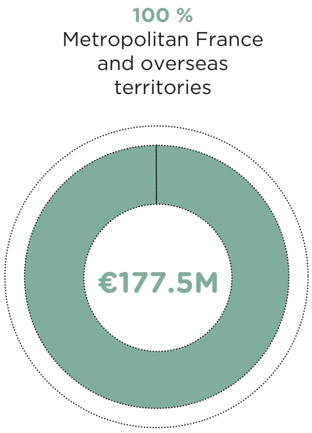
As the Group's Senior Management does not use a breakdown of operations to review operating matters, no segment reporting is provided in the financial statements.

To date, there is only one geographic segment, given that the Group's asset portfolio consists entirely of properties located in France. However, in the future, the Group does not rule out making investments outside of France, in which case information would be disclosed for other geographic segments as well.

BREAKDOWN OF RENTS BY ACTIVITY



BREAKDOWN OF RENTS BY REGION



Note 6 Information on the operating income

6.1 Net rental income

ACCOUNTING PRINCIPLE

Rental revenues

The leasing of properties by the Group to its tenants generates rental revenues. The amounts invoiced are recognized as revenues for the applicable period. In the case of construction leases, the value of the asset built by the lessee and transferred to the lessor for no consideration at the end of the lease is analyzed as additional rent payable in kind and is spread over the term of the lease.

Leases for shopping centers often include a variable portion of rents based on the lessee's sales, with a guaranteed minimum rent in order to limit risk for the Company in periods of economic recession.

Stepped rents, rent holidays and other benefits granted to tenants are accounted for by spreading an amount on a straight-line basis as a decrease or increase to rental revenues for the fiscal year. The spreading is done over the committed term of the lease.

Rental revenues also include upfront payments made by tenants upon signing the lease; if such payments are considered to be supplemental rent, they are spread over the initial committed term of the lease, generally three years.

Net rental income is the difference between rental revenue and directly attributable expenses. Directly attributable expenses include property taxes and service charges not billed to and recovered from tenants as well as other property operating charges. These expenses do not include costs classified by the Group as "Other expenses" or "Personnel expenses."

French regulations mandate a minimum duration of nine years for commercial leases. The tenant is entitled to terminate every three years simply by giving prior notice six months before the end of the current period. However, the parties may agree to a "firm" lease for more than nine years, such as those entered into by Mercialys.

Re-invoiced service charges are recognized as income for the period in which they are recovered. They correspond to the charges re-invoiced to tenants and are presented separately from re-invoiced items.

Breakdown of net rental income

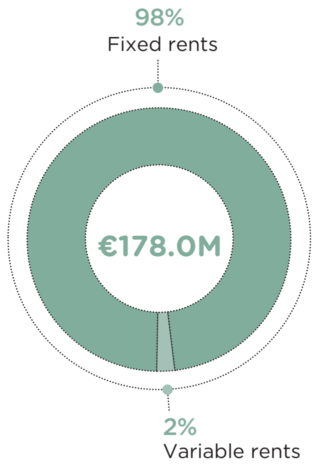
(in thousands of euros)	12/31/2023	12/31/2022
Invoiced rents (1)	177,495	172,602
Lease rights and despecialization indemnities	515	674
Rental revenues	**178,010**	**173,277**
Property tax	(14,265)	(13,948)
Rebilling to tenants	12,048	11,701
Non-recovered property taxes	**(2,217)**	**(2,247)**
Service charges	(36,813)	(31,211)
Rebilling to tenants	33,152	26,182
Non-recovered service charges	**(3,661)**	**(5,029)**
Management fees	(952)	(7,073)
Rebilling to tenants	4,032	4,113
Losses on and impairment of receivables (2)	(4,441)	3,263
Other (3)	153	(372)
Net property operating charges	**(1,208)**	**(69)**
Net rental income	**170,924**	**165,932**

(1) *Of which the variable component based on revenues: Euro 5,600,000 in 2023 versus Euro 3,718,000 in 2022.*

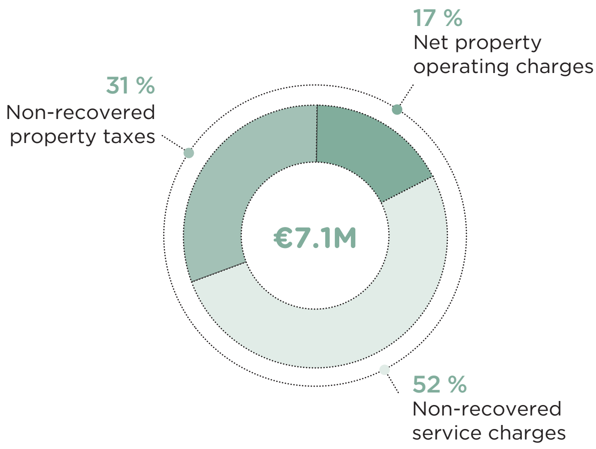
(2) *In 2023, losses on and impairment of receivables mainly consist of allocations to provisions calculated using the traditional method.*
In 2022, losses on and impairment of receivables mainly comprised a reversal of an unused provision for Euro 9.2 million, generated by the collection efforts made in 2020 and 2021, and an allocation of Euro - 4.6 million calculated according to the traditional actuarial method and which includes the impact of the liquidation of the Camaïeu brand.

(3) *Other expenses include rental income paid on construction leases and long-term ground leases, fees paid to third parties, and non-recoverable, non-capitalizable shopping center maintenance costs.*

BREAKDOWN OF RENTAL REVENUES



BREAKDOWN OF NON-RECOVERED CHARGES



6.2 Management, administrative and other activities income

Management, administrative and other activities income primarily comprises fees charged for services provided by certain Mercialys teams – in connection with consulting services provided by the asset management team, or shopping center management services provided by the teams – as well as letting, asset management and advisory fees relating to partnerships formed. Fees charged in 2023 totaled Euro 3.1 million, compared to Euro 2.8 million in 2022.

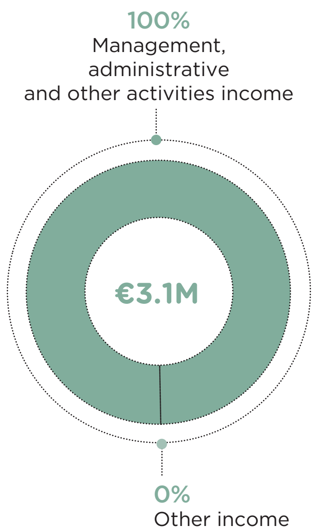
6.3 Other income

There was no other income in 2023.

At December 31, 2022, other income stood at Euro 0.4 million and mainly corresponded to:

- dividends received from the OPCI fund created in partnership with Union Investment: UIR II for Euro 224,000. These dividends corresponded to the management of the OPCI's retail assets, similar to Mercialys' business. They are therefore presented as operating income;
- a final, fixed-sum termination indemnity payment with full discharge of Euro 200,000 made by UIR II (lessor) to Mercialys (lessee) following the amicable termination of the lease by UIR II.

BREAKDOWN OF OTHER REVENUES AND OPERATING INCOME



6.4 Other expenses

Other expenses mainly comprise operating expenses. These operating expenses are mainly made up of financial communication expenses, directors' fees paid to members of the Board of Directors, communication expenses, marketing research costs, fees for work, miscellaneous fees (Statutory Auditors, consulting, studies) and real estate asset appraisal fees.

In fiscal year 2023, these expenses amounted to Euro - 4.4 million, versus Euro - 6.3 million in 2022.

6.5 Personnel expenses

Personnel expenses amounted to Euro - 20.2 million at the end of December 2023, versus Euro - 18.7 million at the end of December 2022.

This increase is linked to the implementation of a profit-sharing agreement signed on November 14, 2023.

6.6 Depreciation, amortization, provisions and impairment

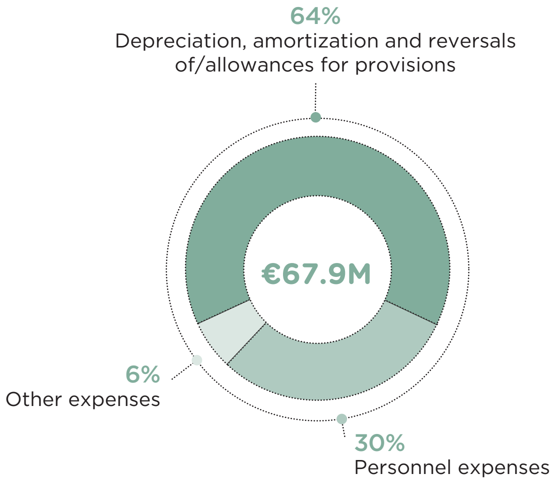
(in thousands of euros)	Notes	12/31/2023	12/31/2022
Depreciation and amortization of intangible assets, property, plant and equipment and investment property		(37,053)	(36,584)
Depreciation and amortization of right-of-use assets		(1,487)	(1,145)
Depreciation and amortization		**(38,540)**	**(37,729)**
Reversals of/(allowances for) investment property impairment (1)	6.7	(23,213)	(6,595)
Reversals of/(allowances for) provisions for liabilities and charges (2)	22.1	(2,302)	(1,836)
Reversals of/(allowances for) impairment on current assets (3)	12	(3,551)	5,965
TOTAL ALLOWANCES FOR DEPRECIATION AND AMORTIZATION, PROVISIONS AND IMPAIRMENTS		**(67,605)**	**(40,196)**

(1) Allowances for investment property impairment are presented under "Other operating expenses" and reversals of investment property impairment under "Other operating income" in the consolidated income statement (see Note 11, p. 169).

(2) Reversals of/(allowances for) provisions for liabilities and charges are presented under "Reversals of/(allowances for) provisions" and "Other operating expenses/income" in the consolidated income statement.

(3) Reversals of/(allowances for) impairment of current assets are presented under "Net property operating charges" in the consolidated income statement.

BREAKDOWN OF OTHER EXPENSES, PERSONNEL EXPENSES DEPRECIATION AND AMORTIZATION, PROVISIONS AND IMPAIRMENT



6.7 Other operating income and expenses

ACCOUNTING PRINCIPLE

This line item records items which by definition are not considered in the appraisal of current operational performance such as non-current asset impairments, disposals of non-current assets and effects of the application of IFRS 3 if applicable.

Other operating income came to Euro 10.6 million at December 31, 2023, versus Euro 88.7 million at December 31, 2022. It is made up of:

- income from the disposal of assets completed in 2023 and the adjustment for assets disposed of prior to that for Euro 7.2 million;
- a reversal of provisions for litigation for Euro 3.5 million.

In 2022, other operating income (Euro 88.7 million) came from disposals, of which Euro 64.5 million for the two Géant Casino hypermarkets in Annecy Seynod and Saint-Etienne Monthieu, Euro 9.9 million for the Marseille Saint-Anne and Marseille Croix-Rouge sites and Euro 12.2 million for standalone units, reversals of impairment on investment property for Euro 1.0 million and a reversal of provisions for litigation for Euro 0.7 million.

Other operating expenses came to Euro - 30.9 million at December 31, 2023, versus Euro - 86.5 million at December 31, 2022. These correspond primarily to:

- the net book value of assets disposed of during 2023 and costs relating to these disposals for Euro - 6.4 million;
- a provision for litigation of Euro 1.0 million;
- investment property impairment for an amount of Euro - 23.2 million.

In 2022, other operating expenses (Euro - 86.5 million) came from net book values and associated costs for Euro - 78.4 million and investment property impairment of Euro - 7.6 million.

On this basis, the amount of net capital gains on the disposal of fixed assets recorded in the consolidated financial statements at December 31, 2023 was Euro 0.8 million.

In 2022, the net capital gain of Euro 8.3 million was due in particular to the disposal of the two hypermarkets in Annecy Seynod and Saint-Étienne Monthieu (Euro 1.2 million), the sale of the two medium-sized stores in Niort (Euro 1.2 million) and Euro 5.9 million on the Marseille Saint-Anne and Marseille Croix-Rouge sites.

Note 7 Tax

ACCOUNTING PRINCIPLE

Current and deferred tax

Mercialys elected for SIIC tax status effective as at November 1, 2005.

Under this status, its rental revenues and capital gains on the sale of property assets are exempt from tax. In return for this exemption, the Company is required to distribute 95% of its net income from rental activities and 70% of its capital gains on property sales.

Under the SIIC regime, Mercialys may not be more than 60% owned by a single shareholder or group acting in concert, and 15% of shareholders must hold less than 2% of the Company's share capital.

Upon election of SIIC status, Mercialys was required to pay an exit tax of 16.5% on its unrealized capital gains (on properties and investments in subsidiaries not subject to corporate tax). As a consequence of this election, the parent company no longer has any unrealized capital gains nor any net income from rental activities that will be subject to tax in the future.

7.1 Tax expense

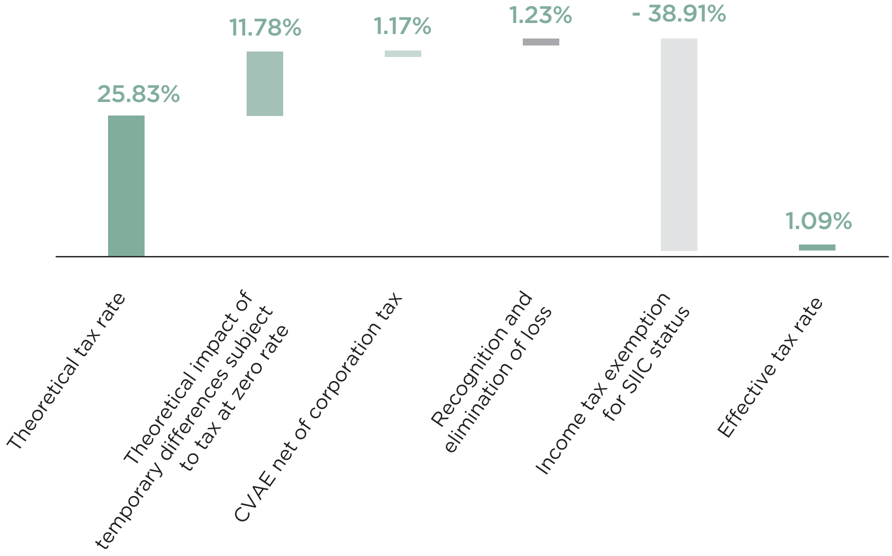
Reconciliation of the effective tax expense and the theoretical tax expense

(in thousands of euros)	12/31/2023	12/31/2022
Theoretical tax rate	25.83%	25.83%
Pre-tax income and income from equity associates	**45,498**	**50,144**
Theoretical tax expense	(11,750)	(12,949)
Income tax exemption for SIIC status	17,704	29,634
Theoretical impact of temporary differences subject to tax at zero rate (1)	(5,361)	(14,236)
CVAE (2) net of corporation tax	(533)	(1,011)
Change in corporate tax rate	3	21
Recognition and elimination of loss (3)	(557)	(2,176)
Tax credit	-	7
Effective tax expense	**(495)**	**(709)**
Effective tax rate	1.09%	1.41%

(1) *In 2023, as in 2022, temporary differences subject to tax at zero rate primarily comprised provisions for liabilities, asset impairments and consolidation restatements not subject to deferred tax, in particular the cancelation of the capital gain on the internal disposal of fixed assets and securities.*
(2) *CVAE: contribution on added value paid by companies.*
(3) *In 2023, Mercialys SA and Ocitô-La Galerie had tax losses not recognized in deferred tax assets of Euro 1.2 and 0.7 million respectively (versus Euro 8.4 million and Euro 0.6 million in 2022).*

The tax expense for the 2023 fiscal year came to Euro - 495,000, versus Euro - 709,000 in 2022. This tax expense consists of the CVAE tax for Euro - 533,000, corporate tax for Euro - 95,000 and deferred income taxes and timing differences for Euro 134,000.

RECONCILIATION BETWEEN THE EFFECTIVE TAX EXPENSE
AND THE THEORETICAL TAX EXPENSE



7.2 Deferred taxes

ACCOUNTING PRINCIPLE

In accordance with IAS 12, deferred taxes are recognized. They correspond to tax calculated and that is likely to be recoverable since they consist of assets, on timing tax differences, tax loss carryforwards and certain consolidation restatements.

Deferred tax assets and liabilities are calculated according to the liability method on the basis of the tax rate expected for the fiscal year in which the asset will be realized or the liability settled.

Deferred taxes are recognized as income except if they are attached to business combinations or to items recognized under comprehensive income or directly as equity.

Deferred taxes are always presented as non-current assets or liabilities.

7.2.1 Change in deferred tax assets

(in thousands of euros)	12/31/2023	12/31/2022
Beginning of period	**1,601**	**1,346**
Income/(Expense) for the fiscal year	(341)	348
Effect of changes in the scope of consolidation and reclassifications	(41)	733
Changes recognized under other comprehensive income	395	(826)
END OF PERIOD	**1,614**	**1,601**

At December 31, 2023 and December 31, 2022, deferred tax assets mainly related to cash flow hedges and tax loss carryforwards.

7.2.2 Change in deferred tax liabilities

(in thousands of euros)	12/31/2023	12/31/2022
Beginning of period	**(731)**	**-**
Income/(Expense) for the fiscal year	475	-
Effect of changes in the scope of consolidation and reclassifications	41	(731)
Changes recognized under other comprehensive income	-	-
END OF PERIOD	**(215)**	**(731)**

Note 8 Intangible assets, property, plant and equipment, and investment properties

ACCOUNTING PRINCIPLE

Intangible assets, property, plant and equipment as well as investment property are recognized according to the cost method (acquisition cost less accumulated depreciation and any impairment losses).

An investment property is a property held by the Group for rental revenue or capital appreciation, or both. Investment properties are recognized and measured in accordance with the provisions of IAS 40.

Within the Group, shopping centers are recognized as investment properties.

Information on the fair value of investment property is provided in the appendix to Note 8.1.3, p. 161. Depreciation methods and periods are the same as those used for property, plant and equipment other than investment property.

Appraisals of assets owned by the Group are conducted in compliance with the Code of Ethics for real estate appraisers issued by the RICS (Royal Institution of Chartered Surveyors). The methods used to appraise the fair value of each asset are those recommended in the June 2006 property valuation charter (third edition) and in the 2000 report on the valuation of real estate assets of publicly traded companies by a working group of the COB (*Commission des Opérations de Bourse*, France's securities market regulator at the time) and the CNC (*Conseil National de la Comptabilité*, France's National Accounting Board). All of the assets in Mercialys' property portfolio are appraised on a rotating basis, at the rate of one third every year and by updating the other two thirds. As recommended in the 2000 COB/CNC report, two approaches are used to determine the fair value of each asset:

- the first approach, capitalization of rental income, consists of measuring net rental income from the asset and applying a yield rate corresponding to the market rate for assets of the same type, based on the retail area, configuration, location, competition, means of ownership, rental and extension potential and comparability with recent transactions, and taking into account the actual level of rent, less non rebillable expenses and works relative to the corresponding market price and the vacancy rate;
- the second approach, discounted cash flow (DCF), which consists of discounting future flows of income and expenses, takes into consideration projected rent increases and vacancy rates in future years, as well as other forecast parameters such as the duration of the period during which the property will be in the lease market and the investment outlays borne by the lessor.

The discount rate applied takes account of the market-risk-free rate (TEC 10-year OAT), plus a risk premium and a real estate market liquidity premium, as well as any risk premiums for obsolescence and rental risk.

Small assets have been valued by comparison with market transactions in similar assets.

Investment property impairment tests are carried out at the level of the cash-generating unit, *i.e.* at the level of the site composed of shopping centers, medium-sized stores and hypermarkets.

When Mercialys plans an individual asset disposal, these tests may be performed on the asset to be sold, as the cash-generating unit approach no longer has any substance.

An impairment provision for investment property is recognized when an appraisal value excluding transfer taxes is more than 5% below the net book value of the assets and when this difference can be considered as significant.

Cost price of fixed assets and investment property

The acquisition cost of property assets and investment property includes the acquisition expenses of these assets and investment property gross of tax.

Investment properties may include compensation paid to a tenant evicted upon early termination of a lease when:

- the tenant is replaced: if payment of eviction compensation enables the performance of the asset to be enhanced, this expenditure is capitalized as part of the cost of the asset; if not, this expenditure is charged to expenses in the fiscal year in which it is incurred;
- the site is renovated: if payment of eviction compensation is due to renovation work on the building, this expenditure is included in the cost of this work.

Personnel expenses and borrowing costs directly attributable to the acquisition, construction or production of an asset, for which preparation prior to use or planned sale requires a substantial period of time – generally more than six months – are included in the cost of the asset.

All other borrowing costs are recognized as expenses for the fiscal year in which they are incurred. Borrowing costs are interest and other costs borne by a company within the framework of borrowing funds.

Depreciation

Investment properties and fixed assets are recognized and depreciated according to the component method. For buildings, four components have been identified: structural elements, roofing, fire protection of the building shell, and fixtures. "Roofing" and "Fire protection of the building shell" are identified as separate components only in the case of major renovations. In all other cases, they are not separated from the "structural elements."

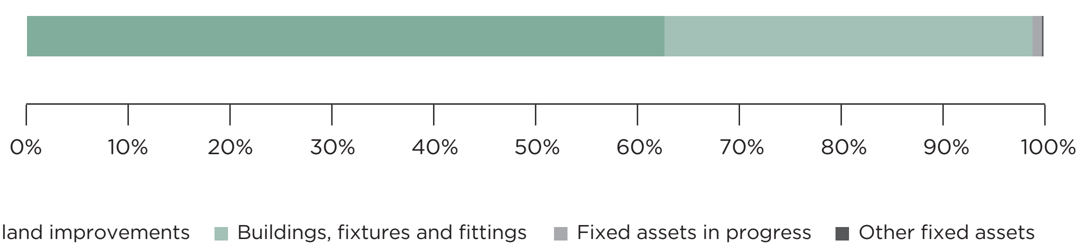
Property, plant and equipment and investment properties, with the exception of land (non-depreciable), are depreciated using the straight-line method for each category of asset, with generally zero residual value:

Type of asset	Depreciation/amortization period *(in years)*
Land arrangements and improvements	40 years
Buildings (structural elements)	50 years
Roofing	15 years
Fire protection of the building shell	25 years
Fixtures and fittings and renovation of premises	10 years-20 years

8.1 Intangible assets, property, plant and equipment, and investment properties

8.1.1 Composition

	12/31/2023			12/31/2022		
(in thousands of euros)	Gross	Depreciation and impairment	Net	Gross	Depreciation and impairment	Net
Software	11,477	(9,355)	2,122	9,711	(8,213)	1,498
Other intangible assets in progress	1,022	-	1,022	1,883	-	1,883
Intangible assets	**12,499**	**(9,355)**	**3,144**	**11,593**	**(8,213)**	**3,381**
Property, plant and equipment	6,915	(1,090)	5,825	5,494	(751)	4,743
Property, plant and equipment	**6,915**	**(1,090)**	**5,825**	**5,494**	**(751)**	**4,743**
Land and land improvements	1,239,062	(69,717)	1,169,345	1,240,628	(52,403)	1,188,224
Buildings, fixtures and fittings	1,065,974	(391,847)	674,126	1,051,267	(352,503)	698,764
Property, plant and equipment	12,012	(9,079)	2,933	11,836	(8,367)	3,469
Fixed assets in progress	18,545	-	18,545	16,690	-	16,690
Investment properties	**2,335,593**	**(470,643)**	**1,864,950**	**2,320,421**	**(413,275)**	**1,907,148**



8.1.2 Change in intangible assets, property, plant and equipment, and investment properties

8.1.2.1 Change in intangible assets

(in thousands of euros)	Software	Other intangible assets	Total
As at January 1, 2022	**2,007**	**3,021**	**5,028**
Impact of IFRS IC - SaaS decision	-	(1,651)	(1,651)
Increase and other acquisitions	298	834	1,132
Depreciation and amortization	(1,078)	-	(1,078)
Disposals for the fiscal year	272	(322)	(50)
As at December 31, 2022	**1,498**	**1,883**	**3,381**
Increase and other acquisitions	27	902	929
Depreciation and amortization	(1,151)	-	(1,151)
Reclassifications and other movements	1,747	(1,762)	(15)
AS AT DECEMBER 31, 2023	**2,122**	**1,022**	**3,144**

8.1.2.2 Change in property, plant and equipment

(in thousands of euros)	Land and land improvements	Buildings, fixtures and fittings	Property, plant and equipment	Fixed assets in progress	Total
As at January 1, 2022	**23**	**2,742**	**501**	**3,655**	**6,922**
Increase and other acquisitions	-	180	242	349	771
Depreciation and amortization	(0)	(175)	(162)	-	(338)
Reclassifications and other movements	-	309	32	(2,952)	(2,611)
As at December 31, 2022	**23**	**3,056**	**612**	**1,052**	**4,743**
Increase and other acquisitions	-	59	4	1,346	1,408
Depreciation and amortization	(1)	(201)	(142)	-	(343)
Disposals for the fiscal year	-	(20)	(27)	-	(48)
Reclassifications and other movements	-	416	298	(649)	64
AS AT DECEMBER 31, 2023	**22**	**3,309**	**745**	**1,748**	**5,825**

Property, plant and equipment mainly comprise fixed assets used by the Group's central services as well as fixed assets related to the Group's developing activities through its two companies SAS Cap Cowork Mercialys and SAS Ocitô-La Galerie.

8.1.2.3 Change in investment property

(in thousands of euros)	Land and land improvements	Buildings, fixtures and fittings	Property, plant and equipment	Property, plant and equipment in progress	Total
As at January 1, 2022	**1,197,502**	**726,343**	**4,072**	**7,202**	**1,935,117**
Increase and other acquisitions (1)	5,234	6,681	39	11,199	23,153
Depreciation and amortization	(7,509)	(33,621)	(635)	-	(41,764)
Disposals for the fiscal year	(7,440)	(5,528)	(7)	-	(12,975)
Reclassification as assets held for sale	414	-	-	-	414
Reclassification and other movements (2)	24	4,888	-	(1,711)	3,202
As at December 31, 2022	**1,188,224**	**698,764**	**3,469**	**16,690**	**1,907,148**
Increase and other acquisitions (1)	4	3,918	1	16,321	20,243
Depreciation and amortization	(17,314)	(40,487)	(764)	-	(58,565)
Disposals for the fiscal year (3)	(539)	(783)	(4)	-	(1,326)
Reclassification as assets held for sale (see Note 8.2, p.164)	(2,115)	(874)	-	-	(2,989)
Reclassification and other movements (2)	1,084	13,587	232	(14,466)	437
AS AT DECEMBER 31, 2023	**1,169,345**	**674,126**	**2,933**	**18,545**	**1,864,950**

(1) The item "increase and other acquisitions" corresponds mainly to work carried out during 2023.
(2) The item "Reclassification and other movements" corresponds primarily to the commissioning of buildings already recognized in the previous fiscal year under fixed assets in progress and to the reclassification as assets of investment properties held for sale.
(3) The item "Disposals for the fiscal year" corresponds to the disposal of standalone units in 2023 that were not classified as assets held for sale. In 2022, these corresponded to the disposals of the Annecy Seynod and Saint-Étienne Monthieu hypermarkets, the Marseille Sainte Anne and Marseille Croix Rouge units, as well as various disposals of standalone units (see Note 6.7, p. 155).

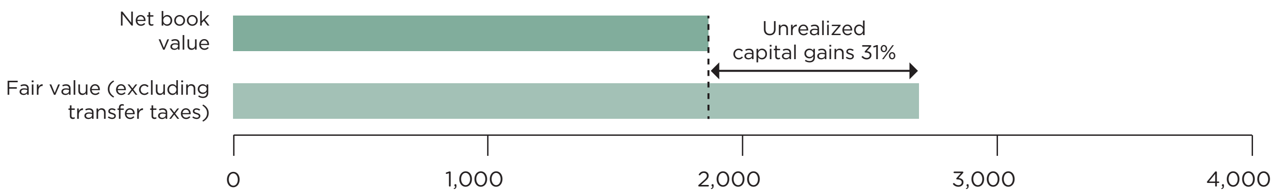
8.1.3 Fair value of investment property

These valuations concerned all investment property held at December 31, 2023.

The valuation methods used, described in Note 8, p. 158 remain unchanged.

	2023		2022	
(in thousands of euros)	Net book value	Fair value (excluding transfer taxes)	Net book value	Fair value (excluding transfer taxes)
Investment properties	1,864,950	2,690,898	1,907,148	2,896,934
Investment properties held for sale	1,400	1,400	-	-
TOTAL	**1,866,350**	**2,692,298**	**1,907,148**	**2,896,934**

in millions of euros



In accordance with the recommendations of the French Financial Markets Authority (AMF) on the rotation of real estate appraisers, Mercialys launched a call for tenders in 2022 for the valuation of 83% of the assets.

It appointed new experts whose work began in the first half of 2023. Appraisers' fees are based on the number and size of the assets to be appraised, at the time of signing the three-year mandate.

This rotation led to a new appraiser for 40% of Mercialys' assets to be valued (and 48% of the assets covered in the call for tenders).

At December 31, 2023, BNP Paribas Real Estate Valuation, Catella Valuation, Cushman & Wakefield, CBRE and BPCE Expertises Immobilières updated their appraisal of Mercialys' portfolio:

- at December 31, 2023, BNP Paribas Real Estate Valuation had conducted appraisals at 17 sites, on the basis of a visit to two sites during the 2nd half of 2023, and based on an update of the appraisals carried out at June 30, 2023 for the other sites. 12 on-site visits were carried out during the 1st half of 2022. The appraisals performed by BNP Paribas Real Estate Valuation represent Euro 1,655.1 million including transfer taxes (Euro 1,553.9 million excluding transfer taxes) or 57.7% of the property portfolio;
- Catella Valuation had conducted appraisals of 16 sites at December 31, 2023 based on an update of the appraisals from June 30, 2023. 17 on-site visits were carried out during the first 1st half of 2023. The appraisals performed by Catella Valuation represent Euro 201.6 million including transfer taxes (Euro 188.5 million excluding transfer taxes) or 7.0% of the property portfolio;
- Cushman & Wakefield had conducted appraisals of 9 sites as at December 31, 2023, based on an update of the appraisals from June 30, 2023. 9 on-site visits were carried out during the 1st half of 2023. The appraisals performed by Cushman & Wakefield represent Euro 209.8 million including transfer taxes (Euro 196.3 million excluding transfer taxes) or 7.3% of the property portfolio;
- CBRE had conducted the appraisal of one asset as at December 31, 2023, based on an update of the appraisal from June 30, 2023. The appraisal performed by CBRE represents Euro 126.0 million including transfer taxes (Euro 118.0 million excluding transfer taxes) or 4.4% of the property portfolio;
- BPCE Expertises Immobilières had conducted appraisals of 16 sites at December 31, 2023 based on an update of the appraisals from June 30, 2023. 16 on-site visits were carried out during the 1st half of 2023. The appraisals performed by BPCE Expertises Immobilières represent Euro 679.6 million including transfer taxes (Euro 635.6 million excluding transfer taxes) or 23.6% of the property portfolio.

Fees correspond to registration fees payable on the sale of property upon signing of the deed of sale before a notary.

The valuation of investment property requires some judgment and estimates. The valuations determined by independent appraisers are based on level 3 non-observable data as defined by IFRS 13.

On this basis, the portfolio was valued at Euro 2,872.0 million including transfer taxes (Euro 2,692.3 million excluding transfer taxes) at December 31, 2023, compared to Euro 3,091.2 million including transfer taxes and Euro 2,896.9 million excluding transfer taxes at December 31, 2022.

The value of the portfolio including transfer taxes therefore dropped by 7.1% over 12 months (a decrease of 7.0% on a like-for-like basis (1)). The average appraisal yield rate was 6.61% at December 31, 2023. The average appraisal yield rate was 5.75% at December 31, 2022.

The change in the fair value of assets excluding transfer taxes for the fiscal year 2023 stems chiefly from:

- the effect of rental income on a like-for-like basis amounting to Euro 189 million;
- the change in the average capitalization rate (reflecting the appraisers' assessments of the sustainability and recurrence of income generated by portfolio assets) which had an impact of Euro - 406 million;
- changes in the scope of consolidation (acquisitions net of disposals) during the fiscal year amounting to Euro -2 million.

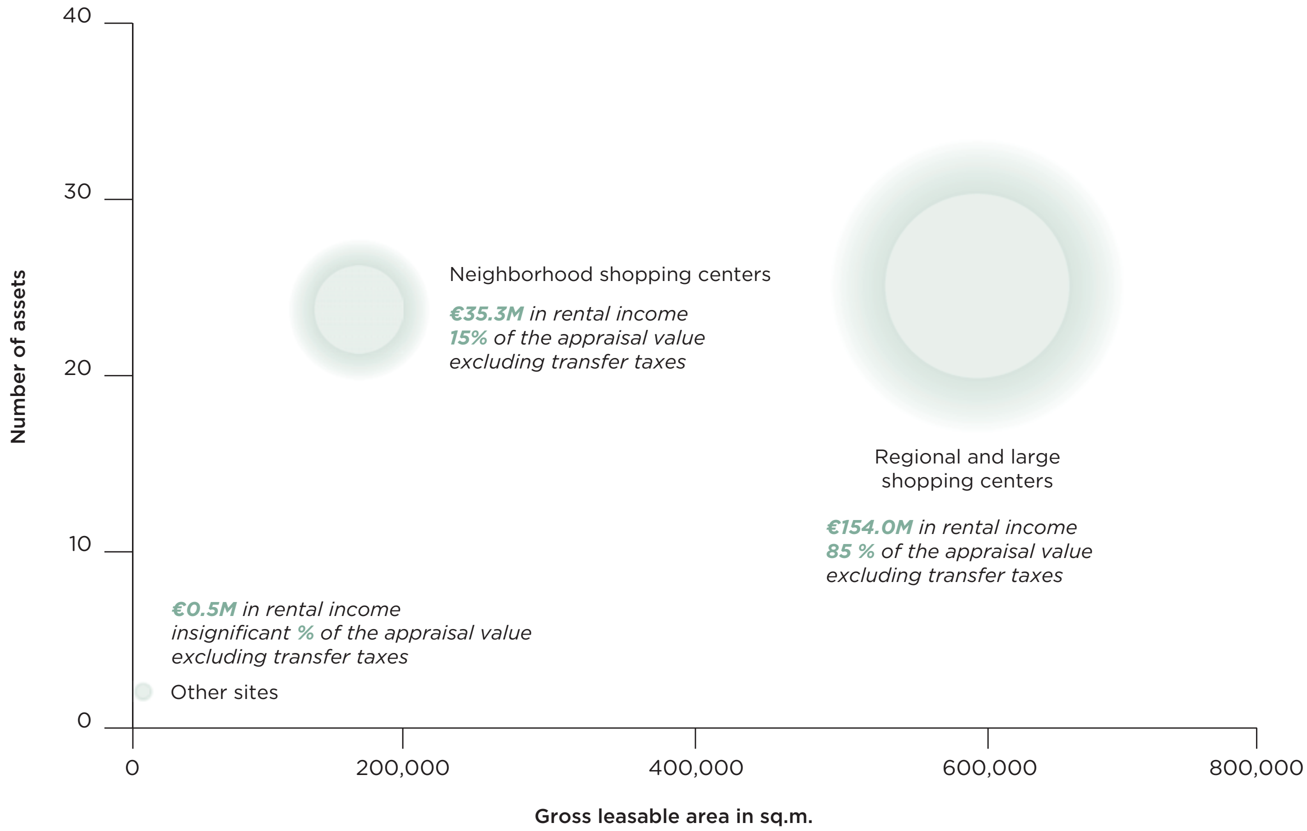
Type of real estate assets	Average yield rate 12/31/2023	Average yield rate 06/30/2023	Average yield rate 12/31/2022
Regional and large shopping centers	6.34%	5.93%	5.46%
Neighborhood shopping centers	8.26%	7.88%	7.36%
Total portfolio (1)	6.61%	6.21%	5.75%

(1) Including other assets (independent cafeterias and other standalone units).

The following table presents the breakdown of Mercialys' real estate portfolio in terms of fair value and gross leasable area (GLA) by site category at December 31, 2023, as well as the corresponding appraised rental income:

Type of real estate assets	Number of assets at 12/31/2023	Appraisal value at 12/31/2023 (excluding transfer taxes)		Gross leasable area at 12/31/2023		Appraised net rental income	
		(€M)	*(%)*	*(sq.m.)*	*(%)*	*(€M)*	*(%)*
Regional and large shopping centers	25	2,279.7	84.7%	604,840	77.9%	154.0	81.1%
Neighborhood shopping centers	23	400.5	14.9%	167,726	21.6%	35.3	18.6%
Subtotal	**48**	**2,680.2**	**99.5%**	**772,567**	**99.5%**	**189.4**	**99.8%**
Other sites (1)	2	12.1	0.5%	3,987	0.5%	0.5	0.2%
TOTAL	**50**	**2,692.3**	**100.0%**	**776,554**	**100.0%**	**189.8**	**100.0%**

(1) Including other assets (independent cafeterias and other standalone units).



Due to the strong correlation between the capitalization rate and the discount rate in the appraisers' model, the sensitivity test for changes in the capitalization rates also shows the sensitivity to changes in the discount rate.

Based on an assumption of annual appraised potential net rental income of Euro 189.8 million and a capitalization rate of 7.05%:

Sensitivity criteria	Impact on appraisal value (excluding transfer taxes) *(€M)*
- 0.5% decrease in the capitalization rate	+ 205.5
+ 10% increase in rents	+ 269.2
+ 0.5% increase in the capitalization rate	- 178.3
- 10% decrease in rents	- 269.2

Fees charged to Mercialys for the appraisals detailed above amounted to Euro 205,000 for the fiscal year ended December 31, 2023, versus Euro 169,000 at December 31, 2022.

8.2 Investment property held for sale

ACCOUNTING PRINCIPLE

Investment properties held for sale is stated at the lower of their book value and their fair value, less the costs of sale.

They are classified as assets held for sale if their book value is recovered primarily by means of a sale rather than continuing use.

This condition is deemed to have been met only if the sale is highly probable and the asset held for sale is available with a view to being sold immediately in its current state.

Senior Management must have planned to sell the asset, which in accounting terms should result in the conclusion of a sale within one year of the date of this classification.

Once classified as held for sale, intangible assets, property, plant and equipment and investment properties are no longer depreciated.

CHANGE IN INVESTMENT PROPERTIES HELD FOR SALE

(in thousands of euros)	Land and land improvements	Buildings, fixtures and fittings	Property, plant and equipment	Property, plant and equipment in progress	Total
As at January 1, 2022	**40,257**	**19,813**	**10**	**5**	**60,086**
Reclassification as investment properties	(414)	-	-	-	(414)
Reclassification as assets held for sale	-	-	-	-	-
Disposals for the fiscal year	(39,844)	(19,813)	(10)	(5)	(59,673)
As at December 31, 2022	**-**	**-**	**-**	**-**	**-**
Increases and other acquisitions	-	31	-	-	31
Reclassification as assets held for sale	2,115	874	-	-	2,989
Impairment	-	(206)	-	-	(206)
Disposals for the fiscal year	(1,001)	(412)	-	-	(1,414)
AS AT DECEMBER 31, 2023	**1,114**	**286**	**-**	**-**	**1,400**

In 2023, investment property held for sale totaled Euro 1,400,000 and corresponded to non-strategic standalone units for which preliminary sales agreements, with no financing conditions, were signed during the first half of 2023.

Note 9 Leases

PRINCIPLE

As lessee

The Group is a lessee in certain property leases which mainly consist of:

- leases on plots of land related to investment properties (mainly construction leases and long-term ground leases);
- commercial leases for offices.

The Group's leases are recognized in accordance with IFRS 16 – Leases, by taking into account the terms and conditions of the leases and all relevant facts and circumstances.

On the contract signing date, the Group determines whether the contract is (or contains) a lease, *i.e.* whether it conveys the right to control the use of a particular asset for a certain period of time in exchange for a consideration.

Leases are recorded on the lessee's statement of financial position and entail the recognition of:

- an asset representing the right to use the rented asset throughout the lease period. This asset is reported in the "Right-of-use assets" line of the consolidated statement of financial position;
- a liability representing the obligation to make lease payments over the same period, recorded in the "Current lease liabilities" and "Non-current lease liabilities" lines of the consolidated statement of financial position. Lease liabilities are not included in the Group's net financial debt.

Initial measurement

On the date on which the contract takes effect:

The lease liability is recognized for an amount equal to the present value of fixed future lease payments in relation to the estimated duration of lease, as determined by the Group.

Fixed future lease payments include the possible re-measurement of lease payments in relation to an index or growth rate laid down in the contract. They may also include the value of a purchase option or early termination penalties, if there is reasonable certainty that Mercialys will exercise such options. In addition, fixed payments include a deduction for any lease incentives to be received on the effective date of the lease.

The right-of-use asset corresponds to the value of the lease liability (after deduction of any lease incentives received from the lessor) plus advance lease payments, initial indirect costs, as well as the estimated cost of rehabilitation if this is obligation is provided for in the contract.

Subsequent measurement

The lease liability is measured at amortized cost, using the effective interest rate method.

The changes recorded in the lease-related debt are the following:

- an increase equivalent to the interest expense, determined by applying the discount rate to the debt at the beginning of the period. This interest expense is recognized in the income statement under "Other financial expenses";
- and decreased by the amount of the lease payments made.

The cash flows relating to the payment of the principal of lease-related debt and the associated interest are presented in the consolidated cash flow statement under cash flows from financing activities.

Besides the re-measurement of the liabilities in the event of contract amendments, liabilities relating to right-of-use assets are remeasured in the following cases:

- in the event of the revision of the contract duration;
- in the event of a change in the assessment of whether the exercise of a call option is reasonably certain (or not);
- in the event of a change in the amount of the payment expected under the residual value guarantee granted to the lessor;
- in the event of a change in variable rents based on a rate or an index, when the adjustment of the rate or index comes into effect (i.e. when the rents are actually modified).

In the first two cases, the debt is remeasured using a discount rate which is revised on the remeasurement date. In the last two cases, the discount rate used for the initial measurement remains unchanged.

The right-of-use is measured using the cost method and is amortized over the estimated duration of the lease, starting on the date on which the contract takes effect. This generates a straight-line amortization expense in the income statement. Moreover, in the event of a loss in value, the right-of-use asset is impaired in accordance with IAS 36 and is re-adjusted in the event of the re-measurement of lease liabilities.

In the event of early termination of a contract, any difference arising from the derecognition of the lease liabilities and the right-of-use is booked to the income statement under other operating income or other operating expenses.

Estimation of the term of the leases

The term of the lease corresponds to the period of execution of the contract (i.e. the period during which the contract cannot be terminated by the lessor, along with all renewal options provided for in the contract and available solely to the lessee). This term takes into account the termination and renewal options whose use by the Group is reasonably certain.

When estimating this reasonably certain duration, the Group takes into account all of the characteristics linked to the leased assets (location, offices, movable or immovable nature, economic horizon in terms of use, etc.). In general, the lease term starts on the initial contract date.

For commercial leases (3, 6 or 9 years) in particular, in accordance with the position paper published by the ANC on February 16, 2018, the Group recognizes the duration of execution as being 9 years from the lease start date.

Moreover, certain leases include tacit renewal clauses. For these leases, the Group is unable to reliably determine the estimated rental period beyond its strict contractual commitment, which is generally limited to a few months.

Determining the discount rate

In general, for each asset, the discount rate used for the calculation of the lease liability is determined on the basis of the incremental borrowing rate on the contract start date. This rate corresponds to the rate of interest that a lessee would have to pay, at the start of the lease, to borrow over a similar term and with a similar security, the funds necessary to acquire the asset in a similar economic environment.

Short-term low-value property leases

The Group has elected to apply one of the exemptions provided by the standard for short-term property leases (up to or equal to 12 months as from the initial lease start date).

The rents associated with these contracts are recognized in the consolidated income statement under operating expenses, just like the variable rents that are not included in the initial measurement of the lease liability. The cash flows associated with the payments made under these contracts are recognized in the consolidated cash flow statement under cash flows from operating activities.

As lessor

When the Group acts as the lessor, it determines at the beginning of each lease whether that lease is a finance lease or an operating lease.

Finance leases are recognized in the same way as a property sale to the tenant, financed by a loan granted by the lessor. The Group thus:

- derecognizes the leased asset in the statement of financial position;
- recognizes a financial receivable classified as “Financial assets at amortized cost”, presented in the consolidated statement of financial position under “Other current assets” and “Other non-current assets” in an amount equal to the present value of the lease payments to be received (discounted using the interest rate implicit in the contract), to which is added any non-guaranteed residual value payable to the Group;
- breaks down the rental income between interest, which is recognized in the consolidated income statement under other financial income, and a capital amortization charge that reduces the amount of the receivable.

For operating leases, the lessor recognizes the leased assets under “Property, plant and equipment” in its statement of financial position and recognizes the lease payments received as income, in a linear fashion over the duration of the lease, under “Rental revenues” in the consolidated income statement.

9.1 Lessee

The information relating to such leases is presented hereunder.

9.1.1 Information on the statement of financial position

COMPOSITION AND CHANGE IN RIGHT-OF-USE ASSETS

(in thousands of euros)	Land and land improvements	Buildings, fixtures and fittings	Other rights of use	Total
As at January 1, 2022	**3,331**	**5,259**	**-**	**8,590**
Increases for the fiscal year (1)	2,377	-	541	2,918
Depreciation and amortization	(312)	(833)	-	(1,145)
Disposals for the fiscal year (2)	(180)	-	-	(179)
As at December 31, 2022	**5,216**	**4,426**	**541**	**10,184**
Increases and reappraisals during the fiscal year (3)	1,316	605	-	1,921
Depreciation and amortization	(347)	(974)	(166)	(1,487)
Disposals for the fiscal year	-	-	-	-
AS AT DECEMBER 31, 2023	**6,185**	**4,054**	**375**	**10,615**

(1) The increases in 2022 corresponded to the leases for the Marseille Barnéoud site.
(2) The decreases in 2022 corresponded to the sale of long-term ground leases by Mercialys to Barnéoud Développement.
(3) The indexation of rents resulted in a reappraisal of the lease liability in exchange for the right of use.

9.1.2 Information on the income statement

At December 31, 2023, restated rental expenses totaled Euro 1,570,000. These rents are replaced by a depreciation expense on right-of-use assets of Euro 1,487,000 (see Note 6.6, p. 154) and a financial interest expense on lease liabilities of Euro 344,000 (see Note 4.4, p. 150).

The amounts recognized in the income statement for the fiscal year concerning agreements excluded from lease liabilities represent Euro 132,000 and primarily relate to short-term or low value agreements.

9.1.3 Information on the cash flow statement

The total amount paid out during the fiscal year in respect of leases amounted to Euro 1,231,000.

Note 10 Other non-current assets

ACCOUNTING PRINCIPLE

Non-current assets consist essentially of financial assets available at fair value through other comprehensive income and amounts receivable from tenants under construction leases; in substance, the return of the construction by the tenant to the lessor at the end of the lease is considered to be an additional rent payable in kind and is spread over the term of the lease. At the end of the lease, when the asset is returned by the tenant, the accrued revenue is canceled by recognizing an equivalent amount as a long-term asset. Because the maturity of these financial assets is greater than one year at the outset, the amounts are discounted to present value.

(in thousands of euros)	Total	Financial assets at fair value through other comprehensive income (1)	Construction leases	Real estate guarantees	Non-current hedging assets (2)	Loans and interest (3)	Non-current prepaid expenses (4)
As at January 1, 2022	**50,733**	**3,367**	**3,849**	**257**	**20,431**	**19,808**	**3,021**
Impact of IFRS IC - SaaS decision	1,415	-	-	-	-	-	1,415
Increase	265	-	-	44	-	221	-
Change in fair value	(866)	(136)	-	-	(730)	-	-
Decrease	(1,274)	-	-	-	-	(1,274)	-
Discounting/accretion	236	-	236	-	-	1	-
Other reclassifications and other movements	(291)	-	(3)	(12)	-	-	(276)
As at December 31, 2022	**50,219**	**3,231**	**4,082**	**288**	**19,701**	**18,756**	**4,159**
Increase	760	-	-	5	-	755	-
Change in fair value	(13,150)	(2,749)	-	-	(10,402)	-	-
Decrease	(454)	-	-	-	-	(454)	-
Discounting/accretion	(110)	-	(110)	-	-	1	-
Other reclassifications and other movements	313	-	-	-	-	-	313
AS AT DECEMBER 31, 2023	**37,577**	**482**	**3,972**	**293**	**9,299**	**19,058**	**4,473**

(1) *Financial assets valued at fair value through other comprehensive income are primarily made up of shares in OPCI UIR II. This mutual fund is owned 80.01% by Union Investment and 19.99% by Mercialys. It operated an asset in Pessac which provided it with rental income.*
This asset was sold on April 29, 2022. The decrease in fair value is linked to the capital reduction of the OPCI, carried out in the first half of 2023, for Euro 13.5 million. This company is now under liquidation.

(2) *The fair value hedging derivative assets (interest rate risk hedge) are due to mature on August 28, 2025, February 27, 2026 and November 3, 2027 (see Note 14.2.3, p. 175).*

(3) *The change was related to accrued interest on the SCI AMR loan.*

(4) *Prepaid expenses are mainly composed of the costs of implementing software in SaaS mode when they are not distinct from said software.*

Note 11 Impairment of non-current assets

ACCOUNTING PRINCIPLE

IAS 36 sets out the procedures that a business entity must follow to ensure that the net book value of its assets (intangible assets, property, plant and equipment and investment properties) does not exceed the recoverable amount, *i.e.* the amount that will be recovered by their use or sale.

The recoverable amount of an asset is estimated each time there is evidence that this asset may have lost its value.

Cash generating unit (CGU)

A cash generating unit is the smallest group of assets that includes an asset the continuing use of which generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group defines the CGU as the shopping center, *i.e.* the shopping center and adjacent assets (large regional centers or neighborhood shopping centers).

Evidence of impairment

Assets are tested for impairment every six months. Investment property impairment tests are carried out at the level of the cash-generating unit, *i.e.* at the level of the site composed of shopping centers, medium-sized stores and hypermarkets.

When Mercialys plans an individual asset disposal, these tests may be performed on the asset to be sold, as the cash-generating unit approach no longer has any substance.

An impairment provision for investment property is recognized when an appraisal indicates a fair value, excluding transfer taxes, which has fallen below the net book value of the assets by more than 5% and when this difference in net book value can be considered as significant.

Measuring the recoverable amount

The recoverable amount of an asset is the higher value of:

- the fair value less costs, corresponding to the price that would be received for the sale of an asset or paid for the transfer of a liability, as part of a normal transaction between market operators on the date of the valuation; and
- the fair value excluding transfer taxes, measured by independent appraisers, corresponding to the discounted value of estimated future cash flows expected to arise from the ongoing use of the asset and from its disposal at the end of its useful life. It is determined in accordance with the two approaches described in Note 8, p. 158.

Loss of value

A loss of value is recognized as soon as the book value of an asset is higher than its recoverable amount. Losses of value are recognized under "Other operating expenses."

In some cases, the Group may have to recognize all or part of the loss of value recognized in previous years.

Impairment of investment property

Based on the appraisals described in Note 8.1.3, p. 161, additional impairments on investment property were recognized at the end of December 2023 for Euro 23.2 million in other operating expenses (see Note 6.7, p. 155).

Note 12 Trade accounts and other receivables

ACCOUNTING PRINCIPLE

Trade receivables mainly comprise rental income receivable from lessees, lease rights and consulting services invoiced during the fiscal year.

These receivables are subject to a provisioning, the rate of which is determined according to the legal situation (safeguard procedure, legal redress with a distinction between frozen receivables and subsequent receivables, judicial liquidation) of the tenants concerned, a distinction also being made between tenants present on the sites and those who have vacated their premises. In addition, a specific analysis carried out by the Company's asset management may result in a higher level of provisioning than the general rule.

(in thousands of euros)	12/31/2023	12/31/2022
Trade accounts and other receivables	61,091	50,078
Impairment	(25,155)	(21,521)
TRADE ACCOUNTS AND OTHER RECEIVABLES, NET	**35,936**	**28,557**

Trade receivables at December 31, 2023 comprise rental income, lease rights and consulting services invoiced during the fiscal year.

In addition to the impact of the Euro 17 million of provisions for doubtful receivables determined by Mercialys and based on the legal framework for disputes with tenants in arrears, the financial statements at end-December 2022 included provisions corresponding to the impacts of the health crisis for Euro 2 million (see Note 6.1, p. 152).

The aging of trade receivables breaks down as follows:

(in thousands of euros)	Total	not yet due	In arrears for less than 3 months	In arrears for 3 to 6 months	In arrears for 6 to 12 months	In arrears for more than 12 months
As at December 31, 2022						
Trade accounts and other receivables	50,078					
Assets not due and not impaired	5,041	5,041	-	-	-	-
Assets due and not impaired at closing date	13,697	-	7,453	1,994	3,150	1,100
Impaired assets	31,341	-	1,815	1,704	3,302	24,039
Impairment	(21,521)	-	(1,273)	(1,079)	(1,871)	(17,299)
AS AT DECEMBER 31, 2023						
Trade accounts and other receivables	61,091					
Assets not due and not impaired	1,317	1,317	-	-	-	-
Assets due and not impaired at closing date	26,282	-	16,968	1,481	1,927	5,905
Impaired assets	33,491	-	1,601	1,412	3,549	26,419
Impairment	(25,155)	-	(890)	(830)	(2,596)	(20,838)

Note 13 Other current assets

ACCOUNTING PRINCIPLE

Assets to be realized, consumed or sold in the course of the normal operating cycle or within twelve months of the closing date are classified as "current assets," as are assets held for sale, cash and cash equivalents. All other assets are classified as "non-current assets."

(in thousands of euros)	Note	12/31/2023	12/31/2022
Advances and down payments paid on orders		46	102
Receivables on assets		2,534	2,126
VAT credit		2,055	3,419
Other operating receivables (1)		17,980	16,711
Prepaid expenses		5,301	4,583
Current hedging instruments	14.2.4	3,987	4,913
OTHER CURRENT ASSETS		**31,902**	**31,854**

(1) Other operating receivables mainly consist of VAT receivables.

Note 14 Financial structure

14.1 Net financial expense

14.1.1 Net finance costs

ACCOUNTING PRINCIPLE

The expenses from net financial debt consist of all income and expenses arising on components of net financial debt during the reporting period, including the income and profit on the sale of cash equivalents, as well as interest charges relating to finance leases.

Net financial debt comprises all borrowings and financial liabilities including derivatives recognized using hedge accounting, less (i) cash and cash equivalents, (ii) derivatives with a positive fair value recognized using hedge accounting concerning borrowings and financial liabilities.

(in thousands of euros)	12/31/2023	12/31/2022
Cost of debt put in place	(34,909)	(60,622)
Impact of hedging instruments (1)	(3,286)	7,142
Gross finance costs	**(38,194)**	**(53,479)**
Income from cash and cash equivalents	3,185	246
(EXPENSES)/INCOME FROM NET FINANCIAL DEBT	**(35,009)**	**(53,234)**

(1) Mainly composed of interest on hedging instruments and the ineffectiveness of this hedging.

In 2023, income from cash and cash equivalents corresponds to interest on investments made by Mercialys.

In 2022, the increase in net finance costs was linked primarily to early bond buyback costs for Euro 26 million, the additional amortization of premiums and costs for hedging instruments for Euro 4 million, which were initially amortized in line with the effective interest method, as well as the Euro 2 million impact linked to the unwinding of hedging instruments of the 2023 bond issue, repaid in full.

14.1.2 Other financial income and expenses

ACCOUNTING PRINCIPLE

This concerns financial income and expenses that do not form part of the expenses from net financial debt. This item notably includes: non-use fees, costs related to undrawn bank debt, the fair value of derivative assets or liabilities held for trading, dividends received, interest on current accounts with companies outside of the Mercialys group and discounting adjustments.

(in thousands of euros)	12/31/2023	12/31/2022
Other financial income	774	1,089
Financial income	**774**	**1,089**
Other financial expenses	(6,085)	(3,939)
Financial expenses	**(6,085)**	**(3,939)**
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	**(5,311)**	**(2,849)**

In 2023, other financial expenses consist mainly of non-use fees and costs associated with undrawn bank lines and the fair value of derivatives held for trading.

Other financial income corresponds to interest on loans and current accounts for companies in which Mercialys has a minority interest.

14.2 Financial assets and liabilities

ACCOUNTING PRINCIPLE

Financial assets

Financial assets are initially recognized at fair value increased by transaction costs directly linked to their acquisition for the instruments which are not measured at fair value through profit or loss. The costs of acquiring financial assets measured at fair value through profit or loss are recorded in the income statement.

The breakdown of financial assets between current and non-current is determined according to their maturity at the closing date: less or more than one year.

The Group classifies its assets into three categories:

- amortized cost;
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss.

Financial assets at amortized cost

Financial assets are measured at amortized cost when they are not designated at fair value through the income statement, when they are held for the purpose of collecting the contractual cash flows, and when they give rise to cash flows that exclusively correspond to the repayment of the principal sum and interest payments ("SPPI" criterion).

These assets are measured at amortized cost, using the effective interest rate method, less loss of value. Interest income, impairment and profit and loss from derecognition are recorded in the profit or loss statement.

This category mainly includes trade receivables, cash and other loans and receivables.

Financial assets at fair value through other comprehensive income (OCI)

This category comprises mainly debt instruments, equity instruments and non-consolidated equity interests.

- debt instruments are measured at fair value through OCI if they are not designated at fair value through profit or loss, if they are held for the purpose of receiving contractual cash flows and being sold and if they give rise to cash flows that exclusively correspond to the repayment of the principal sum and interest payments ("SPPI" criterion). Interest income and impairments are recognized as profit or loss. Other net profits and losses are recognized as OCI. Upon derecognition, accumulated gains and losses in OCI are reclassified as income.
- equity instruments that are not held for trading may be measured at fair value through OCI. The Group can make the choice irrevocable on an investment-by-investment basis. Dividends are then recognized in the income statement unless they clearly represent the recovery of a portion of the cost of the investment. Other gains and losses are recognized as OCI and are never reclassified as profit or loss. The Group recognizes the non-consolidated equity interests of OPCI UIR II in this category.

Financial assets at fair value through profit or loss

All other assets that are not classified as either at amortized cost or at fair value through OCI are measured at fair value through profit or loss. Net gains and losses, including interest and dividends received, are recognized as profit or loss.

This category mainly includes derivatives not qualified as hedging instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments.

To be eligible for classification as a cash equivalent in accordance with IAS 7, investments must meet four criteria:

- short-term investments;
- highly liquid investments;
- investments that are readily convertible to a known amount of cash;
- insignificant risk of changes in value.

Derecognition of financial assets

A financial asset is derecognized in the following two cases:

- the contractual rights to the cash flows from the asset have expired;
- those contractual rights have been transferred to a third party and the transfer meets certain conditions:
  - if the transferor has transferred practically all of the risks and rewards, the asset is derecognized in its entirety;
  - if the transferor has retained practically all of the risks and rewards, the asset continues to be fully recognized in the statement of financial position.

Financial liabilities

Definition

The breakdown of financial liabilities between current and non-current is determined according to their maturity at the closing date: less than or more than one year.

Financial liabilities measured at amortized cost

Borrowings and other financial liabilities at amortized cost are measured on issuance at fair value of the consideration received, then at amortized cost, calculated using the effective interest rate method. Transaction costs, issue premiums and redemption premiums directly related to the acquisition or issue of a financial liability are deducted from value of this financial liability. Costs are then amortized according to the lifetime of the liability, based on the effective interest rate method.

Within the Group, certain liabilities are amortized and particular borrowings are hedged.

Financial liabilities at fair value through the profit or loss statement

These represent derivatives (see below). They are measured at fair value and changes in fair value are recognized in the profit or loss statement.

Derivatives

Derivative instruments are shown in the statement of financial position at fair value.

Derivatives qualifying as hedges: recognition and presentation

The Group applies the option provided by IFRS 9 of applying hedge accounting:

- in the case of fair value hedges (*e.g.* fixed-rate bond swapped to variable rate), the debt is recognized at its fair value proportional to the risk hedged and any changes in fair value are recorded in income. The change in fair value of the derivative is recognized in the income statement. If the hedge is completely effective, the two effects cancel each other out completely;
- in the case of cash flow hedges (*e.g.* floating-rate bond swapped to fixed-rate), the effective portion of the change in fair value of the hedging instrument is recorded under other items of comprehensive income. The ineffective portion of the change in fair value of the derivative is entered in the comprehensive income and the effective portion within other comprehensive income and recognized in income when the hedged flows are recognized and in the same section and the hedged item: net financial expense.

Hedge accounting is applicable if:

- the hedging relationship is clearly defined and documented as at the date of inception; and
- the effectiveness of the hedge is demonstrated at inception for as long as it lasts.

Derivatives not qualifying as hedges: recognition and presentation

When a derivative financial instrument has not been (or is no longer) classified as a hedge, its successive changes in fair value are recognized directly in the income statement for the period, under "Other financial income and expenses".

14.2.1 Net cash

(in thousands of euros)	**12/31/2023**	**12/31/2022**
Cash	47,087	165,985
Cash equivalents	71,068	50,101
Gross cash	**118,155**	**216,085**
Bank overdrafts	-	(87)
CASH NET OF BANK OVERDRAFTS	**118,155**	**215,999**

The main cash flows that impacted the change in Mercialys' cash position over the period were as follows:

- net cash flow from operating activities during the period for Euro 134,300;
- cash inflows and outflows related to the disposal and acquisition of assets in 2023 for Euro - 21,700;
- the distribution of dividends to the shareholders of the parent company and to non-controlling interests for Euro - 99,300;
- issues and repayments of borrowings net of the change in outstanding commercial papers for Euro - 83,200;
- net financial interest paid for Euro - 25,900.

14.2.2 Financial liabilities

Net financial liabilities comprise borrowings and financial liabilities, including the fair value of the debt less cash and cash equivalents and fair value hedging derivatives.

Net financial liabilities amounted to Euro - 1,063.6 million at December 31, 2023, versus Euro - 1,040.2 million at December 31, 2022. These liabilities comprise the following:

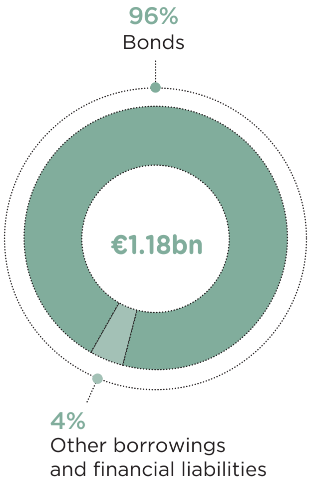
	12/31/2023			12/31/2022		
(in thousands of euros)	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	(1,144,678)	(18,368)	(1,163,046)	(1,143,021)	(18,368)	(1,161,389)
Other borrowings and financial liabilities	-	(42,000)	(42,000)	-	(112,000)	(112,000)
Bank overdrafts	-	-	-	-	(87)	(87)
Fair value of liabilities (1)	13,051	7,331	20,382	11,047	4,102	15,148
Gross financial debt	**(1,131,627)**	**(53,037)**	**(1,184,664)**	**(1,131,974)**	**(126,353)**	**(1,258,327)**
Fair value hedging derivatives – assets	(30)	2,944	2,914	(151)	2,147	1,996
Cash and cash equivalents	-	118,155	118,155	-	216,085	216,085
Cash and cash equivalents and other financial assets	**(30)**	**121,099**	**121,069**	**(151)**	**218,232**	**218,081**
NET FINANCIAL DEBT	**(1,131,657)**	**68,062**	**(1,063,595)**	**(1,132,125)**	**91,879**	**(1,040,246)**

(1) Certain hedging instruments were restructured in 2022 and 2023. The balances of Euro 13.2 million in 2023 and Euro 12.3 million in 2022 are spread over the period between the date of renegotiation of the instrument and the end date of the underlying.

The counterparty risk, assessed by means of Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA) adjusts the mark-to-market. It is therefore deducted from assets or liabilities. The amount of credit risk (CVA) amounted to Euro - 78,000 (Euro - 30,000 for the non-current portion and Euro - 48,000 for the current portion) and (DVA) to Euro 911,000 (Euro 754,000 for the current portion and Euro 157,000 for the current portion) at December 31, 2023.

The main flows that impacted the change in financial liabilities were commercial paper repayments, net of issues, for Euro - 70 million (see Note 14.2.6, p. 176).

BREAKDOWN OF GROSS FINANCIAL LIABILITIES



14.2.3 Bonds

The change in bonds over fiscal year 2022 was linked in particular to the placement of a new bond issue on February 17, 2022 for Euro 500 million, with a 7-year maturity and 2.5% coupon. With this latest bond issue, an issue premium was recorded for Euro - 3.0 million, along with issue costs of Euro - 2.2 million. As for the other bonds, these issue costs are spread in line with the effective interest method over the term of the new bond issue.

Alongside this, Mercialys fully exercised its option for the early redemption of its bond maturing in March 2023, with a residual nominal amount of Euro 469.5 million.

Mercialys also carried out a partial buyback of Euro 100 million of the bond due to mature in July 2027. The outstanding amount of this issue represents Euro 200 million. The Company considered that this was an early redemption under IFRS 9 and all of the impacts were recognized in financial expenses for the period.

At December 31, 2023, the amount of bond financing totaled Euro 1,150 million, divided into four issues:

- a Euro 500 million bond issue, yielding a fixed yield of 2.5% and maturing in February 2029;
- a Euro 200 million residual bond issue, yielding a fixed rate of 4.625% and maturing in July 2027;
- a Euro 300 million bond issue, yielding a fixed rate of 1.80% and maturing in February 2026;
- a Euro 150 million bond issue, yielding a fixed rate of 2% and maturing in November 2027.

These bonds are subject to the standard commitment and default clauses customarily included in this type of agreement: *pari passu* ranking, a negative pledge clause that limits the security that can be granted to other lenders, and a cross-default obligation. Furthermore, if the rating is downgraded following a change of control (see definition below), Mercialys bondholders may request redemption of their share.

A rating downgrade is defined as a lowering of the rating by a rating agency, a downgrade of the rating to non-investment grade (*i.e.* a downgrade of at least two notches relative to the current rating) or, if the rating is already non-investment grade, a downgrade of at least one notch. The rating downgrade must be explicitly linked to the change of control of the Company.

14.2.4 Hedging transactions

In addition, Mercialys introduced an interest rate hedging policy in October 2012 by means of a swap agreement, in order to hedge its interest rate risk. These hedging instruments are recognized in accordance with the fair value hedging method.

In 2023, no new hedging instruments were contracted. Certain instruments were restructured in 2023. The balance of Euro 13.2 million is spread over the period between the date of renegotiation of the instrument and the end date of the underlying.

In 2022, Mercialys entered into contracts for new cash flow hedging instruments. The premiums relating to these instruments for Euro - 793,000 are recognized in other comprehensive income and are amortized on a straight-line basis over the life of the hedge.

At the same time, Mercialys entered into contracts for a derivative that does not qualify as a hedge. This instrument resulted in the recognition of a Euro - 517,300 premium in the income statement under "Other financial income and expenses."

In 2023, 96% of Mercialys' debt was hedged.

14.2.5 Confirmed credit lines

At the end of December 2023, the Mercialys group's confirmed credit lines amounted to Euro 385 million, of which:

- a Euro 180 million revolving bank credit line, maturing in June 2026;
- five confirmed bank lines for a total amount of Euro 205 million, maturing between June 2026 and December 2028.

14.2.6 Commercial papers

A Euro 500 million commercial papers program was set up in the second half of 2012. It has been used since 2014. The outstanding commercial papers amounted to Euro 42 million at December 31, 2023. This figure was Euro 112 million at end-December 2022.

14.2.7 Financial covenants

Mercialys' financial liabilities are subject to default clauses (early repayment) in the event of failure to comply with the following financial ratios:

- LTV (Loan-To-Value): Net financial debt/(fair value excluding the portfolio transfer taxes + market value of investments in consolidated companies) < 50% at each closing date;
- a covenant of less than 55% applies to the confirmed bank lines. The remaining lines are subject to an LTV covenant of less than 50%;
- Interest Coverage Ratio (ICR): Consolidated EBITDA [(1)]/ Net finance costs > 2x, at each closing date; secured debt/ consolidated fair value of investment properties excluding transfer taxes < 20% at any time;
- consolidated fair value of investment properties excluding transfer taxes > Euro 1 billion at all times.

Change of control clauses also apply.

	Covenants	12/31/2023	12/31/2022
Loan To Value (*LTV*)	< 50%	38.9%	35.3%
Interest Coverage Ratio (*ICR*)	2x	5.1x	5.9x

At December 31, 2023, the two other contractual covenants (Secured debt/Consolidated fair value of investment properties excluding transfer taxes, and Consolidated fair value of investment properties excluding transfer taxes), as well as the commitment and default clauses, were also complied with.

(1) EBITDA: Earnings before interest, taxes, depreciation, and amortization.

MATURITY OF BOND DEBT AT DECEMBER 31, 2023 AND UNDRAWN FINANCIAL RESOURCES

Note 15 Trade payables

At December 31, 2023 and 2022, trade payables mainly consisted of unpaid invoices and outstandings relating to the supplier Sudeco (property manager on behalf of Mercialys).

Note 16 Other current liabilities and tax liability

ACCOUNTING PRINCIPLE

Liabilities to be settled during the course of the normal operating cycle or within twelve months of the closing date are classified as "current liabilities." The Group's normal operating cycle is twelve months.

(in thousands of euros)	12/31/2023	12/31/2022
Amounts payable on fixed assets and related accounts	3,540	7,034
Advances and down payments received on orders	1,052	1,437
Tax and social security liabilities	20,481	16,063
Other liabilities	3,570	6,564
Prepaid income	4,297	4,139
Other current liabilities	**32,940**	**35,237**
Current tax liabilities	95	78
Current tax liabilities	**95**	**78**

At December 31, 2023 and December 31, 2022, the amounts payable in respect of fixed assets concerned invoices not yet received at the end of the fiscal year. Prepaid income relates to the deferring of lease rights.

Note 17 Breakdown of financial assets and liabilities by instrument category

17.1 Financial assets

As at December 31, 2023

				Balance sheet value under IFRS 9			
(in thousands of euros)	Book value on the balance sheet (A)	Non-financial assets (B)	Financial assets value (A) - (B)	Hedging instruments	Loans and receivables	Financial assets measured at fair value through the other items of comprehensive income	Fair value
Other non-current assets	37,577	3,972	33,605	9,299	23,825	482	37,577
Trade receivables	35,936	-	35,936	-	35,936	-	35,936
Other current assets	31,902	14,561	17,341	3,987	13,354	-	31,902
Cash and cash equivalents	118,155	-	118,155	-	118,155	-	118,155

The main measurements used are: the fair value of cash, of trade receivables and of other current financial assets is the same as their book value on the balance sheet, given the short maturities of these receivables.

The fair value measurement methods used with regard to available-for-sale assets, derivatives, and cash and cash equivalents are described in Note 18 , p. 180.

As at December 31, 2022

				Balance sheet value under IFRS 9			
(in thousands of euros)	Book value on the balance sheet (A)	Non-financial assets (B)	Financial assets value (A) - (B)	Hedging instruments	Loans and receivables	Financial assets measured at fair value through the other items of comprehensive income	Fair value
Other non-current assets	50,219	4,082	46,136	19,701	23,204	3,231	50,219
Trade receivables	28,557	-	28,557	-	28,557	-	28,557
Other current assets	31,854	13,558	18,296	4,913	13,382	-	31,854
Cash and cash equivalents	216,085	-	216,085	-	216,085	-	216,085

17.2 Financial liabilities

As at December 31, 2023

				Balance sheet value under IFRS 9			
(in thousands of euros)	Book value on the balance sheet (A)	Non-financial liabilities (B)	Financial liabilities value (A) - (B)	Liabilities valued at fair value through profit or loss	Hedging instruments	Liabilities measured at amortized cost	Fair value
Bonds	1,163,046	-	1,163,046	-	-	1,163,046	1,090,581
Other borrowings and financial liabilities (1)	42,000	-	42,000	-	-	42,000	42,000
Lease liabilities	10,860	-	10,860	-	-	10,860	10,860
Fair value hedging derivative liabilities (2)	(20,382)	-	(20,382)	-	(20,382)	-	(20,382)
Deposits and guarantees	24,935	-	24,935	-	-	24,935	24,935
Trade payables	9,265	-	9,265	-	-	9,265	9,265
Other non-current liabilities	4,834	-	4,834	-	4,619	215	4,834
Other current liabilities	32,940	13,647	19,509	-	337	12,122	32,940
Bank overdrafts	-	-	-	-	-	-	-

(1) Other borrowings and financial liabilities correspond to commercial papers (see Note 14.2.6, p. 176).
(2) Certain hedging instruments were restructured during 2023. The balance of Euro 13.2 million is spread over the period between the date of renegotiation of the instrument and the end date of the underlying.
The counterparty risk, assessed by means of Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA) adjusts the mark-to-market. It is therefore deducted from assets or liabilities. The amount of credit risk (CVA) was Euro - 78,000 and (DVA) was Euro 911,000 at December 31, 2023.

As at December 31, 2022

				Balance sheet value under IFRS 9			
(in thousands of euros)	Book value on the balance sheet (A)	Non-financial liabilities (B)	Financial liabilities value (A) - (B)	Liabilities valued at fair value through profit or loss	Hedging instruments	Liabilities measured at amortized cost	Fair value
Bonds	1,161,389	-	1,161,389	-	-	1,161,389	947,578
Other borrowings and financial liabilities (1)	112,000	-	112,000	-	-	112,000	112,000
Lease liabilities	10,493	-	10,493	-	-	10,493	10,493
Fair value hedging derivative liabilities (2)	(15,148)	-	(15,148)	-	(15,148)	-	(15,148)
Deposits and guarantees	23,622	-	23,622	-	-	23,622	23,622
Trade payables	13,910	-	13,910	-	-	13,910	13,910
Other non-current liabilities	2,377	-	2,377	-	1,646	731	2,377
Other current liabilities	35,237	16,063	19,173	-	-	19,173	35,237
Bank overdrafts	87	-	87	-	-	87	87

(1) Other borrowings and financial liabilities correspond to commercial papers (see Note 14.2.6, p. 176).
(2) Certain hedging instruments were restructured during 2022. The balance of Euro 12.3 million is spread over the period between the date of renegotiation of the instrument and the end date of the underlying.
The counterparty risk, assessed by means of Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA) adjusts the mark-to-market. It is therefore deducted from assets or liabilities. The amount of credit risk (CVA) was Euro - 2,996,000 and (DVA) was Euro 151,000 at December 31, 2022.

Note 18 Fair value hierarchy

The Group has identified three categories of financial instrument based on the two valuation methods used (quoted prices and valuation techniques). The Group uses this classification as the basis for presenting the characteristics of financial instruments recognized in the balance sheet at fair value at the closing date:

- level 1: financial instruments traded in an active market;
- level 2: financial instruments the fair value of which is determined using valuation techniques drawing on observable market inputs;
- level 3: financial instruments all or part of the fair value of which is determined using valuation techniques based on non-observable inputs.

The tables below show financial assets and liabilities stated at fair value according to the following three categories:

As at December 31, 2023

(in thousands of euros)	Book value	Fair value	Market price = level 1	Models with observable parameters = level 2	Models with non-observable parameters = level 3
Assets					
Financial assets at fair value through other comprehensive income	482	482	-	-	482
Fair value hedging derivatives – assets (current and non-current)	2,914	2,914	-	2,914	-
Other derivative assets (current and non-current)	10,372	10,372	-	10,372	-
Cash equivalents	118,155	118,155	118,155	-	-
Liabilities					
Bonds	1,163,046	1,090,581	1,090,581	-	-
Other derivative liabilities (current and non-current)	4,956	4,956	-	4,956	
Fair value hedging derivatives – liabilities (current and non-current) (1)	(20,382)	(20,382)	-	(20,382)	-

(1) *Certain hedging instruments were restructured in 2022 and 2023. The balances of Euro 13.2 million in 2023 and Euro 12.3 million in 2022 are spread over the period between the date of renegotiation of the instrument and the end date of the underlying.*

The counterparty risk, assessed by means of Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA) adjusts the mark-to-market. It is therefore deducted from assets or liabilities. The amount of credit risk (CVA) was Euro - 78,000 at December 31, 2023.

As at December 31, 2022

(in thousands of euros)	Book value	Fair value	Market price = level 1	Models with observable parameters = level 2	Models with non-observable parameters = level 3
Assets					
Financial assets at fair value through other comprehensive income	3,231	3,231	-	-	3,231
Fair value hedging derivatives – assets (current and non-current)	1,996	1,996	-	1,996	-
Other derivative assets (current and non-current)	22,618	22,618	-	22,618	-
Cash equivalents	216,085	216,085	216,085	-	-
Liabilities					
Bonds	1,161,389	947,578	947,578		-
Other derivative liabilities (current and non-current)	1,646	1,646	-	1,646	-
Fair value hedging derivatives – liabilities (current and non-current)	(15,148)	(15,148)	-	(15,148)	-

18.1 Financial assets at fair value through other comprehensive income

Assets measured at fair value through comprehensive income mainly comprise shares in OPCI UIR II, the fair value of which has been determined on the basis of their liquidation value. This is a level 3 valuation.

18.2 Derivative financial instruments

Derivative instruments are valued externally using the usual valuation techniques for financial instruments of this kind. The valuation models include observable market inputs – in particular the yield curve – and the quality of the counterparty. These fair value measurements are generally category 2.

18.3 Bonds

Fair value has been determined for listed bonds on the basis of the last quoted price as at the balance sheet closing date. This is a level 1 valuation.

Note 19 Financial risk management

19.1 Credit risk

The Group's exposure to credit risk is the risk of financial loss in the event that a customer (the tenants) or the counterparty to a financial instrument fails to fulfill its contractual obligations.

The Mercialys group's exposure to credit risk is affected by the statistical profile of its tenants. On signing lease contracts, tenants provide financial securities in the form of guarantee or surety deposits, generally representing three months' rent.

At December 31, 2023, trade receivables amounted to Euro 35.9 million (see Note 12, p.170). The structure of trade receivables is highly fragmented.

19.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in paying its debts when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquid assets to honor its liabilities when they fall due without incurring unacceptable losses or causing damage to the Group's reputation.

Mercialys has no short-term liquidity risk. At December 31, 2023, it had net cash of Euro 118 million.

The Group has bank lines of Euro 385 million (undrawn as of December 31, 2023).

The following table shows the repayment schedule for financial liabilities as at December 31, 2023, for their nominal amount including interest and excluding discounting.

As at December 31, 2023

	Expiry of contracts						
(in thousands of euros)	**Amount due in less than 1 year**	**Amount due between 1 and 2 years**	**Amount due between 2 and 3 years**	**Amount due between 3 and 5 years**	**Amount due in more than 5 years**	**Total**	**Amount recognized in the balance sheet**
Bonds and other borrowings excluding derivatives and finance leases	72,150	30,150	330,150	374,750	525,000	1,332,200	1,205,046
Trade payables and other financial liabilities	21,724	-	-	-	24,935	46,659	46,659
Lease liabilities	1,162	1,217	1,250	2,442	5,563	10,299	10,299
Non-derivative financial instruments – liabilities:							
Interest rate derivatives							
Derivative contracts – received	11,283	6,756	4,792	7,088	456	30,375	
Derivative contracts – paid	(8,197)	(7,648)	(7,867)	(12,015)	(2,646)	(38,373)	
Derivative financial instruments assets/(liabilities)	**3,086**	**(892)**	**(3,075)**	**(4,927)**	**(2,190)**	**(7,998)**	

As at December 31, 2022

	Expiry of contracts						
(in thousands of euros)	**Amount due in less than 1 year**	**Amount due between 1 and 2 years**	**Amount due between 2 and 3 years**	**Amount due between 3 and 5 years**	**Amount due in more than 5 years**	**Total**	**Amount recognized in the balance sheet**
Bonds and other borrowings excluding derivatives and finance leases	142,150	30,150	30,150	704,900	525,000	1,432,350	1,273,389
Trade payables and other financial liabilities	33,083	-	-	-	23,622	56,705	56,705
Lease liabilities	1,084	1,113	1,142	2,377	4,777	10,493	10,493
Non-derivative financial instruments – liabilities:							
Interest rate derivatives							
Derivative contracts – received	14,366	14,198	9,864	8,440	1,021	47,889	
Derivative contracts – paid	(9,989)	(11,571)	(16,925)	(17,596)	(3,613)	(59,694)	
Derivative financial instruments assets/(liabilities)	**4,377**	**2,628**	**(7,061)**	**(9,156)**	**(2,593)**	**(11,805)**	

19.3 Market risk

Market risk is the risk that changes in market prices – such as exchange rates, interest rates and the prices of equity instruments – will adversely affect the Group's net income or the value of the financial instruments that it holds.

The Group's exposure to interest rate risk relates to the borrowings described in Note 14, p. 172 To manage its exposure to the risk of changes in interest rates, the Group uses derivative financial instruments (interest rate swaps).

The risk of an increase in interest rates must be analyzed in connection with the hedging policy put in place by Mercialys through derivative financial instruments. A sensitivity analysis is provided hereafter.

Mercialys operates solely in France (mainland and Reunion Island) and therefore is not exposed to currency risk.

In the first half of 2006, Mercialys entered into a liquidity agreement with Oddo & Cie, with an initial deposit of Euro 1,600,000 in accordance with regulation (EC) No. 2273/2003. Under this contract, the cash funds under management are invested in money-market funds. Cash funds are classified as cash equivalents. No losses were incurred on these funds in 2023 or 2022.

ASSESSMENT OF SENSITIVITY TO INTEREST RATE RISK

(in thousands of euros)	**12/31/2023**	**12/31/2022**
Bank overdrafts	-	87
Total floating-rate debt (excluding accrued interest) (1)	**-**	**87**
Cash equivalents	71,068	50,101
Cash	47,087	165,985
Total assets	**118,154**	**216,085**
Net position before management	**(118,154)**	**(216,085)**
Derivatives	200,000	57,000
Net position after management	**81,846**	**(159,085)**
Net position to be renewed	81,846	(159,085)
1% change	818	1,591
Average maturity remaining until the end of the fiscal year	1	1
Change in interest expenses	818	1,591
Net finance costs	35,099	53,234
Impact of changes in financial expenses/financial costs	**2.34%**	**- 2.99%**

(1) *The maturity of assets and liabilities at revisable rates is that of the revised rate. Debt not exposed to interest rate risk – primarily accrued interest not yet due – is not included in this calculation.*

ASSESSMENT OF SENSITIVITY TO INTEREST RATE RISK ON DERIVATIVE INSTRUMENTS:

Sensitivity criteria	Impact on pre-tax income *(in thousands of euros)*
Impact of a + 1% change in interest rates	- 496
Impact of a - 1% change in interest rates	408

The sensitivity to interest rate risk on derivative instruments takes into account the restructuring operations implemented in December 2023.

Note 20 Equity and earnings per share

ACCOUNTING PRINCIPLE

How a financial instrument issued by the Group is classified in equity depends on the characteristics of that instrument.

Costs attributable to equity transactions or transactions in own equity instruments are recorded as a deduction from equity, net of tax. Other transaction costs are recognized as expenses of the fiscal year.

Treasury shares are deducted from equity at cost. The proceeds from sales of treasury shares are credited to equity, with the result that any gains or losses on disposal, net of the related tax effect, have no impact on the net income for the fiscal year.

20.1 Share capital

On December 31, 2023 , the share capital stood at Euro 93,886,501. It consists of 93,886,501 fully paid shares with a par value of Euro 1 each.

(number of shares)	12/31/2023	12/31/2022
Beginning of the fiscal year	93,886,501	93,886,501
End of the fiscal year	**93,886,501**	**93,886,501**

(in thousands of euros)	12/31/2023	12/31/2022
Beginning of the fiscal year	93,887	93,887
End of the fiscal year	**93,887**	**93,887**

At December 31, 2023, the number of treasury shares stood at 608,389, representing Euro 5,323,000. Expenses from the disposal of treasury shares amounted to Euro 348,000, net of tax, for the fiscal year ended December 31, 2023 and were recognized directly in Group equity.

At December 31, 2022, the number of treasury shares stood at 600,230, representing Euro 4,927,000. Income on the disposal of treasury shares totaled Euro 748,000, net of tax, for the fiscal year ended December 31, 2022, and was recognized directly in Group equity.

20.2 Capital management

The Group's policy is to maintain a solid base of equity capital in order to retain the confidence of investors, creditors and the market, and to support the future growth of the business. The Group pays close attention to the number and diversity of shareholders, the yield rate on equity, the level of dividend paid to shareholders and the liquidity of its shares.

Occasionally the Group makes open market purchases of its own shares. These purchases are made for the purposes of ensuring liquidity in the market for Mercialys shares, holding its own shares for later use in payment or exchange for business acquisitions, and covering the need to provide shares for share purchase or subscription options awarded to employees and corporate officers and for bonus shares awarded to employees and executives.

Neither the Company nor its subsidiaries are subject to any specific capital adequacy requirements imposed by law or regulation.

20.3 Earnings per share

ACCOUNTING PRINCIPLE

Basic earnings per share are calculated on the basis of the weighted average number of shares in circulation during the fiscal year, less any treasury shares.

Diluted earnings per share are calculated using the treasury stock method. Under this method, the denominator also includes the number of potential shares arising from the conversion or exercise of any dilutive instruments (warrants, options, etc.), less the number of shares that could be repurchased at market price with the proceeds received upon exercise of the instruments concerned. Market price means the average price of the share during the fiscal year.

Own equity instruments are included only if they would have a dilutive effect on earnings per share.

20.3.1 Basic earnings, attributable to owners of the parent

(in thousands of euros)	12/31/2023	12/31/2022
Net income attributable to owners of the parent	53,373	43,094
Weighted average number of		
• outstanding shares during the period	93,886,501	93,886,501
• treasury shares	(581,144)	(502,280)
Total number of shares before dilution	**93,305,357**	**93,384,221**
BASIC EARNINGS PER SHARE, ATTRIBUTABLE TO OWNERS OF THE PARENT *(in euros)*	**0.57**	**0.46**

20.3.2 Diluted earnings, attributable to owners of the parent

(in thousands of euros)	12/31/2023	12/31/2022
Net income attributable to owners of the parent	53,373	43,094
Weighted number of shares before dilution	93,305,357	93,384,221
Number of shares after dilution (1)	**93,305,357**	**93,384,221**
DILUTED EARNINGS PER SHARE, ATTRIBUTABLE TO OWNERS OF THE PARENT *(in euros)*	**0.57**	**0.46**

(1) The bonus shares awarded were part of the stock of existing bonus shares. Consequently, this award did not have a dilutive effect.

20.4 Share-based payments

ACCOUNTING PRINCIPLE

The fair value determined on the date when the rights to payment – based on shares paid in equity instruments awarded to employees – are expensed, as an increase in equity, over the vesting period of the rights. The amount recognized as expenses is adjusted to reflect the number of rights for which it is considered that the non-market related conditions of service and performance are met, such that the amount ultimately recognized is based on the actual number of rights that meet the non-market related conditions of service and performance on the vesting date. For rights to payment based on shares combined with other conditions, the measurement of fair value on the grant date reflects these conditions, and the differences between the estimate and the actual payment will not result in a subsequent adjustment.

The fair value of bonus shares is likewise determined as a function of plan characteristics and market data at the award date and assuming employment throughout the vesting period. If the plan specifies no vesting conditions, the expense is recognized in full when the grant is awarded. Otherwise, the expense is spread over the vesting period as the conditions are fulfilled.

Since December 1, 2005, the Group has set up bonus share plans in Mercialys shares for the benefit of employees and executives.

The vesting of bonus share plans is subject to the beneficiary being present at the end of the allocation period.

Allocation dates	04/22/2021	04/22/2021	04/28/2022	04/28/2022	04/28/2022	04/27/2023	04/27/2023	04/27/2023
End of allocation period	04/22/2024	04/22/2024	04/28/2025	04/28/2025	04/28/2024	04/27/2026	04/27/2026	04/27/2025
End of holding period	04/23/2026	04/23/2026	04/29/2027	04/29/2027	04/29/2024	04/28/2028	04/28/2028	04/27/2025
Share price at the allocation date *(€)*	9.97	9.97	9.55	9.55	9.55	8.89	8.89	8.89
Number of beneficiaries	2	13	2	12	135	2	13	155
Number of bonus shares awarded at inception	95,112	49,074	120,437	60,000	13,500	120,240	63,000	15,500
Fair value of bonus share *(€)*	5.41	5.80	5.66	5.87	7.52	5.11	5.25	7.01
Selected performance rate	100%	150%	100%	117%	100%	100%	100%	100%
NUMBER OF OUTSTANDING SHARES BEFORE APPLICATION OF THE PERFORMANCE CRITERIA AT DECEMBER 31, 2023	**95,112**	**29,100**	**120,437**	**58,500**	**9,700**	**120,240**	**61,500**	**12,800**

Bonus shares only vest subject to a criterion and when the Company's performance criteria have been met, assessed over a defined period that results in the determination of the percentage of shares vested.

The performance criteria applied include:

- the relative performance of the Mercialys share, including dividends (relative TSR);
- organic growth in rental income and RNI (recurring net income) growth;
- the CDP (Carbon Disclosure Project) rating;
- the percentage of the portfolio achieving BREEAM In-Use certification (CSR criterion);
- reduction at three years of carbon intensity per unit area.

20.4.1 Bonus share plans

Bonus shares currently vesting	Number of shares, current
Outstanding shares at January 1, 2022	**353,960**
Shares awarded	193,937
Shares canceled	(50,628)
Shares issued	(11,139)
Outstanding shares at December 31, 2022	**486,130**
Shares awarded	198,740
Shares canceled	(72,914)
Shares issued	(104,567)
OUTSTANDING SHARES AT DECEMBER 31, 2023	**507,389**

20.4.2 Impact on income and equity of share-based compensation

For the fiscal year ended December 31, 2023, this share-based compensation generated an income of Euro 763,000 charged to "Personnel expenses." In 2022, the share plans generated an expense of Euro 773,000, which was also charged to "Personnel expenses."

20.5 Non-controlling interests

Condensed financial information about the main subsidiaries with non-controlling interests

The information presented in the table below complies with IFRS and is adjusted, if necessary, to reflect fair value revaluations on the date when control is lost or gained and restatements to bring the accounting principles in line with those of the Group. The amounts are presented before eliminations of reciprocal accounts and transactions.

(in thousands of euros)	2023 SAS Hyperthetis Participations	2023 SAS Immosiris	2022 SAS Hyperthetis Participations	2022 SAS Immosiris
% interest	51%	51%	51%	51%
Net rental income	16,490	7,075	15,513	6,278
Operating income	(19,529)	5,898	12,878	4,850
Net financial expense	102	43	-	-
Tax expense	(53)	(17)	(102)	(29)
Net income	**(19,480)**	**5,924**	**12,776**	**4,821**
Investment properties	222,179	136,857	256,353	137,486
Other non-current assets	-	23	-	29
Non-current assets	**222,179**	**136,880**	**256,353**	**137,515**
Trade receivables	1,261	1,204	1,290	620
Other current assets	1,015	125	1,114	317
Cash and cash equivalents	16,274	8,887	16,234	7,169
Current assets	**18,551**	**10,216**	**18,638**	**8,105**
TOTAL ASSETS	**240,726**	**147,096**	**274,991**	**145,620**
Equity	**239,751**	**145,700**	**274,632**	**144,335**
Of which attributable to non-controlling interests (see Note 3.4, p. 146)	117,478	71,393	134,570	70,724
Other non-current liabilities	335	1,076	-	1,168
Non-current liabilities	**335**	**1,076**	**-**	**1,168**
Trade payables	174	16	36	38
Other current liabilities	470	304	322	79
Current liabilities	**643**	**320**	**359**	**117**
TOTAL EQUITY AND LIABILITIES	**240,729**	**147,096**	**274,991**	**145,620**

The loss attributable to non-controlling interests is mainly related to the recognition of provisions for impairment on investment properties attributable to non-controlling interests recognized in 2023.

Note 21 Dividends

Dividend for the fiscal year 2022

Out of 93,886,501 shares at December 31, 2022, 93,296,500 shares benefited from the dividend awarded for the fiscal year ended December 31, 2022 (590,001 treasury shares not entitled to dividends).

The Company paid its shareholders a gross dividend of Euro 0.96 per share for the fiscal year ended December 31, 2022, representing a total of Euro 89,565,000.

Dividend for the fiscal year 2023

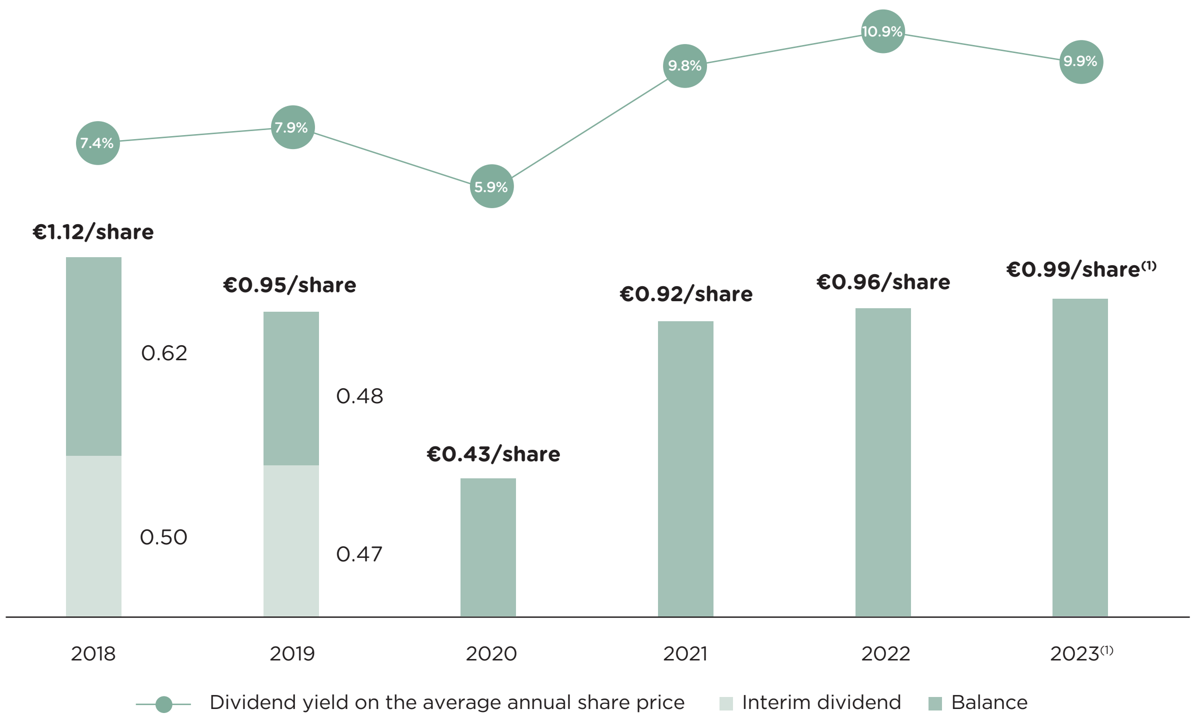
The Board of Directors of Mercialys will propose to the General Meeting of April 25, 2024 the payment of a dividend of Euro 0.99 per share, *i.e.* Euro 92,948,000 for 93,886,501 shares.

This dividend proposal comprises the distribution obligation under SIIC status concerning tax-exempt profits from:

- the leasing or subletting of properties;
- the distribution at 70% of the tax-exempt profits for the fiscal year 2023 from the disposal of properties and investments in real estate companies;
- the distribution of the tax-exempt income recorded in the Company's balance sheet.

The ex-dividend date will be April 29, 2024, with the dividend paid on May 2, 2024.

DIVIDEND PAYMENT AND YIELD HISTORY



(1) Subject to approval by the General Meeting of April 25, 2024.

Note 22 Provisions

ACCOUNTING PRINCIPLE

Post-employment benefits

The companies of the Group participate in the instituting of different kinds of benefits for their employees.

In connection with defined contribution plans, the Group is not obliged to make additional payments in addition to the contributions already paid into a fund if the latter does not have sufficient assets to provide the benefits corresponding to the service provided by the employee during current and prior periods. For these plans, contributions are recognized as expenses when they are incurred. Defined contribution plans correspond to general and supplementary schemes of French social security.

The other schemes are defined benefit schemes concerning retirement benefits. Within the context of these plans, commitments are valued according to the projected unit credit method on the basis of agreements in force within each company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The final obligation is then discounted. These plans and termination benefits are subject to an actuarial valuation by independent actuaries each year for the largest plans and at regular intervals for other plans. These valuations take account in particular of the level of future compensation, employees' probable length of service, life expectancy and staff turnover.

Actuarial gains and losses arise from changes to assumptions and the differences between estimated earnings based on actuarial assumptions and actual earnings. These differences are recognized as items of other comprehensive income for all actuarial gains or losses relating to defined benefit schemes.

Past service costs, indicating the increase in an obligation following the introduction of a new plan or changes to an existing plan, are recognized immediately as expenses.

Expenses relating to plans of this kind are recognized as operating income (cost of services provided, during and prior to the period, reductions and payments) and as "Other financial income and expenses" (financial expenses).

The provision recognized in the balance sheet corresponds to the discounted value of the commitments thus valued.

Other provisions

A provision is recognized when the Group has a current contractual or implied obligation arising from a past event and it is probable that an outflow of resources representing economic benefits will be necessary to fulfill that obligation, provided that the amount of the liability may reliably be estimated.

When time value is material, the amount of the provision is determined by discounting the future expected cash flows.

22.1 Breakdown and changes

Provisions for liabilities and charges include the estimated costs of litigation and other operating risks. The amount of these provisions is not materially different from the actual expenses incurred, in return.

Movements *(in thousands of euros)*	Provisions for liabilities and charges	Provisions Retirement	Provisions Long service awards	Total
As at January 1, 2022	**11,505**	**882**	**65**	**12,451**
Additions	2,597	158	49	2,804
Reversals	(761) [2]	-	(64)	(824)
Other changes [1]	-	73	-	73
As at December 31, 2022	**13,341**	**1,113**	**50**	**14,504**
Additions	11,226	164	11	11,401
Reversals	(8,924) [2]	-	(1)	(8,925)
Other changes [1]	-	7	-	7
AS AT DECEMBER 31, 2023	**15,643**	**1,284**	**60**	**16,987**

(1) Other changes mainly correspond to actuarial gains and losses.
(2) The reversals of Euro 8,924,000 at the end of December 2023 include Euro 5,336,000 of provisions that are now no longer applicable.

22.2 Main assumptions used to determine the amount of commitments relating to defined-benefit schemes

Defined benefit schemes are exposed to interest rate risks, the rate of pay rises and the mortality rate.

Details of the main actuarial assumptions made in assessing commitments are provided in the table below:

	12/31/2023	12/31/2022
Discount rate	3.2%	3.2%
Expected rate of pay rises	3.5%	3.5%
Retirement age	64years	64years

The discount rate is determined by reference to the iBoxx € Corporates AA 10+ index.

The benchmark mortality tables TGH05 and TGF05 are used for the calculation.

Note 23 Off-balance sheet commitments

The principal commitments are the following:

23.1 Commitments related to ordinary activities

23.1.1 Commitments received

23.1.1.1 Bank guarantees received

Bank guarantees received for the proper payment of rents and service charges amounted to Euro 7,694,000 at December 31, 2023, *versus* Euro 7,503,000 at December 31, 2022.

23.1.1.2 Rental guarantees received

As of December 31, 2023, no rental guarantees have been received.

23.1.2 Commitments given

Protocol relating to the disposal of real estate assets and assistance agreement for the disposal of real estate assets

Mercialys and SPF2 Hyperthe, partners of Hyperthétis, have mutually agreed to open a liquidation process for their joint investment in Hyperthétis.

A memorandum of understanding was signed on December 14, 2022, under which Mercialys undertakes to sell all of its Hyperthétis assets, subject to certain conditions.

Mercialys, which owns the premises adjacent to the Hyperthétis assets, also undertakes to sell, subject to certain conditions, these premises whose proximity means that they can be offered for sale at the same time.

To this end, Mercialys accepted and signed an assistance agreement relating to the preparation and completion of the transaction.

This agreement ended on May 31, 2023.

This agreement did not call into question the shareholders' agreement signed on November 10, 2015 between Mercialys and SPF2 Hyperthetis.

Commitments relating to the disposal of SAS ImocomPartners

The payment relating to the acquisition of 30% of ImocomPartners is to be made in two stages. The initial payment of 80% was recognized at December 31, 2023 and an earn-out payment, calculated on the basis of the definitive financial statements of ImocomPartners at December 31, 2023, will be paid in 2024. This earn-out payment is expected to amount to just over Euro 1 million.

A commitment was entered into in connection with the disposal of SAS ImocomPartners, with Mercialys having acquired 30% of this company at the end of 2023.

In parallel with the shareholders' agreement, signed on December 20, 2023 between the founders, the long-standing partners of ImocomPartners and Mercialys, a purchase and sale agreement was entered into for the shares issued by the company concerning the transfer of ownership of the remaining 70% to Mercialys in 2025.

This equity investment is subject to the following conditions precedent:

- obtaining authorization from the French Financial Markets Authority (AMF);
- purging of any legal conditions that may be imposed on the parties;
- limited number of serious events.

The sale price of the 70% stake has not been fixed. It will be determined on the basis of a 2025 enterprise value, which will notably be based on the 2023 and 2024 EBITDA and financial liabilities at December 31, 2024. This price will reflect the fair value of the underlying assets.

This sale price, calculated on the basis of the 2023 and 2024 provisional financial statements, is expected to be in the region of Euro 19 million.

Commitment as part of the project carried out in Chartres

A partnership and exclusivity agreement was signed in September 2023 between Mercialys and the public company Chartres Aménagement.

As part of the "Plateau Nord-Est" redevelopment project, Mercialys, the developer, undertakes to purchase from Chartres Aménagement the plots concerned by the construction of a retail park and residential buildings for Euro 1,265,000.

This promise may, under certain conditions, be extended up to but not beyond December 31, 2028.

23.2 Commitments relating to exceptional transactions

23.2.1 Commitments with Corin

In connection with its Partnership agreement with Corin, in 2006 Mercialys acquired 60% of the undivided rights on certain assets in Corsica for Euro 90 million.

An amendment was made to the memorandum of understanding in 2014. This amendment made it possible to extend certain maturities and to modify the contribution mechanism of the undivided rights. The memorandum of understanding was created for a new 20-year period from the date of signing of the amendment. Today, it is projected that if the agreement to hold the undivided rights in common is not renewed, the party that initiated the end of the undivided rights will be penalized when the undivided rights are shared. The rights may be shared either in kind, with the other party choosing the units (the hypermarket premises will go to Mercialys as a priority in any event), or through the transfer of the undivided rights. Mercialys is irrevocably committed to acquiring Corin's 40% of undivided rights, but has the right to make a counterproposal, and Corin is irrevocably committed to transferring its rights to Mercialys.

A new amendment to the memorandum of understanding was signed on April 27, 2018, stipulating the exercise of the promise to purchase at different maturities. Thus for a maximum of 10% of the undivided rights between January 31, 2020 and December 31, 2020, this potential option was not exercised. It may be exercised for a maximum of 10% of undivided rights between January 31, 2023 and December 31, 2023, a maximum of 10% of undivided rights from January 31, 2024 and a maximum of 10% of undivided rights from January 31, 2025.

Assuming that Corin exercises the promise to purchase, Mercialys has the option to assign its rights and obligations to a third party, or to free itself from its purchase commitment by offering Corin the right to acquire its undivided rights. The memorandum of understanding specifies how the assets are valued. In this case, a 30% discount will be applied. Corin may likewise assign the benefit of its contractual promise to any third party.

These promises represent contingent commitments of unforeseeable outcome and are therefore not recognized in the balance sheet. In the event that the transfer takes place, the asset valuation specified in the memorandum of understanding will be representative of market value.

23.2.2 Other commitments

No pledge, mortgage, or other conveyance of security interest applies to the Group's assets.

The Group has received the customary warranties from the transferor companies in respect of properties transferred to it.

The Group complies with the applicable regulations. There are no manifest environmental risks that would require recognition of a liability provision or an off-balance sheet item.

23.3 Operating lease commitments

Lessor of operating leases

Almost all the leases granted by the Mercialys group in connection with its business activity are commercial leases, but a few construction leases have been granted in special cases.

The leases signed include either a fixed rent or a double-component rent ("variable rent"). Variable rents are composed of a fixed portion (the guaranteed minimum rent) and a portion pegged to the revenue of the lessee operating the commercial premises. The minimum guaranteed rent is based on the rental value of the premises. The additional variable rent specified at the signing of the lease is due from the lessee whenever there is a positive difference between the percentage of pre-tax revenue earned by the lessee during the calendar year and the base rent.

Unless there is an indexation clause in the lease agreement that provides otherwise, rent amounts are adjusted to the index at the end of each three-year period of the lease. For all leases, the base rent, whether a fixed-only rent or the minimum guaranteed portion of a variable rent, is contractually indexed to the Construction Cost Index or retail rent index published by INSEE in accordance with applicable regulations.

The minimum future rental income receivable under non-cancelable operating leases are as follows:

(in thousands of euros)	12/31/2023	12/31/2022
Less than one year	139,923	142,764
Between one and five years	150,692	148,020
More than five years	7,770	11,166
TOTAL	**298,384**	**301,949**

Note 24 Related-party transactions

24.1 Transactions with SCI AMR

Mercialys entered into the following agreements with SCI AMR:

- a Real Estate consulting services agreement: under this 5-year agreement, SCI AMR entrusts Mercialys with general assistance in managing its real estate assets. This agreement, initially entered into on April 23, 2013, was extended at an early date to cover the period from January 1, 2017 to March 15, 2024;
- exclusive letting mandate for a period of five years. This mandate, initially entered into on April 23, 2013, was extended at an early date to cover the period from January 1, 2017 to March 15, 2024;
- a center management agreement with Mercialys Gestion.

These transactions amounted to Euro 1,152,000.

AMR also signed a rental management agreement with Sudeco, a Casino group company.

In 2020, sales and purchases of real estate assets took place between Mercialys and SCI AMR. In respect of these transactions, Mercialys granted a loan to SCI AMR in the amount of Euro 18,965,000 (including accrued interest) at the end of December 2023.

24.2 Gross compensation granted to key executives

Mercialys, a *société anonyme* (limited liability company) under French law, has opted for a governance structure with a Board of Directors. At December 31, 2023, its Board had 8 members in addition to the Chairman of the Board of Directors, 6 of whom were independent directors. The compensation amounts shown below are total amounts paid to the directors and the key executives.

(in thousands of euros)	**12/31/2023**	**12/31/2022**
Short-term benefits (1)	2,119	2,021
TOTAL	**2,119**	**2,021**

(1) Gross salaries (excluding employer contributions), bonuses, incentives, profit-sharing, benefits in kind and directors' fees.

No members of the management bodies held stock options on Mercialys shares at the end of December 2023.

24.3 Related-party transactions – summary

Since April 28, 2022, the Mercialys group is no longer consolidated in the Casino group's financial statements and the Casino group is no longer a related party.

During its meeting on April 28, 2022, following the General Meeting, the Board of Directors was informed that the company La Forézienne de Participations, a non-independent director, was resigning from its position. This resignation follows the Casino group's disposal of its remaining interest in Mercialys' share capital.

(in thousands of euros)	**12/31/2023**	**12/31/2022**
Income/(expenses)		
Invoiced rents		
Distribution Casino France	-	10,610
Monoprix	-	394
Other Casino group entities	-	1,940
Property Management service fees paid to the Casino group	-	(2,993)
Service agreement paid to the Casino group	-	(228)
Transactions with SCI AMR	1,152	1,106
Assets/(liabilities)		
Loan to SCI AMR	18,965	18,664

24.4 Other related-party transactions

Excluding the amounts stated above, other related-party transactions were as follows for the fiscal years ended on December 31, 2023 and 2022:

OTHER TRANSACTIONS WITH EQUITY ASSOCIATES

	Income	Expenses	Payables	Receivables
(in thousands of euros)	concerning related parties			
2022	481	(565)	(230)	1,202
2023	**1,086**	**(460)**	**(543)**	**623**

Note 25 Contingent liabilities

Contingent liabilities relating to a project at the Saint-André site

In 2015, Mercialys, through Epicanthe, acquired shares in SCI Cypérus Saint André (formerly Toutoune), the holder of a sales agreement for the acquisition of a plot of land in the Saint-André district on Reunion Island. This acquisition was part of planned shopping center development.

A Euro 900,000 adjustment to the price of the SCI Cypérus Saint André shares was planned, subject to the Saint-André urban planning scheme (*plan local d'urbanisme* – PLU) being adopted before June 30, 2019, either (i) in the event of the competent legal authority issuing a certificate stating that there have been no objections to the building permit, constituting a commercial operating permit (*autorisation d'exploitation commerciale* – AEC) enabling the project to go ahead, or (ii) in the event of failure to apply for a building permit constituting an AEC, enabling the project to be completed and complying with the PLU within 36 months of the entry into force of said PLU.

However, this earn-out payment was disputed by Mercialys, since the local authorities asked for the building permit application for the planned project, which was filed on October 4, 2017, to be withdrawn. Mercialys does not believe that any disbursements are likely and so has not recognized any related provision at the end of 2022.

Mercialys has not abandoned its intention to develop this piece of land which is located in a region with great potential, but which will, in part, be dependent on the urban planning strategy adopted by the local authorities.

Note 26 Statutory Auditors' fees

Fees paid to Mercialys' Statutory Auditors amounted to Euro 509,000 for the fiscal year ended December 31, 2023 (*versus* Euro 608,000 at December 31, 2022).

Statutory Auditors' fees for the fiscal year 2023 *(in thousands of euros)*	EY	KPMG
Certification of individual and consolidated financial statements and limited review	248	216
Services other than the certification of financial statements [1]	46	-
TOTAL	**293**	**216**

(1) Services other than the certification of the financial statements relate to the CSR report and the issuance of the comfort letter.

Note 27 Workforce

Number of employees	12/31/2023	12/31/2022
Workforce at closing date [1]	168	168
Full-time equivalent [2]	166	155

(1) Staff on permanent and fixed-term employment contracts.
(2) Average number of full-time equivalent employees over the year.

Note 28 Subsequent events

On January 24, Casino announced that it had entered into agreements with Auchan Retail and the Groupement Les Mousquetaires providing for the sale of 288 stores. The disposals will take place in the second quarter of 2024, after consultation with the relevant employee representative bodies. The agreements provide for the transfer of stores in three successive waves; as of April 30, 2024, May 31, 2024 and July 1, 2024.

The transaction remains subject to obtaining authorizations from the competition authorities.

The Casino group's portfolio of food-anchored tenants in Corsica is not part of this disposal agreement.

On January 25, 2024, LSA magazine announced that Intermarché had reached an agreement with Carrefour to transfer to it 31 points of sale, including the Mercialys-owned Lanester hypermarket.

On January 26, 2024, Mercialys sold a standalone unit on the Narbonne site for Euro 1.4 million.

3.1.3 Statutory Auditors' report on the consolidated financial statements

Fiscal year ended on December 31, 2023

To the General Meeting of Mercialys,

Opinion

In accordance with the mission entrusted to us by your General Meeting, we have audited the Mercialys consolidated financial statements relating to the fiscal year ended on December 31, 2023, as attached to this report.

In our opinion, in accordance with the International Financial Reporting Standards as adopted by the European Union, the consolidated financial statements give a true and fair view of the Funds From Operations for the past fiscal year and of the financial position and portfolio of the Group and its consolidated entities, at the end of said year.

The opinion given above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

Reporting standards

We conducted our work in accordance with the professional standards applicable in France. We believe that the evidence we have obtained is a sufficient and appropriate basis for our audit opinion.

Our responsibilities under these standards are stated in the section entitled "Responsibilities of the Statutory Auditors for the audit of the consolidated financial statements" in this report.

Independence

We performed our audit in accordance with the rules of independence set out in the French Commercial Code and the Code of Ethics for Statutory Auditors, for the period between January 1, 2023, and the date of issue of our report, and in particular, we provided no services prohibited by Article 5, paragraph 1 of Regulation (EU) 537/2014.

Justification of our assessments – Key points of the audit

Pursuant to the provisions of Articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the key points of the audit relating to the risks of material misstatements which, in our professional opinion, were the most significant for the audit of the consolidated financial statements for the fiscal year, and how we addressed those risks.

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 above. We express no opinion about the items in these consolidated financial statements taken separately.

Measurement of investment properties

Identified risk	Our solution
At December 31, 2023, the net book value of the Group's investment properties amounted to Euro 1,865million. Investment properties are recognized at cost, broken down into components and are depreciated over their useful lives. Note 8 to the consolidated financial statements describes the accounting rules and methods adopted by the Group for the recognition and measurement of investment properties, and their impairment. The Group uses the fair values, excluding transfer taxes, of investment properties determined by independent appraisers to: • indicate this information in the notes to the consolidated financial statements, as required by IAS 40; • assess the absence of impairment on these investment properties or recognize provisions for impaired investment properties, if any. The measurement of investment properties requires some judgment and significant estimates from Management and from the independent appraisers. In particular, these appraisers take into consideration information specific to each asset such as location, rental revenues, yield rate, capital expenditure and recent comparable market transactions. The measurement of investment properties is considered to be a key audit point due to: • the significant amount of the fair value excluding transfer taxes presented in the notes to the consolidated financial statements; • the use, by the independent appraisers, of level 3 non-observable inputs as defined by IFRS 13 – Fair Value Measurement, to determine fair value. Consequently, these fair values are based on estimates; • the sensitivity of fair value to the assumptions adopted by the appraisers, which is used to assess the absence of impairment in the investment properties.	In connection with our audit of the Mercialys consolidated financial statements, we implemented the following procedures: • assessment of the competence, independence and integrity of the independent appraisers appointed by the Company; • analysis of the significant changes in fair values, per investment property; • testing of the operational effectiveness of management verifications of the data sent to the appraisers and used to value the investment properties and the verifications made by Management of the fair values derived from these independent appraisals; • interviews, in the presence of our real estate specialists, with the independent appraisers in order to understand and assess the relevance of the estimates, assumptions and measuring methodology applied; • comparison, over a selection of assets, of the data used by the independent appraisers with the data present in the supporting documents such as rental statements and the investment budgets that we received from the Company; • for a selection of assets, analysis, with our real estate specialists, of the consistency of the main valuation assumptions used by the independent appraisers, in particular the yield rate and market rental values, with regard to the market information available; • comparison of the items taken into account to determine the amount of provisions to recognize for the impaired investment properties (comparison of the net book values with the audited financial statements, and of the fair value with the independent appraisal); • examination of the suitability of the information given in note 8 to the consolidated financial statements.

Specific verifications

In accordance with the professional standards applicable in France, we also performed the specific verifications required by law and regulations on the information relating to the Group, presented in the Board of Directors' Management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Other verifications or information provided for by legislation and regulations

Format of the consolidated financial statements intended to be included in the Annual financial report

In accordance with the professional standards on Statutory Auditors' procedures relating to the annual and consolidated financial statements presented using the European Single Electronic Format, we also verified compliance with this format as defined by Commission Delegated Regulation (EU) 2019/815 of December 17, 2018 in the presentation of the consolidated financial statements intended to be included in the Annual financial report mentioned in Article L. 451-1-2 I of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer. With regard to consolidated financial statements, our procedures include verifying that the mark-up of these financial statements complies with the format defined by the aforementioned regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements intended to be included in the Annual financial report complies, in all material respects, with the European Single Electronic Format.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements using the single European electronic reporting format, the content of certain tags in the notes to the financial statements may not be reproduced in the same way as in the consolidated financial statements attached to this report.

Furthermore, it is not our responsibility to verify whether the consolidated financial statements to be included by your company in the Annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of Statutory Auditors

We were appointed as the Statutory Auditors of Mercialys by your General Meeting of May 6, 2010.

At December 31, 2023 , our firms were in their fourteenth year of uninterrupted auditing.

Previously, ERNST & YOUNG Audit had been the entity's Statutory Auditor since 1999.

Responsibilities of management and members of corporate governance relating to the consolidated financial statements

Management is responsible for preparing the consolidated financial statements presenting a fair view in accordance with the International Financial Reporting Standards as adopted in the European Union and for setting up the internal control system that it considers necessary for the preparation of consolidated financial statements that are free from material misstatements, whether as a result of fraud or error.

While preparing the consolidated financial statements, it is the responsibility of Management to evaluate the capacity of the Company to continue its operations, to present in these financial statements, if applicable, the necessary information regarding the going concern principle and to apply the going concern accounting policy, unless there are plans to liquidate the Company or to discontinue its activity.

The Audit Committee has a duty to monitor the preparation of financial information and to monitor the effectiveness of internal control and risk management systems, as well as, where applicable, internal audit systems, in terms of procedures relating to the production and processing of accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors for the audit of the consolidated financial statements

Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. We seek to obtain reasonable assurance that the consolidated financial statements taken as a whole are free of any material misstatements. Reasonable assurance corresponds to a high level of assurance, without, however, guaranteeing that an audit performed in accordance with professional standards can systematically detect all material misstatements. Misstatements may stem from frauds or from errors and are considered to be material when one can reasonably expect that, taken individually or together, they may influence the economic decisions that the users of the financial statements may make on the basis of such statements.

As specified by Article L. 821-55 of the French Commercial Code, our mission to certify the financial statements does not require us to guarantee the viability or quality of the management of your company.

During an audit performed in accordance with the professional standards applicable in France, the Statutory Auditors use their professional judgment throughout the audit. Furthermore:

- they identify and evaluate the risks that the consolidated financial statements may include material misstatements, whether they stem from fraud or error; they define and implement audit procedures to address these risks and collect evidence that they consider sufficient and appropriate to justify their opinion. The risk of not detecting a material misstatement caused by fraud is higher than that of a material misstatement caused by error, because fraud may imply collusion, falsification, deliberate omissions, false statements or circumvention of internal control;
- they review the internal control relevant to the audit in order to define the audit procedures that are best suited to the circumstances, and not for the purpose of expressing an opinion about the effectiveness of the internal control;
- they evaluate the suitability of the accounting methods adopted and the reasonable nature of the accounting estimates made by Management, and the relevant disclosures in the consolidated financial statements;
- they assess the proper application by Management of the going concern accounting principle and, depending on the evidence collected, the existence or not of a material uncertainty linked to events or circumstances likely to jeopardize the Company's capacity to continue its operations. This assessment relies on the evidence collected until the date of their report, while stressing, however, that subsequent circumstances or events may undermine the going concern. Should the auditors find the existence of a material uncertainty, they will draw the attention of the readers of their report to disclosures in the consolidated financial statements about this uncertainty or, if such disclosures do not exist or are irrelevant, they will issue a qualified certification or refuse to certify;
- they assess the overall presentation of the consolidated financial statements and determine whether the consolidated financial statements reflect the underlying operations and events so as to provide a true and fair view;
- concerning the financial information of persons or entities included in the scope of consolidation, they collect the evidence that they consider sufficient and appropriate to express an opinion on the consolidated financial statements. They are responsible for managing, overseeing and performing the audit of the consolidated financial statements and for the opinion expressed on those financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report that presents, in particular, the scope and schedule of the audit work conducted, in addition to the findings from our work. We also bring to its attention any material weaknesses that we may identify in the internal control system with respect to the procedures relating to the preparation and processing of accounting and financial information.

The items communicated in the report to the Audit Committee include the risks of material misstatements that we consider the most significant for the audit of the consolidated financial statements for the fiscal year and which therefore constitute the key audit points that we are required to describe in this report.

We also provide the Audit Committee with the statement specified in Article 6 of Regulation (EU) 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in particular by Articles L. 821-27 to L. 821-34 of the French Commercial Code and in the Code of Ethics for Statutory Auditors. If necessary, we discuss the risks affecting our independence and the precautionary measures applied with the Audit Committee.

The Statutory Auditors

Paris-La Défense, March 12, 2024	Lyon, March 12, 2024
KPMG SA	**Ernst & Young**
Régis Chemouny	Sylvain Lauria
Partner	Partner

3.2 Separate financial statements

3.2.1 Financial statements

3.2.1.1 Income statement

(in thousands of euros)	Notes	12/31/2023	12/31/2022
Rental revenues		122,639	120,337
Non-recovered property taxes		(1,593)	(2,226)
Non-recovered service charges		(1,926)	(3,442)
Net property operating charges		(4,873)	652
Net rental income	**3**	**114,247**	**115,322**
Management, administrative and other activities income	4	1,230	1,152
Depreciation		(23,115)	(22,911)
Provisions		(8,297)	(2,660)
Personnel expenses	5	(9,696)	(10,478)
Other expenses	6	(5,640)	(12,930)
Operating income		**68,729**	**67,495**
Net financial expense	7	(47,733)	(13,434)
Net exceptional items	8	(2,898)	5,069
Employee profit-sharing	9	(313)	-
Corporate tax	10	-	7
NET INCOME		**17,786**	**59,137**

3.2.1.2 Balance sheet

Assets

(in thousands of euros)	Notes	12/31/2023	12/31/2022
Intangible assets		10,918	10,268
Depreciation and impairment		(8,106)	(7,226)
Subtotal		**2,812**	**3,042**
Property, plant and equipment		1,433,705	1,421,387
Depreciation and impairment		(295,721)	(266,437)
Subtotal		**1,137,984**	**1,154,950**
Investments		769,826	770,000
Impairment of investments		(122,600)	(62,635)
Subtotal		**647,226**	**707,365**
Total non-current assets	**11**	**1,788,022**	**1,865,357**
Receivables	12	222,344	192,324
Cash	13	98,486	177,987
Adjustment accounts		30,055	19,947
Total current assets		**350,885**	**390,258**
Expenses to be spread over several fiscal years		3,031	3,775
Bond redemption premiums		3,948	4,827
TOTAL ASSETS		**2,145,886**	**2,264,217**

Liabilities

(in thousands of euros)	Notes	12/31/2023	12/31/2022
Share capital and additional paid-in capital		561,944	561,944
Reserves		9,389	9,389
Revaluation adjustment		15,635	15,635
Retained earnings		213,647	244,074
Earnings		17,786	59,137
Interim dividend		-	-
Statutory provisions		914	1,699
Equity	**14**	**819,315**	**891,878**
Provisions	15	17,663	14,823
Borrowings and financial liabilities	16	1,232,617	1,299,768
Payables	17	75,200	56,380
Adjustment accounts	18	1,092	1,368
Current liabilities		**1,326,572**	**1,372,339**
TOTAL LIABILITIES		**2,145,886**	**2,264,217**

3.2.1.3 Cash flow statement

(in thousands of euros)	Notes	12/31/2023	12/31/2022
Net income		17,786	59,137
Depreciation, amortization, and impairment allowances net of reversals		92,547	30,384
Income from asset disposals		(1,684)	(10,457)
Other calculated expenses/(income)		793	14,634
Cash flow		**109,442**	**93,698**
Change in working capital requirement (1)		**(13,867)**	**(23,417)**
Net cash flow from operating activities		**95,575**	**70,280**
Acquisitions of investment assets		(25,396)	(17,741)
Disposals of fixed assets		3,925	80,844
Change in loans and advances granted		3,145	1,030
Net cash flow from investing activities		**(18,326)**	**64,134**
Dividends and interim dividends paid	14	(89,565)	(86,025)
Increase or decrease in share capital		-	-
Increase in borrowings (3)		109,892	755,052
Decrease in borrowings (3)		(179,000)	(852,500)
Net cash flow from financing activities		**(158,673)**	**(183,473)**
Change in net cash position		**(81,425)**	**(49,059)**
Net cash at beginning of year		177,921	226,980
Net cash at end of year		**96,496**	**177,921**
Cash on balance sheet		**96,593**	**177,987**
Bank overdrafts		**(97)**	**(66)**

(1) The change in working capital requirement breaks down as follows:

• Trade receivables		*(7,118)*	*12,072*
• Trade payables		*3,080*	*(804)*
• Other receivables		*(25,007)*	*(18,219)*
• Other payables		*23,426*	*3,110*
• Adjustment accounts		*(8,247)*	*(19,576)*
Change		**(13,867)**	**(23,417)**

(2) In 2023, this item mainly corresponds to the capital reduction of OPCI UIR II for the sum of Euro 2,691,000.
(3) In 2023, the increases and decreases in borrowings and financial liabilities correspond solely to changes in commercial papers issued.

3.2.2 Notes to the financial statements

Information about Mercialys SA

Mercialys is a *société anonyme* (limited liability company) under French law. Its shares are listed on Euronext Paris in Compartment B.

The financial statements are presented in thousands of euros and have been rounded up or down to the nearest thousand, and include figures that have been rounded individually. There may be differences between the arithmetic totals of these figures and the aggregates or subtotals shown.

Note 1 Accounting principles, rules and methods

The annual financial statements are prepared in accordance with the prescriptions of the 2016 general chart of accounts based on French accounting regulation ANC 2016-07 of November 4, 2016, approved by the decree of December 26, 2016, which amends regulation ANC 2014-03 on the general chart of accounts. The application of regulation 2015-05 of July 2, 2015 on forward financial instruments and hedge transactions is mandatory since January 1, 2017.

Derivatives have been used for several years by Mercialys to hedge the interest rate risk on its borrowings. The other accounting rules and methods applied are identical to those used previously.

1.1 Intangible assets

"Finance lease rights" represents the intangible value of property finance leases, which is defined as the value of the right to the lease for the remainder of the lease term plus the value of any purchase options in the lease agreement.

When a purchase option is exercised, the value of the lease rights and preliminary sales agreements included in the contract are transferred to property, plant and equipment. Prior to exercise, purchase options are subject to excess tax depreciation on the amortizable portion of the assets concerned.

1.2 Property, plant and equipment

Property, plant and equipment are recorded in the balance sheet at cost or transfer value.

Assets are depreciated using the component method.

For buildings, four components have been identified: structural elements, roofing, fire protection of the building shell, and fixtures.

"Roofing" and "fire protection of the building shell" are identified as separate components only in the case of major renovations. In all other cases, they are not separated from the "structural elements."

Property, plant and equipment are depreciated using either the straight-line method or the diminishing balance method, depending on the characteristics of each asset. For assets received in the contribution, the depreciation period for fixtures is limited to the estimated remaining useful life.

Depreciation expense calculated according to the straight line method corresponds to economic depreciation. The depreciation periods used for the main types of assets are as follows:

Type of asset	Depreciation period
Land arrangements and improvements	40 years
Buildings (structural elements)	50 years
Roofing	15 years
Fire protection of the building shell	25 years
Fixtures and fittings and renovation of premises	10 years-20 years

For all land and constructions, the net book values thus defined are compared to the fair values. Fair value is determined by appraisals conducted for Mercialys on a regular basis by independent appraisers. The valuation of investment property requires some judgment and estimates. When the difference between the fair value and NBV is greater than or equal to Euro 15,000 or greater than 5% of the value of the asset, a provision is recorded.

The shopping centers owned by Mercialys are appraised by real estate experts in accordance with the RICS (Royal Institution of Chartered Surveyors) Code of Ethics, using the fair value appraisal methods recommended by the 1998 Property Appraisal and Valuation Charter and the 2000 report published by the joint working group of the Commission des Opérations de Bourse (COB) and the Conseil National de la Comptabilité (CNC) on real estate asset valuations for listed companies.

Moreover, Mercialys complies with the Code of Ethics for French REITs (*listed real estate investment trusts* – REIT) in terms of the rotation of appraisers.

All assets in Mercialys' portfolio have been valued and those undergoing full appraisal have been subjected to planning enquiries, market and competition surveys and site visits. In accordance with the 2000 COB/CNC report, two methods have been used to determine the fair value of each asset:

- the first approach, capitalization of rental income, consists of measuring net rental income from the asset and applying a yield rate corresponding to the market rate for assets of the same type, based on the retail area, configuration, location, competition, means of ownership, rental and extension potential and comparability with recent transactions, and taking into account the actual level of rent, less non rebillable expenses and works relative to the corresponding market price and the vacancy rate;

- the second approach, discounted cash flow (DCF), which consists of discounting future flows of income and expenses, takes into consideration projected rent increases and vacancy rates in future years, as well as other forecast parameters such as the duration of the period during which the property will be in the lease market and the investment outlays borne by the lessor.

Mercialys' property portfolio is appraised twice yearly by independent experts. These valuations concerned all investment property held at December 31, 2023. Management considers that the fair values determined by the appraisers are a reasonable reflection of the portfolio's fair value.

The discount rate used takes into account the market risk-free rate (TEC 10-year OAT), plus a risk premium and a real estate market liquidity premium, as well as any risk premiums for obsolescence and rental risk.

Small assets have been valued by comparison with market transactions in similar assets.

The Company does not incur any maintenance expenditure on its properties that would fall within the scope of major repair and maintenance programs spanning several years. Accordingly, the provisions of ANC regulation 2014-03 on asset depreciation and impairment relating to major repairs and maintenance do not apply.

Assets may include compensation paid to a tenant evicted upon early termination of a lease when:

- **the tenant is replaced:** if payment of eviction compensation enables the asset performance to be enhanced (increasing rental revenue, and thereby the market value of the asset), this expenditure is capitalized as part of the cost of the asset, provided such increase in value is confirmed by appraisal; if not, this expenditure is charged to expenses in the fiscal year in which it is incurred;
- **the site is renovated:** if payment of eviction compensation is due to renovation work on the building, this expenditure is included in the cost of this work.

1.3 Investments

Participating interests are recorded in the balance sheet at cost or transfer value. An impairment allowance is recognized if the value in use is less than fair value. If the fall in value is unusual and temporary, no impairment is recorded.

The value in use is determined on the basis of several criteria such as net assets of the relevant companies at year-end (restated to reflect appraisals of real estate portfolio – see Note 1.2), level of profitability, outlook and usefulness to the Company.

1.4 Provisions

In accordance with ANC regulation 2014-03 on liabilities, any obligation to a third party that entails a probable future outflow of resources without offsetting consideration is recognized by a provision whenever the liability can be reliably estimated.

Managers and other employees receive a post-employment benefit (end-of-career allowance) on retirement, commensurate with their seniority.

In accordance with CNC Recommendation 2003-R.01, a provision is recognized for the estimated liability in respect of all vested rights to post-employment benefits. The amount of this provision has been determined by the projected unit credit method and includes related payroll taxes.

The Company has established bonus share plans for the benefit of Mercialys group managers and employees. A provision is established for the duration of the plan to cover the Company's probable liability, taking into account the award criteria and assuming that the beneficiaries are still employed by the Company at the end of the vesting period.

Receivables and payables are measured at nominal value. Provisions for impairment are booked for receivables in the event of recovery difficulties.

1.5 Financial instruments

The Company uses several financial instruments to reduce its interest rate risk. In this case, the nominal number of forward contracts is reported under off-balance sheet commitments. Only accrued coupons for the fiscal year are recognized in income, against other receivables for derivative assets and other payables for derivative liabilities.

1.6 Rental revenues

Rental revenues comprise the rental of properties by Mercialys to its tenants. The amounts invoiced are recognized as revenue for the applicable period. In the case of construction leases, the value of the asset built by the lessee and transferred to the lessor for no consideration at the end of the lease is analyzed as additional rent payable in kind and is spread over the term of the lease.

Benefits granted to tenants are recognized on a straight-line basis over the term of the contract.

Stepped rents and rent holidays are accounted for by spreading an amount as a decrease or increase to rental revenues for the fiscal year. The spreading is done over the committed term of the lease.

Rental revenue also includes upfront payments made by tenants upon signing the lease. If such payments are considered to be supplemental rent, they are spread over the initial committed term of the lease, generally three years. If not, they are recognized in full in income over the fiscal year in which the tenant takes possession.

Net rental income is the difference between rental revenue and directly attributable expenses. Directly attributable expenses include property taxes and service charges not billed to tenants, as well as other property operating expenses. These expenses do not include expenses recognized by the Company as "Other expenses" or "Personnel expenses."

1.7 Tax

The tax regime for French REITs exempts such companies from corporate tax on income from real estate activities provided that a minimum of 95% of rental revenues, 70% of gains on real estate asset disposals, and 100% of dividends from REIT subsidiaries are distributed as dividends to shareholders.

The tax expense in the income statement corresponds to tax payable on interest and similar income from cash, equity holdings and the liquidity agreement less the proportionate share of the Company's general costs allocated to taxable business activities, and taxation of fees and services billed to third parties.

1.8 Net exceptional items

Net exceptional items are income and expense items that, by virtue of their nature, infrequent occurrence or amount, do not fall within the scope of the Company's ordinary activities.

This line item includes in particular income from the disposal of real estate assets.

Note 2 Significant events of the fiscal year

The significant events of the fiscal year are as follows:

Financing

At end-June 2023, Mercialys set up a new credit line for Euro 180 million, maturing in June 2026 with two 1-year extension options. This new credit line, which has not been drawn down to date, incorporates ESG (Environmental, Social and Governance) criteria and replaces the Euro 180 million line due to mature in December 2024.

Note 3 Net rental income

(in thousands of euros)	12/31/2023	12/31/2022
Invoiced rents	122,470	120,010
Lease rights and despecialization indemnities	169	327
Rental revenues	**122,639**	**120,337**
Property tax	(9,087)	(9,578)
Rebilling to tenants	7,494	7,352
Non-recovered property taxes	**(1,593)**	**(2,226)**
Service charges	(22,218)	(19,694)
Rebilling to tenants	20,292	16,252
Non-recovered service charges	**(1,926)**	**(3,442)**
Management fees	(4,535)	(5,172)
Rebilling to tenants	2,771	2,858
Other expenses (1)	(3,110)	2,965
Net property operating charges	**(4,873)**	**652**
NET RENTAL INCOME	**114,247**	**115,322**

(1) *Include for 2023 losses on and impairment of receivables for Euro 2.9 million and a reversal of a provision for losses on and impairment of receivables for Euro 8.2 million in 2022, generated by the collection efforts in respect of 2020 and 2021, as well as an allocation of Euro 4 million calculated according to the traditional actuarial method and which includes the impact of the liquidation of the retailer Camaïeu.*

"Other expenses" include in particular rents paid by the Company on construction leases and very long-term ground leases, rent of property finance leases, fees paid to third parties, and non-recoverable, non-capitalizable shopping center maintenance costs.

Note 4 Management, administrative and other activities income

Management, administrative and other activities income primarily comprises fees charged for services provided by certain Mercialys teams – in connection with consulting services provided by the asset management team, or shopping center management services provided by the teams – as well as letting, asset management and advisory fees relating to partnerships formed. The income from management is unchanged versus the previous year.

Note 5 Personnel expenses

Personnel expenses comprise compensation and benefits granted to the Company's employees.

On average over the fiscal year 2023, the Company had 52 employees (45 managers, 2 supervisors and 5 clerical staff), *versus* 52 employees in 2022.

Note 6 Other expenses

Other expenses comprise shopping center advertising and overhead costs. These overhead costs consist primarily of financial communication costs, corporate communication costs, research and marketing expenses, service functioning costs, directors' fees paid to Board members, fees paid for works, fees paid to the Statutory Auditors and the costs incurred for appraisals and the management of the portfolio.

Note 7 Net financial expense

(in thousands of euros)	12/31/2023	12/31/2022
Financial income	**70,523**	**68,846**
Reversal of provision for impairment of participating interests	-	4,131
• Hyperthetis Participations	-	2,802
• Point Confort	-	97
• Immosiris	-	1,232
Income from consolidated interests	39,393	43,623
• Mercialys Participations	25,193	34,500
• Dentelle	303	-
• AMR	3,268	3,045
• Immosiris	2,325	2,406
• Hyperthetis Participations	7,854	3,253
• Rennes-Anglet	410	195
• Other	40	224
Interests in affiliated companies	10,941	3,742
Net income/sale of treasury shares	1,285	1,974
Financial income from investments	3,013	577
Interest income on hedging derivatives	15,479	14,795
Reversal of provision for impairment	411	-
Other financial income	1	3
Financial expenses	**(118,255)**	**(82,280)**
Provision for bonus share plans	(346)	(681)
Provisions for losses on contracts	(1,893)	(411)
Depreciation of bond redemption premium (1)	(1,623)	(6,777)
Provision for participating interests	(59,965)	(3,115)
• Point Confort	(437)	-
• UIR II	(36)	(134)
• AMR	(2,351)	(1,325)
• Rennes-Anglet	(146)	(423)
• Hyperthetis Participations	(14,810)	-
• Immosiris	(4,339)	(1,232)
• Mercialys Participations	(37,846)	-
Interests in affiliated companies	(1,599)	(570)
Interest on borrowings	(30,184)	(30,563)
Interest charges on hedging derivatives	(12,972)	(8,757)
Net expense/sale of treasury shares	(1,634)	(1,226)
Capitalization of borrowing costs	173	-
Other financial expenses (2)	(8,212)	(30,180)
NET FINANCIAL EXPENSE	**(47,733)**	**(13,434)**

(1) Including in 2022 Euro 4.8 million in additional depreciation on premiums and costs as part of the debt restructuring transaction.
(2) Including in 2023 Euro 5.4 million related to the unwinding of financial instruments.
Including in 2022 Euro 26 million of losses on buybacks and Euro 2.4 million related to the unwinding of financial instruments as part of the debt restructuring transaction.

Note 8 Net exceptional items

Net exceptional items for fiscal year 2023 mainly correspond to:

- capital gains following the disposal of units at the Saint-Etienne Villars, Le Puy en Velay and Paris Massena sites for an amount net of costs of Euro 1,445,000;
- reversals of provisions for litigation and miscellaneous risks net of provisions for an amount of Euro 3,005,000;
- provisions for asset impairment in the amount of Euro - 7,413,000.

Note 9 Employee profit-sharing

On November 14, 2023, a profit-sharing agreement was put in place following the creation of an Economic and Social Unit (ESU) on April 5, 2023 uniting the Mercialys SA, Mercialys Gestion, Mercialys Exploitation and The Next Horizon entities. The aim of the profit-sharing agreement is to collectively guarantee employees the right to share in the profits of the companies that make up the Mercialys ESU.

Note 10 Tax

Tax expense corresponds to the tax due on income from the Company's taxable business activities, plus the additional contribution due in respect of the dividends paid. In 2023, income from taxable business activities showed a loss and did not give rise to the recognition of any tax expense.

Deferred tax assets and liabilities are not material.

Note 11 Fixed assets

11.1 Breakdown

(in thousands of euros)	**12/31/2023**	**12/31/2022**
Software	9,337	8,004
Finance lease rights	794	794
Other intangible assets	788	1,471
Depreciation and impairment	(8,106)	(7,226)
Net intangible assets	**2,812**	**3,043**
Land and land improvements	755,908	756,674
Depreciation and impairment	(42,323)	(37,164)
Net land and land improvements	**713,585**	**719,510**
Buildings, fixtures and fittings	654,347	644,204
Depreciation and impairment	(245,916)	(222,519)
Net buildings, fixtures and fittings	**408,431**	**421,685**
Property, plant and equipment	23,450	20,509
Depreciation and impairment	(7,483)	(6,755)
Other net property, plant and equipment	**15,967**	**13,754**
Participating interests	623,788	628,558
Impairment of participating interests	(122,600)	(62,635)
Loans	145,745	141,154
Other investments	293	288
Net investments	**647,226**	**707,365**
NET FIXED ASSETS	**1,788,022**	**1,865,357**

Other property, plant and equipment consist of fixed assets in progress for Euro 13,146,000 at December 31, 2023, *versus* Euro 10,587,000 at December 31, 2022.

Participating interests are presented in detail in the table of subsidiaries and shareholdings (see Note 26).

11.2 Changes

(in thousands of euros)		Gross	Depreciation and impairment	Net
As at December 31, 2021	Intangible assets	10,619	(6,553)	4,066
	Property, plant and equipment	1,489,684	(247,298)	1,242,387
	Investments	765,117	(63,651)	701,466
	Total	**2,265,420**	**(317,502)**	**1,947,918**
Increase	Intangible assets	541	(673)	(132)
	Property, plant and equipment	8,013	(22,167)	(14,154)
	Investments	5,769	(134)	5,635
	Total	**14,323**	**(22,974)**	**(8,651)**
Decrease	Intangible assets	892	(1)	891
	Property, plant and equipment	76,311	(3,028)	73,283
	Investments	886	(1,150)	(264)
	Total	**78,089**	**(4,179)**	**73,910**
As at December 31, 2022	Intangible assets	10,268	(7,225)	3,043
	Property, plant and equipment	1,421,386	(266,437)	1,154,949
	Investments	770,000	(62,635)	707,365
	Total	**2,201,654**	**(336,297)**	**1,865,357**
Increase	Intangible assets	7,507	(888)	6,241
	Property, plant and equipment	41,782	(30,414)	11,368
	Investments	4,596	(59,965)	(55,369)
	Total	**53,507**	**(91,267)**	**(37,760)**
Decrease	Intangible assets	6,856	(8)	6,471
	Property, plant and equipment	29,463	(1,131)	28,332
	Investments	4,771	-	4,771
	Total	**40,713**	**(1,139)**	**39,574**
As at December 31, 2023	Intangible assets	10,918	(8,106)	2,812
	Property, plant and equipment	1,433,705	(295,721)	1,137,984
	Investments	769,826	(122,601)	647,226
	Total	**2,214,449**	**(427,077)**	**1,788,022**

Intangible assets and property, plant and equipment

The decreases for the financial year mainly correspond to the disposals of assets at the Saint-Etienne Villars, Le Puy and Paris Massena sites for a net book value of Euro 2,450,000 and an amount net of expenses of Euro 1,445,000.

Investments

The decrease in investments is mainly due to the capital reduction of Dentelle for Euro 2,080,000 and that of UIR II for Euro 2,691,000.

Loans completed as at December 31, 2023 were as follows (including financial income):

- SNC Fenouillet Participation: Euro 47,281,000;
- SNC Fenouillet Immobilier: Euro 79,407,000;
- SCI AMR: Euro 18,965,000.

11.3 Impairment

At December 31, 2023, a total of Euro 7,781,000 in impairment on property, plant and equipment and a reversal of impairment of Euro 369,000 on Mercialys' real estate assets were deemed necessary, *versus* Euro 6,583,000 and a reversal of impairment of Euro 1,101,000 in 2022.

For participating interests, the changes in impairment recognized during the fiscal year relate to Point Confort, AMR, Rennes Anglet, Hyperthetis Participations, Immosiris, Mercialys Participations Fenouillet Participation and UIR II for an amount of Euro 59,965,000. At December 31, 2023, these impairments amounted to Euro 122,600,000, compared to Euro 62,635,000 at December 31, 2022.

These impairments mainly related to the decrease in these subsidiaries' revalued net cash position.

Note 12 Receivables

12.1 Breakdown

(in thousands of euros)	12/31/2023	12/31/2022
Trade receivables	42,900	35,782
Impairment	(16,340)	(13,674)
Net trade receivables	**26,561**	**22,108**
Other operating receivables	22,228	22,548
Current accounts of affiliated companies	177,012	150,320
Impairment	(3,456)	(2,653)
Other net receivables	**195,784**	**170,216**
RECEIVABLES	**222,344**	**192,324**

The aging of trade receivables breaks down as follows:

Trade accounts and other receivables	**Assets not due and not impaired**	**Assets due and not impaired at closing date**					**Impaired assets**	
(in thousands of euros)	**Total**	**In arrears for less than 3 months**	**In arrears for 3 to 6 months**	**In arrears for 6 to 12 months**	**In arrears for more than 12 months**	**Total**	**Total**	**Total**
As at December 31, 2022	**5,698**	**4,392**	**1,633**	**2,536**	**899**	**9,460**	**20,624**	**35,782**
As at December 31, 2023	**7,540**	**6,120**	**1,089**	**1,556**	**4,191**	**12,956**	**22,404**	**42,900**

Trade receivables at December 31, 2023 primarily comprise rental income, lease rights and consulting services invoiced at the end of the fiscal year.

In addition to the methodology for recording provisions for doubtful receivables in the amount of Euro 11.1 million determined by Mercialys and based on the level of legal progress on disputes with tenants in arrears, the financial statements at the end of December 2023 include provisions corresponding to the impacts of the health crisis for Euro 474,000 and Euro 701,000 in respect of the arrears.

Other operating receivables consist essentially of:

- tax receivables of Euro 8,251,000 at December 31, 2023, *versus* Euro 7,972,000 at December 31, 2022;
- amounts receivable from tenants under construction leases standing at Euro 4,534,000 at December 31, 2023, *versus* Euro 4,081,000 at December 31, 2022. In substance, the value of the asset built by the tenant and transferred to the lessor for no consideration at the end of the lease is analyzed as additional rent payable in kind and is spread over the term of the lease. At the end of the lease, the accrued revenue is canceled by recognizing an equivalent amount as a property asset;
- dividends due amounting to Euro 1,560,000 at December 31, 2023, *versus* Euro 817,000 at December 31, 2022.

Current accounts of affiliated companies mainly correspond to the following subsidiaries:

(in thousands of euros)	
SAS Mercialys Participations	64,115
SCI Caserne de Bonne	61,449
SNC Sacré Cœur	14,583
SAS Mercialys Gestion	6,468
SAS The Next Horizon	5,923
SARL Cyperus Saint-André	5,157
SAS Cap Cowork	4,690

In relation to these receivables, accrued income is recognized in the amount of Euro 22,487,000, *versus* Euro 14,527,000 at December 31, 2022, primarily comprising:

- trade receivables: Euro 7,540,000 (Euro 5,521,000 at December 31, 2022);
- other receivables: Euro 9,086,000 (Euro 7,106,000 at December 31, 2022);
- current accounts of affiliated companies: Euro 5,861,000 (Euro 1,824,000 at December 31, 2022);

12.2 Schedule

(in thousands of euros)	12/31/2023	12/31/2022
Less than one year	218,170	188,458
More than one year	4,174	3,866
RECEIVABLES	**222,344**	**192,324**

Note 13 Net cash

(in thousands of euros)	12/31/2023	12/31/2022
Treasury shares	5,323	4,927
Impairment	-	-
Liquidity agreement	101	101
Banks	91,072	172,893
CASH	**96,496**	**177,921**

The Company holds 608,389 treasury shares, compared to 600,230 at December 31, 2022.

Note 14 Equity

14.1 Change in equity before allocation of net income for the year

(in thousands of euros)	Share capital and additional paid-in capital	Reserves and retained earnings	Statutory provisions	Equity
As at December 31, 2021	**561,944**	**355,199**	**1,699**	**918,842**
Capital increases				
Decrease in share capital				-
Dividends paid		(86,025)		(86,025)
Net income for the fiscal year		59,137		59,137
Interim dividend				-
Other movements		(75)		(75)
As at December 31, 2022	**561,944**	**328,236**	**1,699**	**891,878**
Capital increases				-
Decrease in share capital				-
Dividends paid		(89,565)		(89,565)
Net income for the fiscal year		17,786		17,786
Interim dividend				-
Other movements			(784)	(784)
As at December 31, 2023	**561,944**	**256,457**	**914**	**819,315**

At December 31, 2023, the share capital was made up of 93,886,501 shares with a par value of Euro 1 each.

14.2 Dividends

Out of 93,886,501 shares at December 31, 2022, 93,296,500 shares benefited from the dividend awarded for the fiscal year ended December 31, 2022 (590,001 treasury shares not entitled to dividends).

The Company paid its shareholders a gross dividend of Euro 0.96 per share for the fiscal year ended December 31, 2022, representing a total of Euro 89,565,000.

Dividend for the fiscal year 2023

The Board of Directors of Mercialys will propose to the General Meeting of April 25, 2024 the payment of a dividend of Euro 0.99 per share, *i.e.* Euro 92.9 million for 93,886,501 shares.

This dividend proposal comprises the distribution obligation under REIT status concerning tax-exempt profits from:

- the leasing or subletting of properties, *i.e.* Euro 0.86 per share;
- the distribution of tax-exempt income recorded in the Company's balance sheet in the amount of Euro 0.13 per share.

The payment of the dividend of Euro 0.99 per share would take place on May 2, 2024 (ex-dividend date being April 29, 2024), subject to approval by the General Meeting of April 25, 2024.

14.3 Share-based payments

Since December 1, 2005, the Group has set up bonus share plans in Mercialys shares for the benefit of executives and managers.

The vesting of bonus share plans is subject to the beneficiary being present at the end of the allocation period.

Bonus shares currently vesting	Number of shares, current
Outstanding shares at January 1, 2022	**353,960**
Shares awarded	193,937
Shares canceled	(50,628)
Shares issued	(11,139)
Outstanding shares at December 31, 2022	**486,130**
Shares awarded	198,740
Shares canceled	(72,914)
Shares issued	(104,567)
OUTSTANDING SHARES AT DECEMBER 31, 2023	**507,389**

14.4 Bonus share plans

Allocation dates	04/22/2021	04/22/2021	04/28/2022	04/28/2022	04/28/2022	04/27/2023	04/27/2023	04/27/2023
End of allocation period	04/22/2024	04/22/2024	04/28/2025	04/28/2025	04/28/2024	04/27/2026	04/27/2026	04/27/2027
End of holding period	04/23/2026	04/23/2026	04/29/2027	04/29/2027	04/29/2024	04/28/2028	04/28/2028	04/27/2025
Share price at the allocation date *(€)*	9.97	9.97	9.55	9.55	9.55	8.89	8.89	8.89
Number of beneficiaries	2	13	2	12	135	2	13	155
Number of bonus shares awarded at inception	95,112	49,074	120,437	60,000	13,500	120,240	63,000	15,500
Fair value of bonus share *(€)*	5.41	5.80	5.66	5.87	7.52	5.11	5.25	7.01
Selected performance rate	100%	150%	100%	117%	100%	100%	100%	100
Number of shares outstanding before application of the performance criteria at December 31, 2023	95,112	29,100	120,437	58,500	9,700	120,240	61,500	12,800

Bonus shares only vest subject to a criterion and when the Company's performance criteria have been met, assessed over a defined period that results in the determination of the percentage of shares vested.

The performance criteria applied include:

- the relative performance of the Mercialys share, including dividends (relative TSR);
- organic growth in rents and FFO growth;
- the CDP (Carbon Disclosure Project) rating;
- the percentage of the portfolio achieving BREEAM In-Use certification (CSR criterion) ;
- reduction after three years of carbon intensity per unit area.

Note 15 Provisions

(in thousands of euros)	12/31/2022	Additions	Reversal	12/31/2023
For liabilities and charges	14,349	10,902	8,149	17,103
For end of career severance allowances	457	88	-	545
For long service awards	16	-	1	15
Provisions	**14,823**	**10,990**	**8,150**	**17,663**
o/w operating		8,643	4,275	
o/w financial		1,893	411	
o/w exceptional		455	3,464	

Provisions for liabilities and charges include the estimated costs of litigation and other operating risks.

The amount of these provisions is not materially different from the actual expenses incurred. Property additions and reversals are recorded under operating expenses for provisions relating to sites in the portfolio, and under exceptional items for provisions relating to sites that have been sold.

Note 16 Miscellaneous borrowings and financial liabilities

16.1 Breakdown

(in thousands of euros)	12/31/2023	12/31/2022
Bonds	1,170,025	1,169,991
Borrowings and debts from credit institutions	42,000	112,000
Bank overdrafts	97	66
Cash instrument liabilities	1,893	-
Other financial debt (security deposits received)	18,602	17,711
BORROWINGS AND FINANCIAL LIABILITIES	**1,232,617**	**1,299,768**

Security deposits received are repayable to tenants when they leave or, at the earliest, at the end of the three-year leases. Because occupancy rates on the Company's properties are very high, these deposits received constitute a near-permanent source of financing of indeterminable maturity.

16.2 Bonds

The change in bonds over fiscal year 2022 was linked in particular to the placement of a new bond issue on February 17, 2022 for Euro 500 million, with a 7-year maturity and 2.5% coupon. With this latest bond issue, an issue premium was recorded for Euro - 3.0 million, along with Euro - 2.2 million of issue costs.

Alongside this, Mercialys fully exercised its option for the early redemption of its bond maturing in March 2023, with an initial amount of Euro 469.5 million.

Mercialys also carried out a partial buyback of Euro 100 million of the bond due to mature in July 2027. The outstanding amount of this issue represents Euro 200 million.

At December 31, 2023, the amount of bond financing totaled Euro 1,150 million, divided into four issues:

- a Euro 300 million bond issue yielding a fixed rate of 1.80%, with a maturity of 8 years (maturing in February 2026);
- a Euro 150 million bond issue yielding a fixed rate of 2.00%, with a maturity of 10 years (maturing in November 2027);
- a Euro 500 million bond issue, yielding a fixed rate of 2.5% and maturing in February 2029;
- a Euro 200 million bond issue yielding a fixed rate of 4.625%, with a 7-year maturity (maturing in July 2027).

These bonds are subject to the standard commitment and default clauses customarily included in this type of agreement: *pari passu* ranking, a negative pledge clause that limits the security that can be granted to other lenders, and a cross-default obligation. Furthermore, if the rating is downgraded following a change of control (see definition below), Mercialys bondholders may request redemption of their share.

A rating downgrade is defined as a lowering of the rating by a rating agency, a downgrade of the rating to non-investment grade (*i.e.* a downgrade of at least two notches relative to the current rating) or, if the rating is already non-investment grade, a downgrade of at least one notch. The rating downgrade must be explicitly linked to the change of control of the Company.

16.3 Hedging transactions

In addition, Mercialys introduced an interest rate hedging policy in October 2012 through swaps and collars in order to enable it to spread out its interest rate risk over time.

SUMMARY STATEMENT BY CATEGORY OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2023

(in thousands of euros)	Notional	Net mark-to-market	Mark-to-market (assets)	Mark-to-market (liabilities)	Premium	Provision
Fixed/floating rate swaps	350,000	(10,893)	1,838	(12,731)	-	-
Refixing swaps	320,000	6,172	8,523	(2,351)	-	-
Cap	100,000	1,155	1,881	(726)	(671)	-
Trading	220,000	(1,802)	91	(1,893)	833	(1,893)

At end-December 2023, Mercialys' debt structure, after hedging and including commercial papers, breaks down as follows: 96% fixed-rate or hedged debt and 4% floating-rate debt.

16.4 Confirmed credit lines

At the end of December 2023, the Mercialys group's confirmed credit lines amounted to Euro 385 million, of which:

- a Euro 180 million revolving bank credit line, maturing in June 2026;
- five confirmed bank lines for a total amount of Euro 205 million, maturing between June 2026 and December 2028.

16.5 Commercial papers

A Euro 500 million commercial paper program was set up in the second half of 2012. It has been used since 2014. At December 31, 2023, the outstanding amount was Euro 42 million, *versus* Euro 112 million at December 31, 2022.

16.6 Financial covenants

Mercialys' financial liabilities are subject to default clauses (early repayment) in the event of failure to comply with the following financial ratios:

- LTV (Loan-To-Value): Net financial debt/(fair value excluding the portfolio transfer taxes + market value of investments in consolidated companies) < 50% at each closing date;
- a covenant of less than 55% applies to the confirmed bank lines. The remaining lines are subject to an LTV covenant of less than 50%;
- Interest Coverage Ratio (ICR): Consolidated EBITDA [(1)]/ Net finance costs > 2, at each closing date;
- secured debt/consolidated fair value of investment properties excluding transfer taxes < 20% at any time;
- consolidated fair value of investment properties excluding transfer taxes > Euro 1 billion at all times;
- change of control clauses also apply.

	Covenants	12/31/2023	12/31/2022
Loan To Value (LTV)	< 50%	38,9%	35.3%
ICR (Interest Cost Ratio)	> 2x	5.1x	5.9x

At December 31, 2023, the two other contractual covenants (Secured debt/Consolidated fair value of investment properties excluding transfer taxes, and Consolidated fair value of investment properties excluding transfer taxes), as well as the commitment and default clauses, were also complied with.

(1) *EBITDA: Earnings before interest, taxes, depreciation, and amortization.*

Note 17 Liabilities

17.1 Breakdown

(in thousands of euros)	12/31/2023	12/31/2022
Trade payables	17,392	14,457
Tax and social security liabilities	9,555	8,421
Income tax	-	-
Current accounts of affiliated companies	42,841	20,534
Trade payables on assets	1,697	6,238
Other liabilities	3,714	6,730
PAYABLES	**75,200**	**56,380**

Current accounts of affiliated companies mainly correspond to the following subsidiaries:

(in thousands of euros)	
SCI Timur	10,993
SNC Dentelle	1,311
SNC Géante de Périaz	3,856
SNC Fenouillet Immobilier	24,328
SNC C/C Narbonne	1,140

Expenses payable amount to Euro 20,960,000, *versus* Euro 25,629,000 at December 31, 2022, broken down as follows:

- trade payables: Euro 12,312,000 (Euro 13,049,000 at December 31, 2022);
- tax and social security liabilities: Euro 4,104,000 (Euro 3,880,000 at December 31, 2022);
- current accounts of affiliated companies: Euro 1,568,000 (Euro 367,000 at December 31, 2022);
- trade payables on assets: Euro 1,587,000 (Euro 6,130,000 at December 31, 2022);
- other liabilities: Euro 1,389,000 (Euro 2,203,000 at December 31, 2022).

17.2 Schedule

(in thousands of euros)	12/31/2023	12/31/2022
Less than one year	75,200	56,380
Between one and five years	-	-
More than five years	-	-
PAYABLES	**75,200**	**56,380**

Note 18 Adjustment accounts

This item consists essentially of lease payments still to be deferred and income from unwinding swaps.

Note 19 Off-balance sheet commitments

The principal commitments are the following:

19.1 Commitments related to ordinary activities

19.1.1 Commitments received

19.1.1.1 Bank guarantees received

For the proper payment of rents and service charges: at December 31, 2023, these amounted to Euro 5,367,000, compared to Euro 5,187,000 at December 31, 2022.

19.1.1.2 Rental guarantees received

As of December 31, 2023, no rental guarantees have been received.

19.2 Commitments relating to exceptional transactions

19.2.1 Commitment as part of the project carried out in Chartres

A partnership and exclusivity agreement was signed in September 2023 between Mercialys and the public company Chartres Aménagement.

As part of the "Plateau Nord-Est" redevelopment project, Mercialys, the developer, undertakes to purchase from Chartres Aménagement the plots concerned by the construction of a retail park and residential buildings for Euro 1,265,000.

This promise may, under certain conditions, be extended up to but not beyond December 31, 2028.

19.2.2 Commitments with Corin

In connection with its Partnership agreement with Corin, in 2006 Mercialys acquired 60% of the undivided rights on certain assets in Corsica for Euro 90 million.

An amendment was made to the memorandum of understanding in 2014. This amendment made it possible to extend certain maturities and to modify the contribution mechanism of the undivided rights. The memorandum of understanding was created for a new 20-year period from the date of signing of the amendment.

Today, it is projected that if the agreement to hold the undivided rights in common is not renewed, the party that initiated the end of the undivided rights will be penalized when the undivided rights are shared. The rights may be shared either in kind, with the other party choosing the units (the hypermarket premises will go in priority to Mercialys in any event), or through the transfer of the undivided rights.

Mercialys is irrevocably committed to acquiring Corin's 40% of undivided rights, but has the right to make a counterproposal, and Corin is irrevocably committed to transferring its rights to Mercialys.

A new amendment to the memorandum of understanding was signed on April 27, 2018, stipulating the exercise of the promise to purchase at different maturities. Thus for a maximum of 10% of the undivided rights between January 31, 2020 and December 31, 2020, this potential option was not exercised. It may be exercised for a maximum of 10% of undivided rights between January 31, 2023 and December 31, 2023, a maximum of 10% of undivided rights from January 31, 2024 and a maximum of 10% of undivided rights from January 31, 2025.

Assuming that Corin exercises the promise to purchase, Mercialys has the option to assign its rights and obligations to a third party, or to free itself from its purchase commitment by offering Corin the right to acquire its undivided rights. The memorandum of understanding specifies how the assets are valued. In this case, a 30% discount will be applied. Corin may likewise assign the benefit of its contractual promise to any third party.

These promises represent contingent commitments of unforeseeable outcome and are therefore not recognized in the balance sheet. In the event that the transfer takes place, the asset valuation specified in the memorandum of understanding will be representative of market value.

19.2.3 Commitments relating to the disposal of SAS Hyperthetis Participations

Protocol relating to the disposal of real estate assets and assistance agreement for the disposal of real estate assets

Mercialys and SPF2 Hyperthetis, partners of Hyperthetis, have mutually agreed to open a liquidation process for their joint investment in Hyperthetis. A memorandum of understanding was signed on December 14, 2022 in which Mercialys undertakes to proceed, subject to certain conditions, with the sale of all the assets of Hyperthetis.

Mercialys, which owns the premises adjacent to the Hyperthetis assets, also undertakes to sell, subject to certain conditions, these premises whose proximity means they can be offered for sale at the same time. To this end, Mercialys accepted and signed an assistance agreement relating to the preparation and completion of the transaction. This agreement ended on May 31, 2023.

19.2.4 Other commitments

No pledge, mortgage or other conveyance of security interest applies to the Company's assets.

The Company has received the customary guarantees from the transferor companies in respect of properties transferred to it in 2005 and 2009.

The Company complies with applicable regulations. There are no manifest environmental risks that would require recognition of a liability provision or an off-balance sheet item.

19.3 Commitments under finance leases and operating leases

19.3.1 Lessee of finance leases

At December 31, 2023, the Group was not a lessee of any finance leases.

19.3.2 Lessee of operating leases

The leases for which Mercialys is a lessee fall into four categories:

1. leases on plots of land related to properties (mainly construction leases and long-term ground leases);
2. commercial leases for offices;
3. car leases;
4. IT equipment leases.

19.3.3 Lessor of operating leases

Almost all the leases granted by the Mercialys group in connection with its business activity are commercial leases, but a few construction leases have been granted in special cases.

The leases signed include either a fixed rent or a double-component rent ("variable rent"). Variable rents are composed of a fixed portion (the guaranteed minimum rent) and a portion pegged to the revenue of the lessee operating the commercial premises. The minimum guaranteed rent is based on the rental value of the premises. The additional variable rent specified at the signing of the lease is due from the lessee whenever there is a positive difference between the percentage of pre-tax revenue earned by the lessee during the calendar year and the base rent.

Unless there is an indexation clause in the lease agreement that provides otherwise, rent amounts are adjusted to the index at the end of each three-year period of the lease. For all leases, the base rent, whether a fixed-only rent or the minimum guaranteed portion of a variable rent, is contractually indexed to the Construction Cost Index or Retail Rent Index published by INSEE in accordance with applicable regulations.

Note 20 Contingent liabilities

Contingent liabilities relating to a project at the Saint-André site

In 2015, Mercialys, through Epicanthe, acquired shares in SCI Cypérus Saint André (formerly Toutoune), the holder of a sales agreement for the acquisition of a plot of land in the Saint-André district on Reunion Island. This acquisition was part of planned shopping center development.

A Euro 900,000 adjustment to the price of the SCI Toutoune shares was planned, subject to the Saint-André urban planning scheme (*plan local d'urbanisme* – PLU) being adopted before June 30, 2019, either (i) in the event of the competent legal authority issuing a certificate stating that there have been no objections to the building permit, constituting a commercial operating permit (*autorisation d'exploitation commerciale* – AEC) enabling the project to go ahead, or (ii) in the event of failure to apply for a building permit constituting an AEC, enabling the project to be completed and complying with the PLU within 36 months of the entry into force of said PLU.

However, this earn-out payment was disputed by Mercialys, since the local authorities asked for the building permit application for the planned project, which was filed on October 4, 2017, to be withdrawn. Mercialys does not believe that any disbursements are likely and so has not recognized any related provision at the end of 2023.

Mercialys has not abandoned its intention to develop this piece of land which is located in a region with great potential, but which will, in part, be dependent on the urban planning strategy adopted by the local authorities.

Note 21 Market risks

Market risk is the risk that changes in market prices – such as exchange rates, interest rates and the prices of equity instruments – will adversely affect the Group's net income or the value of the financial instruments that it holds.

Mercialys' exposure to interest rate risk relates to the borrowings described in Note 16.3. To manage its exposure to the risk of changes in interest rates, the Company uses derivatives (interest rate swaps and collars).

Note 22 Information concerning related parties

(in thousands of euros)	12/31/2023	12/31/2022
Income/(expenses)		
Invoiced rents (1)		
Distribution Casino France	-	4,648
Monoprix	-	-
Casino Restauration	-	-
Other Casino group entities	-	1,943
Service agreement for Hyperthetis Participations	100	100
Service agreement for Immosiris	50	50
Real estate consulting services agreement for AMR	558	590
Asset fees for Immosiris	156	134
Service agreement fees paid to the Casino group (1)	-	(430)
Property Management service fees paid to the Casino group (1)	-	(2,118)
Financial income	50,334	47,123
Financial expenses	(1,599)	(570)
Non-use fees paid to Casino Finance (1)	-	(62)
Assets/(liabilities)		
Loans	145,653	141,061
Participating interests	616,263	618,343
Current accounts of affiliated companies	134,170	129,786

(1) Until April 28, 2022, the date when the Casino group's last representative on the Mercialys group's Board of Directors resigned, the Company had a number of contractual relations with various Casino group companies.

22.1 Service, asset management and brand licensing agreement with Hyperthetis Participations

On June 26, 2015, Hyperthetis Participations and Mercialys signed a service and brand licensing agreement. The agreement is signed for an 8-year term and is automatically renewable. In line with the growth and operation of its assets, Hyperthetis Participations has decided to entrust Mercialys with tasks covering the following: accounting, legal and corporate governance management, strategy consultancy, and brand licensing.

Hyperthetis has also signed an asset management agreement with Mercialys.

22.2 Service and asset management agreement for Immosiris

In connection with the property transactions in 2015, Mercialys has entered into an asset management and Service agreements with Immosiris.

22.3 Other related-party transactions

22.3.1 SCI AMR

Mercialys entered into the following agreements with SCI AMR:

- a real estate consulting services agreement: under this 5-year agreement, SCI AMR entrusts Mercialys with general assistance in managing its real estate assets. This agreement, initially entered into on April 23, 2013, was extended at an early date to cover the period from January 1, 2017 to March 15, 2024.

These transactions amounted to Euro 558,000.

In 2020, sales and purchases of real estate assets took place between Mercialys and SCI AMR. In respect of these transactions, Mercialys granted a loan to SCI AMR amounting to Euro 18,590,000 at the end of December 2023.

22.3.2 SNC Fenouillet Participation

At the end of December 2023, as at December 31, 2022, Mercialys granted a loan of Euro 39,778,000 to SNC Fenouillet Participation. This cash advance bears interest at a rate of 5.9%, which will be reduced to EURIBOR + 100 basis points.

Note 23 Compensation

The gross compensation paid to officers and directors in 2023 amounted to Euro 2,119,000, *versus* Euro 2,022,000 at December 31, 2022.

Note 24 Statutory Auditors' fees

Fees in thousands of euros at December 2023	**Ernst & Young**	**KPMG**
Fees for certification of the financial statements	183	175
Fees other than for the certification of financial statements (1)	38	-
TOTAL	**221**	**175**

(1) Fees other than for the certification of financial statements relate to the CSR report.

Note 25 Subsequent events

On January 24, Casino announced that it had entered into agreements with Auchan Retail and the Groupement Les Mousquetaires providing for the sale of 288 stores. The disposals will take place in the second quarter of 2024, after consultation with the relevant employee representative bodies. The agreements provide for the transfer of stores in three successive waves; as of April 30, 2024, May 31, 2024 and July 1, 2024.

The transaction, which remains subject to authorization from the competition authorities, will profoundly modify and improve Mercialys' rental risk profile.

The Casino group's portfolio of food-anchored tenants in Corsica, where Mercialys owns five Casino hypermarkets in partnership with Corin (40%), is not part of this disposal agreement.

On January 25, 2024, LSA magazine announced that Intermarché had reached an agreement with Carrefour to transfer to it 31 points of sale, including the Mercialys-owned Lanester hypermarket.

Note 26 Table subsidiaries and shareholdings

26.1 Subsidiaries (at least 50% of share capital owned)

(in thousands of euros)			Equity			Book value of shares held					
Companies		SIREN (Company registration number)	Share capital	Other share-holders' equity	Portion of share capital held *(in %)*	Gross	Net	Loans and advances granted	2023 revenues, excl. tax	2023 net income (+ or -)	Dividends received
SAS Point Confort	16-18 rue du Quatre Septembre 75002 Paris, France	306 139 064	154	5,011	100	8,130	5,277	-	297	(384)	-
SAS Mercialys Participations	16-18 rue du Quatre Septembre 75002 Paris, France	890 154 016	1	235,949	100	295,180	257,334	61,999	-	(16,372)	25,193
SAS Hyperthethis Participations	16-18 rue du Quatre Septembre 75002 Paris, France	811 749 852	27,439	186,440	51	139,937	109,078	-	16,546	(13,711)	7,854
SNC Dentelle	16-18 rue du Quatre Septembre 75002 Paris, France	498 780 345	5,914	405	99.99	5,930	5,930	-	484	405	303
SAS Mercialys Gestion	16-18 rue du Quatre Septembre 75002 Paris, France	484 531 561	37	(310)	100	37	37	6,468	17,401	59	-
SAS Immosiris	16-18 rue du Quatre Septembre 75002 Paris, France	814 312 096	14,048	112,797	51	71,649	64,692	-	7,392	(3,949)	2,344
SAS Astuy	16-18 rue du Quatre Septembre 75002 Paris, France	821 879 467	37	(81)	100	37	37	382	-	(42)	-
SAS Cowork Mercialys	16-18 rue du Quatre Septembre 75002 Paris, France	852 223 676	37	(652)	100	37	37	4,524	421	(201)	-
SAS Ocitô La Galerie	16-18 rue du Quatre Septembre 75002 Paris, France	852 187 111	37	(2,892)	100	37	-	3,577	18	(705)	-
SAS Epicanthe	16-18 rue du Quatre Septembre 75002 Paris, France	812 269 546	1	(876)	100	1	-	602	-	(453)	-
SCI Rennes-Anglet	16-18 rue du Quatre Septembre 75002 Paris, France	820 948 016	2,562	3,730	100	12,527	6,433	332	435	124	410
SAS The Next Horizon	16-18 rue du Quatre Septembre 75002 Paris, France	900 368 697	37	(1,122)	100	75	75	5,784	5,551	286	-
SAS Mercialys Exploitation	16-18 Rue du Quatre Septembre 75002 Paris, France	815 249 198	37	(1,432)	100	37	37	994	7,833	208	-
TOTAL						**533,614**	**448,967**				

26.2 Shareholdings (10 to 50% of capital owned)

(in thousands of euros) Companies		SIREN (Company registration number)	Equity: Share capital	Equity: Other share-holders' equity	Portion of share capital held *(in %)*	Book value of shares held in thousands of euros: Gross	Book value of shares held in thousands of euros: Net	Loans and advances granted	2023 revenues, excl. tax	2023 net income (+ or -)	Dividends received
Simplified joint stock company (SAS) Corin Asset Management	Centre Cial La Rocade 20600 Furiani	492 107 990	37	24	40	15	15	-	1,039	(60)	-
SCI AMR	91-93 bd Pasteur 75015 Paris, France	791 464 191	148,553	(2,258)	25	75,644	44,711	18,590	25,574	(16,885)	3,268
SNC Aix2	16-18 rue du Quatre Septembre 75002 Paris, France	512 951 617	10	152	50	6,991	6,991	75	1,591	152	39
OPCI UIR II (1)	112, av. Kleber 75784 Paris Cedex 16	533 700 654	46,514	(30,640)	19.98	7,515	494	-	1,526	(35,484)	-
TOTAL						**90,165**	**52,211**				

(1) The items concerning OPCI UIR II are taken from the balance sheet as at December 31, 2022.

26.3 Other equity investments

(in thousands of euros) Companies		SIREN (Company registration number)	Equity: Share capital	Equity: Other share-holders' equity	Portion of share capital held *(in %)*	Book value of shares held in thousands of euros: Gross	Book value of shares held in thousands of euros: Net	Loans and advances granted	2023 revenues, excl. tax	2023 net income (+ or -) (1)	Dividends received
SNC Fenouillet Immobilier	16-18 rue du Quatre Septembre 75002 Paris, France	808 659 460	2	(1,013)	-	1	0.5	74,192	6,368	(1,014)	-
GIE Grand Quartier (1)	Route de Saint-Malo 35760 Saint-Grégoire	729 300 087	412	7,019	4.21	10	10	-	5,567	(171)	-
TOTAL						**11**	**10.5**				

(1) The items concerning the GIE are taken from the balance sheet as at December 31, 2022.

3.2.3 Statutory Auditors' report on the annual financial statements

Fiscal year ended on December 31, 2023

To the Mercialys General Meeting,

Opinion

In accordance with the mission entrusted to us by the General Meeting, we have audited the Mercialys annual financial statements relating to the fiscal year ended on December 31, 2023, as attached to this report.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position for the past fiscal year and of the Company's portfolio for said year, in accordance with French accounting principles.

The opinion given above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

Reporting standards

We conducted our work in accordance with the professional standards applicable in France. We believe that the evidence we have obtained is a sufficient and appropriate basis for our audit opinion.

Our responsibilities under these standards are stated in the section entitled "Responsibilities of the Statutory Auditors for the audit of the annual financial statements" in this report.

Independence

We performed our audit in accordance with the rules of independence set out in the French Commercial Code and the Code of Ethics for Statutory Auditors, for the period between January 1, 2023 and the date of issue of our report, and in particular, we provided no services prohibited by Article 5, paragraph 1 of Regulation (EU) 537/2014.

Justification of our assessments – Key points of the audit

Pursuant to the provisions of Articles L. 821-53 and R. 821-180 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the key points of the audit relating to the risks of material misstatements which, in our professional opinion, were the most significant for the audit of the annual financial statements for the fiscal year, and how we addressed those risks.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed above. We express no opinion about the items in these annual financial statements taken separately.

Measurement of property, plant and equipment

Identified risks	Our solution
At December 31, 2023, the net book value of the Company's property, plant and equipment amounted to Euro 1,138 million. Note 1.2 "Property, plant and equipment" of the "Accounting principles, rules and methods" section of the notes to the annual financial statements presents the accounting rules and methods followed by your Company regarding recognition, the breakdown of components and the amortization and measurement methods for property, plant and equipment. In order to determine any impairment, your Company is required to make assumptions and rely on independent appraisals. The measurement of investment properties requires some judgment and significant estimates from Management and from the independent appraisers. In particular, these appraisers take into account information specific to each asset such as location, rental income, rates of return, capital expenditure and recent comparable transactions on the market. The measurement of property, plant and equipment is considered to be a key point of the audit because of their significant amount, the importance of judgment in determining the fair value of property, plant and equipment and the sensitivity to the assumptions made by independent appraisals	As part of our audit of the annual financial statements of your Company, we implemented the following procedures: • assessment of the competence, independence and integrity of the independent appraisers appointed by your Company; • analysis of the significant changes in fair values, per property; • testing of the operational effectiveness of Management verifications of the data sent to the appraisers and used to value the properties and the verifications made by Management on the fair values derived from these independent appraisals; • interviews, in the presence of our real estate specialists, with the independent appraisers in order to understand and assess the relevance of the estimates, assumptions and measuring methodology applied; • comparison, over a selection of assets, the data used by the independent appraisers with the data present in the supporting documents such as rental statements and the investment budgets that we received from your Company; • for a selection of assets, analysis, with our real estate specialists, of the consistency of the main valuation assumptions used by the independent appraisers, in particular the yield rate and market rental values, with regard to the market information available; • comparison of the items taken into account to determine the amount of provisions to recognize for the impaired properties (comparison of the net book values with the audited financial statements, and of the fair value with the independent appraisal); • an examination of the suitability of the information provided in note 1.2 of the Notes to the annual financial statements.

(1) Identified risks

Measurement of participating interests

Identified risks	Our solution
Participating interests are reported in the balance sheet at December 31, 2023 for a net amount of Euro 501 million. They are recognized at acquisition cost or their contribution value and are amortized on the basis of their value in use if lower. As stated in note 1.3 "Investments" in the section entitled "Accounting principles, rules and methods" in the notes to the annual financial statements, the value in use of participating interests is determined on the basis of several criteria such as the Net Asset Value (NAV), according to the measurements of the real estate portfolio, their level of profitability, outlook and use. The estimated value in use of participating interests is considered to be a key point of the audit because of its sensitivity to the assumptions made	We implemented the following procedures: • examination of the justification for the measurement method used for the participating interests based on the information provided to us; • comparison of the equity value used to determine the values in use with the equity value in the financial statements of entities that have been audited or subject to cost accounting procedures and an assessment of whether the adjustments made, if any, to the equity are based on supporting documents; • reconciliation of the adopted net book values of the properties with those reported in the financial statements of the entities concerned that have been audited or subjected to cost accounting procedures; • comparison of the adopted fair values of the properties with those estimated by the independent appraisers, by performing work identical to that presented above on the measurements of property, plant and equipment. Our works also consisted of: • an assessment of a provision for risks in the event that the Company is liable to bear the losses of a subsidiary presenting negative equity; • an examination of the suitability of the information provided in note 1.3 of the Notes to the annual financial statements.

(1) Identified risks

Specific verifications

We also performed, in accordance with the professional standards applicable in France, the specific verifications required by the applicable laws and regulations.

Disclosures in the Management report and in the other documents for shareholders regarding the financial position and the annual financial statements

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the disclosures in the Board of Directors' Management report and in the other documents addressed to the shareholders with respect to the financial position and the annual financial statements.

We certify the fairness and consistency with the annual financial statements of the information on payment terms mentioned in Article D. 441-6 of the French Commercial Code.

Corporate governance report

We certify the existence, in the corporate governance section of the Board of Directors' Management report, of the information required under Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

Concerning the information provided in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to compensation and benefits paid or granted to the corporate officers, as well as other commitments made in their favor, we verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled by it and included in the scope of consolidation. Based on this work, we certify that this information is accurate and presented fairly.

Concerning information relating to the items which your Company considered likely to have an impact in the event of a public tender or exchange offer, provided in accordance with the provisions of Article L. 22-10-11 of the French Commercial Code, we verified its compliance with the supporting documents which were provided to us. Based on this work, we have no observation to make about this information.

Other disclosures

Pursuant to the law, we have ensured that the various disclosures on the acquisition of minority and controlling interests and the identity of owners of the share capital or voting rights have been provided in the Management report.

Other verifications or information provided for by legislation and regulations

Format of the annual financial statements intended to be included in the Annual financial report

In accordance with the professional standards on Statutory Auditors' procedures relating to the annual and consolidated financial statements presented using the European Single Electronic Format, we also verified compliance with this format as defined by Commission Delegated Regulation (EU) 2019/815 of December 17, 2018 in the presentation of the annual financial statements included in the Annual financial report mentioned in Article L. 451-1-2 I of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer.

On the basis of our work, we conclude that the presentation of the annual financial statements included in the Annual financial report complies, in all material respects, with the European Single Electronic Format.

It is not our responsibility to verify whether the annual financial statements to be included by your company in the Annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of Statutory Auditors

We were appointed as the Statutory Auditors of Mercialys by the General Meeting of May 6, 2010.

At December 31, 2023, our firms were in their fourteenth year of uninterrupted auditing.

Previously, ERNST & YOUNG Audit had been the entity's Statutory Auditor since 1999.

Responsibilities of Management and of members of corporate governance for the annual financial statements

Management is responsible for preparing the annual financial statements presenting a fair view in accordance with the French accounting principles and for setting up the internal control system that it deems necessary to prepare the annual financial statements without any material misstatements, whether as a result of fraud or error.

While preparing the annual financial statements, it is Management's responsibility to evaluate the Company's capacity to continue its operations, to present in these financial statements, if applicable, the necessary information regarding the going concern principle and to apply the going concern accounting policy, unless there are plans to liquidate the Company or to discontinue its activity.

The Audit Committee has a duty to monitor the preparation of financial information and to monitor the effectiveness of internal control and risk management systems, as well as, where applicable, internal audit systems, in terms of procedures relating to the production and processing of accounting and financial information.

The annual financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors for the audit of the annual financial statements

Audit objective and approach

It is our responsibility to prepare a report on the annual financial statements. We seek to obtain reasonable assurance that the annual financial statements taken as a whole are free of any material misstatements. Reasonable assurance corresponds to a high level of assurance, without, however, guaranteeing that an audit performed in accordance with professional standards can systematically detect all material misstatements. Misstatements may stem from frauds or from errors and are considered to be material when one can reasonably expect that, taken individually or together, they may influence the economic decisions that the users of the financial statements may make on the basis of such statements.

As specified by Article L. 821-55 of the French Commercial Code, our mission to certify the financial statements does not require us to guarantee the viability or quality of the management of your company.

During an audit performed in accordance with the professional standards applicable in France, the Statutory Auditors use their professional judgment throughout the audit. Furthermore:

- they identify and evaluate the risks that the annual financial statements may include material misstatements, whether they stem from frauds or from errors; they define and implement audit procedures to address these risks and collect evidence that they consider sufficient and appropriate to justify their opinion. The risk of not detecting a material misstatement caused by fraud is higher than that of a material misstatement caused by error, because fraud may imply collusion, falsification, deliberate omissions, false statements or circumvention of internal control;
- they review the internal control relevant to the audit in order to define the audit procedures that are best suited to the circumstances, and not for the purpose of expressing an opinion about the effectiveness of the internal control;
- they evaluate the suitability of the accounting methods adopted and the reasonable nature of the accounting estimates made by Management, and the relevant disclosures in the annual financial statements;
- they assess the proper application by Management of the going concern accounting principle and, depending on the evidence collected, the existence or not of a material uncertainty linked to events or circumstances likely to jeopardize the Company's capacity to continue its operations. This assessment relies on the evidence collected until the date of their report, while stressing, however, that subsequent circumstances or events may undermine the going concern. Should the auditors find the existence of a material uncertainty, they will draw the attention of the readers of their report to disclosures in the annual financial statements about this uncertainty or, if such disclosures do not exist or are irrelevant, they will issue a qualified certification or refuse to certify;
- they assess the overall presentation of the annual financial statements and determine whether the annual financial statements reflect the underlying operations and events so as to provide a true and fair view.

Report to the Audit Committee

We submit to the Audit Committee a report that presents, in particular, the scope and schedule of the audit work conducted, in addition to the findings from our work. We also bring to its attention any material weaknesses that we may identify in the internal control system with respect to the procedures relating to the preparation and processing of accounting and financial information.

The items communicated in the report to the Audit Committee include the risks of material misstatements that we consider the most significant for the audit of the annual financial statements for the fiscal year and which therefore constitute the key audit points that we are required to describe in this report.

We also provide the Audit Committee with the statement specified in Article 6 of Regulation (EU) 537-2014 confirming our independence, within the meaning of the rules applicable in France as set out in particular by Articles L. 821-27 to L. 821-34 of the French Commercial Code and in the Code of Ethics for Statutory Auditors. If necessary, we discuss the risks affecting our independence and the precautionary measures applied with the Audit Committee.

Paris-La Défense, March 12, 2024

KPMG S.A.

Régis Chemouny

Partner

Lyon, le 12 mars 2024

Ernst & Young et Autres

Sylvain Lauria

Partner

3.2.4 Five-year results of Mercialys SA

	2023	2022	2021	2020	2019
Financial position at year-end					
Share capital *(€k)*	93,886.5	93,886.5	93,886.5	92,049.2	92,049.2
Number of shares issued	93,886,501	93,886,501	93,886,501	92,049,169	92,049,169
Comprehensive income *(€k)*					
Revenues excluding tax	127,622.1	122,564.1	121,883.2	125,515.7	140,067.3
Pre-tax income, employee profit-sharing, amortization, depreciation and provisions	115,737.7	90,208.3	78,452.0	144,317.9	134,875.8
Income tax expense	-	6.8	1,026.2	15.5	(60.1)
Employee profit-sharing	(313)	-	-	-	-
Income after tax, employee profit-sharing, amortization, depreciation and provisions	17,785.6	59,137.0	33,101.8	69,785.7	82,633.1
Total dividend payment to shareholders	92,947.6 (1)	90,131.0	86,375.6	39,591.1	87,079.6
Comprehensive income per share *(€)*					
Income after tax, employee profit-sharing, but before amortization, depreciation and provisions	1.23	0.96	0.85	1.57	1.46
Income after tax, employee profit-sharing, amortization, depreciation and provisions	0.19	0.63	0.35	0.76	0.90
Dividend paid per share	0.99 (1)	0.96	0.92	0.43	0.95
Workforce					
Number of employees (full-time equivalent)	51.8	51.8	54.6	51.7	46.7
Total payroll *(€k)*	7,129.6	6,599.1	7,351.0	6,070.2	5,967.5
Amount paid in respect of social security benefits and social programs *(€k)*	3,139.6	2,981.7	3,004.5	2,443.8	2,313.8

(1) Subject to approval from the General Meeting to be held on April 25, 2024.

3.2.5 Information on the Mercialys SA payment terms

The tables below present the payment terms for trade payables and receivables as at December 31, 2023 in thousands of euros, prepared in accordance with the provisions of Article D. 441-6 of the French Commercial Code.

Invoices received and issued, due but not paid as at the closing date.

	Art. D. 441-6 I 1: Invoices received and due but not paid as at the closing date						**Art. D. 441-6 I 2: Invoices issued and due but not paid as at the closing date**					
	0 day (for information)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Over 91 days**	**Total (1 day and more)**	**0 day (for information)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**Over 91 days**	**Total (1 day and more)**
(A) Overdue payment installments												
Number of invoices concerned	79					438	109					4,576
Total amount of invoices concerned including tax	858.0	4,656.6	(72.6)	(53.8)	(198.8)	5,189.4	(712)	2,716	703	4,429	5,897	13,745
Percentage of the total amount of purchases for the fiscal year excluding tax	1.5%	8.2%	(0.1)%	0%	(0.4)%	7.7%						
Percentage of revenues for the fiscal year excluding tax							- 0.6%	2.1%	0.6%	3.4%	4.6%	10.7%
(B) Invoices excluded from (A) concerning payables and receivables in dispute or not recognized in the accounts												
Number of invoices excluded	-						2,971					
Total amount of invoices excluded including tax	-						22,327					
(C) Reference payment terms used (contractual or statutory term – Articles L. 441-10 *et seq.* of the French Commercial Code)												
Payment terms used to calculate overdue payments	Statutory terms: 60 days from date of invoice						Contractual terms: Quarterly billing with payments falling due					

168
employees

56%
Feminization of the Board of Directors

78%
independent directors

4

CORPORATE GOVERNANCE

4.1 Management and control of the Company

The Company refers to the Corporate Governance Code for listed companies published by the French Association of Private Companies (*Association Française des Entreprises Privées* – AFEP), and the Organization of French companies (*Mouvement des Entreprises de France* – MEDEF) (the AFEP-MEDEF Code). The AFEP-MEDEF Code can be consulted on the AFEP website at the following address: www.afep.com. In accordance with the AFEP-MEDEF Code, and pursuant to Article L. 225-37 of the French Commercial Code, it is hereby stated that the Company complies with all the recommendations of the AFEP-MEDEF Code. A cross-reference table can be found in the Appendix on p. 310 *et seq.*

The Company is incorporated as a *société anonyme* (limited liability company). Since February 13, 2019, to further improve the quality of the Company's governance with respect to best market practices, the functions of Chairman of the Board of Directors and Chief Executive Officer have been separated. Éric Le Gentil serves as Chairman of the Board of Directors and Vincent Ravat as Chief Executive Officer. On the same date, Elizabeth Blaise was appointed Deputy Chief Executive Officer, a position until then held by Vincent Ravat.

This separation ensures a balance of powers between:

- the Board, which performs strategic and control functions; and
- Senior Management, which is in charge of operational functions and the execution of the strategy.

The Board of Directors renewed the directorships of Éric Le Gentil, Vincent Ravat and Elizabeth Blaise on April 28, 2022.

4.1.1 Board of Directors

4.1.1.1 General principles governing the composition of the Board

The Board's operating procedures are established by law, the Company's articles of association and the Board's Rules of Procedure. The latter is detailed in § 9.1.5, p. 398 *et seq.*

The Board of Directors' composition is guided by the main principles below:

- directorships run for 3 years. The Board is partly renewed each year, in accordance with Article 16 of the Company's articles of association and the AFEP-MEDEF Code. This allows for business continuity, promotes the smooth renewal of directorships and gives shareholders the opportunity to vote on these directorships with sufficient frequency;
- the articles of association stipulate no age limit for directors other than the statutory limit according to which no more than one third of the active directors may be over the age of 70;
- the Board of Directors consists of a minimum of 3 and a maximum of 18 members, appointed by the Ordinary General Meeting of Shareholders (see Article 14 of the articles of association, or p. 394);
- under Article 23 of the articles of association, one or more non-voting directors may be selected from the shareholders and appointed by the Ordinary General Meeting or, between two Ordinary General Meetings, by the Board of Directors subject to approval at the next General Meeting. Non-voting directors, appointed for a 3-year term, attend Board of Directors' Meetings. In this context, they provide comments and opinions and take part in discussions in an advisory capacity. There may not be more than 5 non-voting directors. The age limit for serving as a non-voting director is set at 80 years. However, to this day the Company has no non-voting directors;
- each director must own at least 100 registered shares (see Article 15 of the articles of association, or p. 394). The Rules of Procedure recommend that this shareholding be increased to the equivalent of one year of compensation in respect of their directorships (see Article 20 of the Rules of Procedure, or p. 406 and 407).

The Board of Directors attaches particular importance to its composition and that of its Committees in order to promote diversity. It relies, in particular, on the work and proposals of the Appointments, Compensation and Governance Committee, which regularly conducts reviews and makes proposals, as often as circumstances require, regarding positive changes in the composition of the Board of Directors and its Committees, in line with the Group's strategy. To this end, when the Board of Directors is looking for a new independent member, the Committee puts forward various candidates whose skills, knowledge and experience have been assessed and supplement or reinforce those skills already accessible to the other members of the Board of Directors.

4.1.1.2 Composition of the Board of Directors

A. Composition of the Board of Directors at December 31, 2023

The Board of Directors is currently composed of 9 directors, of whom:

- 7 (78%) are independent within the meaning of the AFEP-MEDEF Code; and
- 5 are women, *i.e.* 56%.

The table below summarizes the composition of the Board of Directors at December 31, 2023:

	Personal information			Experience	Position on the Board of Directors			Membership of specialized committees 2023 attendance rate		
Members of the Board of Directors	**Gender**	**Age (1)**	**Number of Mercialys shares owned (1)**	**Offices held in listed companies (excluding Mercialys)**	**Date of 1st appointment**	**Expiry of directorship**	**2023 attendance rate**	**ARSDC**	**ACGC**	**STC**
Non-executive corporate officer										
Éric Le Gentil	M	63	28,698	0	02/13/2013	AGM 2025	100%		○ 100%	○ 100%
Executive corporate officers										
Vincent Ravat	M	49	63,066	0	06/15/2022	AGM 04/25/2024	100%			○ 100%
Independent members										
Maël Aoustin	M	43	2,000	0	04/27/2023	AGM 2026	100%	○ 100%		
Stéphanie Bensimon	F	47	4,600	0	06/07/2018	AGM 2025	100%	○C 100%		○ 100%
Victoire Boissier	F	56	5,000	0	04/20/2016	AGM 04/25/2024	86%	○ 100%	○ 100%	
Jean-Louis Constanza	M	62	3,400	0	10/20/2022	AGM 04/25/2024	100%			○ 100%
Élisabeth Cunin	F	63	3,132	0	06/06/2012	AGM 2025	100%		○ 100%	○C 100%
Dominique Dudan	F	69	5,000	2	04/26/2018	AGM 04/25/2024	100%		○C 100%	○ 100%
Pascale Roque	F	62	3,454	0	10/24/2017	AGM 2025	100%	○ 100%		
Number of meetings in 2023							**7**	**4**	**4**	**5**
2023 attendance rate							**98%**	**100%**	**100%**	**100%**

(1) Determined as at December 31, 2023.

ARSDC: Audit, Risks and Sustainable Development Committee
ACGC: Appointments, Compensation and Governance Committee
STC: Strategy and Transformation Committee
C: Chairwoman of the Committee

Given the geographical exposure of the Company, all the directors are of French nationality. One of them is also Swiss.

Most of the time, meetings of the Board of Directors and the Specialized Committees are held in person. However, the possibility is offered to participate by telephone or videoconference, in accordance with the regulations and the Rules of Procedure. Details of the attendance arrangements for of each meeting are presented in § 4.1.4 and 4.1.5, p. 253 *et seq.*

A Board of Directors aligned with best practices

The Board is currently composed of 9 directors. With 7 independent directors (78%), the Company is in line with the highest international standards. The Board regularly surveys its members about the ideal balance of its composition and of its Specialized Committees in order to assure its shareholders and the market that its duties are accomplished with the required independence and objectivity.

Excellent representation of women on the Board of Directors and its Committees

5 of the 9 members of the Board of Directors are women, *i.e.* 56%. Furthermore, each Committee is chaired by an independent female director. The percentage of women on the Audit, Risks and Sustainable Development Committee, the Appointments, Compensation and Governance Committee and the Strategy and Transformation Committee were respectively 75%, 75% and 50% at December 31, 2023.

Diversity policy

The Board regularly considers the ideal balance of its composition, whilst ensuring that the law and the recommendations of the AFEP-MEDEF Code are applied. A summary table of the diversity policy applied to the members of the Board of Directors is presented below:

Criteria	Policy and objectives	Implementation and results
Board size	Pursuant to Article 14 of the articles of association, the Board is composed of at least 3 and no more than 18 members.	The Board has been composed of 9 directors since October 20, 2022. This size is considered appropriate. However, the Board intends to propose the appointment of a 10th director in 2025: • due to the increase in its duties, • to complement the skills present on the Board.
Age and seniority of members	Under the terms of Article 16 II of the articles of association, no more than one third of the Board of Directors' members may be over the age of 70. The Board also seeks a balanced distribution in terms of seniority among its members, in order to benefit both from their in-depth knowledge of the Company and from the newer perspective of others.	The directors are aged between 43 and 69 and the average age is 57 as at December 31, 2023. Their seniority at December 31, 2023 ranges between 0 and 11 years.
Gender equality	Articles L. 225-18-1 and L. 22-10-3 of the French Commercial Code impose a requirement for each gender to be represented by at least 40% of the directors. The Board is committed to maintaining a balanced gender representation.	The number of women and men on the Board of Directors is balanced (5 women and 4 men). This proportion will be maintained if the General Meeting of April 25, 2024 approves the resolutions submitted to it. The Appointments, Compensation and Governance Committee and the Sustainable Investment Committee are chaired by women. In addition, the Audit, Risks and Sustainable Development Committee and the Appointments, Compensation and Governance Committee include a majority of women.
Qualifications and professional experience	The Board ensures that it maintains diversity and complementarity in terms of technical skills and experience, which must be in line with the Company's activities. Its long-term goals are, through recruitment or training, to have: • directors who are all competent in CSR, whether in terms of social and governance aspects or environmental and climate aspects, • 50% of directors competent in each skill category identified in the skills matrix below.	The Board of Directors benefits from a panel of experienced members responding to the Mercialys group's challenges, namely in the areas of: • real estate, • finance, • company management, • legal, compliance and risks, • Human Resources, social and governance, • the environment and climate, • retail and customer service, • innovation, marketing and information systems. As part of a future recruitment, the Board wishes to strengthen skills in the following areas, in no order of priority: • urban planning and exposure to local authorities, • digital expertise and artificial intelligence, • legal expertise and governance, • CSR.
Independence of members	The Board of Directors is committed to maintaining a proportion of independent directors at least equal to the threshold of 50% recommended by the AFEP-MEDEF Code for companies that are widely-held and without controlling shareholders.	The Company goes beyond the recommendations of the AFEP-MEDEF Code, since 7 of the 9 Mercialys directors are independent, *i.e.* 78%.

Diverse, cross-functional and complementary skills

The Board of Directors reinforces the diversity of its skills with a panel of experienced members. They have developed expertise in areas deemed key by the Company:

	Real estate Construction Urban planning 89%	Finance Accounting 100%	Company management 100%	Legal Compliance Risks 56%	Human Resources Social Governance 100%	Environment Climate 89%	Retail Customer service 100%	Innovation Marketing Information systems 44%
Éric Le Gentil	●	●	●	●	●	●	●	
Maël Aoustin	●	●	●		●	●	●	●
Stéphanie Bensimon	●	●	●		●	● (1)	●	
Victoire Boissier	●	●	●	●	●	●	●	
Jean-Louis Constanza		●	●		●	●	●	●
Élisabeth Cunin	●	●	●		●		●	●
Dominique Dudan	●	●	●	●	●	●	●	
Pascale Roque	●	●	●	●	●	●	●	
Vincent Ravat	●	●	●	●	●	●	●	●

(1) Stéphanie Bensimon was appointed responsible for monitoring the CSR approach on April 20, 2021.

A Board composed of 78% independent directors

As regards the duties entrusted to it, the Appointments, Compensation and Governance Committee is tasked with monitoring the position of each of the directors in terms of any relationships they might have with the Company or Group companies to ensure that there is nothing that might compromise their freedom of judgment or might lead to possible conflicts of interest with the Company. In this capacity, the Appointments, Compensation and Governance Committee conducts an annual review of the composition of the Board of Directors and, more specifically, of the independence of Board members with regard to the criteria set out in the AFEP-MEDEF Code:

Criterion 1 - Employee corporate officer within the past 5 years	Not to be and not to have been within the previous 5 years an employee or executive corporate officer of the Company, nor an employee, executive corporate officer or director of a consolidated company, nor of the Company's parent company or a company consolidated within this parent company.
Criterion 2 - Cross-directorships	Not to be an executive corporate officer of a company in which the Company directly or indirectly holds a directorship or in which an employee appointed as such or an executive corporate officer of the Company (currently or in the previous five years) holds a directorship.
Criterion 3 - Significant business relationships	Not to be (or directly or indirectly linked to) a customer, supplier, commercial banker, investment banker, or consultant that is significant to the Company or its Group, or for which the Company or its Group represents a significant portion of its activity.
Criterion 4 - Family ties	Not to be related by close family ties to a corporate officer.
Criterion 5 - Statutory Auditors	Not to have been a Statutory Auditor of the Company within the previous 5 years.
Criterion 6 - Directorship exceeding 12 years	Not to have been a director of the Company for more than 12 years.
Criterion 7 - Status of non-executive corporate officer	A non-executive corporate officer cannot be considered as independent if he or she receives variable compensation in cash or shares or any compensation linked to the performance of the Company or the Group.
Criterion 8 - Status of the major shareholder	Directors representing major shareholders of the Company or its parent company may be considered independent if these shareholders do not take part in the control of the Company. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report from the Appointments, Compensation and Governance Committee, should systematically review the qualification of a director as independent in the light of the composition of the Company's share capital and the existence of a potential conflict of interest.

Every year, the Board pays particular attention to the criterion of significant business ties (criterion 3). When business flows or relationships have been identified between the Company or Group and the companies in which directors qualified as independent hold positions or offices, or have an interest, qualitative and/or quantitative factors are generally taken into consideration by the Board to confirm the independence of the directors concerned. In particular, the Board assesses from the point of view of each party the significance of the business flow, in terms of volume of business, economic dependence and strategic nature. The Board also takes into account the anticipation of the business relationship in relation to the appointment of the director. The Board relies on the work of the Appointments, Compensation and Governance Committee to determine whether these relationships are likely to affect the independence of the directors.

Situation as at December 31, 2023

Seven directors fully meet the independence criteria at December 31, 2023: Stéphanie Bensimon, Victoire Boissier, Élisabeth Cunin, Dominique Dudan, Pascale Roque, Jean-Louis Constanza and Maël Aoustin. With regard to Élisabeth Cunin, the Board confirmed its analysis that the business relations between the Kiabi group, of which she is an executive, and Mercialys, were not such as to compromise her independent judgment on the Board nor likely to give rise to conflicts of interest. Indeed, of the 226 branches and 115 affiliates operated by Kiabi in France, only 2 are in Mercialys shopping centers. The rental income received by Mercialys from Kiabi accounts for 0.39% of the total rental income received by Mercialys at December 31, 2023. The business flow between Mercialys and Kiabi is therefore not material.

The table below provides a summary analysis of the position of each of the directors in respect of the independence criteria set out in the AFEP-MEDEF Code, at December 31, 2023:

	Criterion 1 Employee corporate officer within the past five years	Criterion 2 Cross-directorships	Criterion 3 Significant business relationships	Criterion 4 Family ties	Criterion 5 Auditor	Criterion 6 Period of office exceeding more than 12 years	Criterion 7 Status of non-executive officer	Criterion 8 Status of the major shareholder
INDEPENDENT DIRECTORS								
Maël Aoustin	●	●	●	●	●	●	N/A	●
Stéphanie Bensimon	●	●	●	●	●	●	N/A	●
Victoire Boissier	●	●	●	●	●	●	N/A	●
Élisabeth Cunin	●	●	●	●	●	●	N/A	●
Dominique Dudan	●	●	●	●	●	●	N/A	●
Pascale Roque	●	●	●	●	●	●	N/A	●
Jean-Louis Constanza	●	●	●	●	●	●	N/A	●
NON-INDEPENDENT DIRECTORS								
Éric Le Gentil	○	●	●	●	●	●	●	●
Vincent Ravat	○	○	●	●	●	●	○	●

● Independence criterion met ○ Independence criterion not met

Rigorous selection process

New directors are recruited according to the needs of the Board of Directors, particularly in terms of skills and experience. The comments made when the Board's operations are assessed by the directors already in post are taken into account.

Independent external firms specializing in the recruitment of executives and corporate officers are charged with finding applicants.

A selection of varied profiles is presented to the Appointments, Compensation and Governance Committee. It then selects certain candidates. The Chairwoman of the Committee and the Chairman of the Board of Directors conduct interviews with the shortlisted candidates who have confirmed their interest, and update the Committee accordingly. The Appointments, Compensation and Governance Committee then issues an opinion to the Board of Directors. The latter decides on the proposed profile(s).

DIRECTORS' SELECTION PROCESS

	Definition of needs	Selection			Appointment
Independent Directors	Definition of needs by the Board of Directors	Identification of potential candidates by a recruitment firm	Shortlist drawn up by the Appointments, Compensation and Governance Committee followed by interviews between the chosen candidates, the Chairwoman of the Committee and the Chairman of the Board of Directors	Formulation of an opinion by the Appointments, Compensation and Governance Committee	Co-option by the Board of Directors and proposal for ratification by the General Meeting OR Proposal for appointment by the General Meeting
Directors who are executive corporate officers	Definition of needs by the Board of Directors	Proposal from the Appointments, Compensation and Governance Committee			Co-option by the Board of Directors and proposal for ratification by the General Meeting OR Proposal for appointment by the General Meeting

Re-appointment

Re-appointments of directors are proposed with a view to maintaining the required balance and ensuring the availability of a set of skills commensurate with the Company's activities, strategic priorities and the duties entrusted to the Board Committees. Account is also taken of:

- their desire to be involved in the Company's development;
- their contribution to the work of the Board;
- their sensitivity to CSR commitments; and
- their availability given the frequency of Board and Committee meetings.

The Appointments, Compensation and Governance Committee submits its recommendations to the Board of Directors, which decides whether or not to propose the renewal of directorships to the General Meeting.

The General Meeting of April 25, 2024 will be asked to vote on the renewal of four directorships: those of Victoire Boissier, Dominique Dudan, Vincent Ravat and Jean-Louis Constanza.

B. Offices and positions held by members of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer as at December 31, 2023

Éric Le Gentil

CHAIRMAN OF THE BOARD OF DIRECTORS

Date of birth: June 20, 1960 - French nationality
Business address: 16-18 rue du Quatre-Septembre – 75002 Paris
Number of Mercialys shares held at December 31, 2023: 28,698

EXPERTISE AND EXPERIENCE

Éric Le Gentil is a graduate of the *École Polytechnique*, of the *Institut d'Études Politiques de Paris* and of the *Institut des Actuaires Français*. He began his career in 1985 in insurance auditing. From 1986 to 1992, he held various positions within the French Ministry of Finance including that of advisor on insurance matters to Pierre Bérégovoy's cabinet. From 1992 to 1999, he held various roles at Athéna Assurances and AGF Assurances. He joined the Generali France group in 1999 as Chief Executive Officer of Generali Assurances Vie & Iard. In December 2004, he was appointed Chief Executive Officer of Generali France Assurances. From July 17, 2013 until February 13, 2019, Éric Le Gentil was Chairman and Chief Executive Officer of Mercialys. Since February 13, 2019, he has been Chairman of the Board of Directors of the Company.

MAIN POSITION

- Chairman of the Board of Directors of Mercialys (listed company)

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AT DECEMBER 31, 2023

Office/Position	Date appointed [1]	Date when term will expire
• Director	February 13, 2013	OGM 2025
• Chairman of the Board of Directors	February 13, 2013	Board meeting to be held after the OGM in 2025
• Member of the Appointments, Compensation and Governance Committee	January 20, 2021	OGM 2025
• Member of the Strategy and Transformation Committee	January 20, 2021	OGM 2025

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2023		
Outside the Mercialys group		
• None		
Offices and positions ended during the past 5 years		
• Chief Executive Officer of Mercialys	○	
• Manager of La Diane		
• Member of the Mercialys Investment Committee and member of the Appointments and Compensation Committee	○	
• Chairman of Ergera		
• Senior Advisor at Datafolio		

(1) *Éric Le Gentil was the permanent representative of Generali Vie, a director of Mercialys, from January 1, 2009 to February 13, 2013.*

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	In-depth knowledge of real estate and asset management: in charge of asset management and real estate at Generali France from 2002 to 2013, former Chairman and Chief Executive Officer of Mercialys and Chairman of the Board of Directors of the Company since February 2019.
• **Finance, accounting**	Chief Financial Officer of PFA Athena Assurances from 1993 to 1996; in charge of the steering functions of Generali France (Finance, Accounting, Risks and Audit Department) from 2002 to 2013; experience as a company executive.
• **Company management**	Over 25 years of management and senior management experience in the insurance and real estate sectors.
• **Legal, compliance, risks**	Proven experience in compliance and risks: 27 years in the insurance industry and 6 years as Chairman and Chief Executive Officer of a listed company.
• **Human Resources, social, governance**	Management of teams of 100 to 3,000 people for more than 25 years; Chairman of the Board of Directors of a listed company for more than 10 years.
• **Environment, climate**	Expertise developed as part of the Mercialys management team and through involvement in the establishment of the CSR strategy; member of the Chapter Zero France association; Carbone 4 training.
• **Retail, customer service**	In charge of the distribution network for general agents from 1996 to 1999 at PFA Athena Assurances and then at AGF Assurances; former Chairman and Chief Executive Officer of Mercialys.

Vincent Ravat

CHIEF EXECUTIVE OFFICER - DIRECTOR

Date of birth: March 15, 1974 - French nationality
Business address: 16-18 rue du Quatre-Septembre – 75002 Paris
Number of Mercialys shares held at December 31, 2023: 63,066

EXPERTISE AND EXPERIENCE

Vincent Ravat joined Mercialys in January 2014 as Deputy Chief Executive Officer responsible for the lettings, operations and marketing & communication teams. Previously, he served from 2011 as Director of Operations France for Hammerson, a real estate investment, development and management group, listed on the London Stock Exchange, developing its activities in the United Kingdom and France. From 2000 to 2010, he held various positions in Asia, Switzerland, Spain and France with the Ludendo and Distritoys groups, where he was a member of the Executive Committee. He is a graduate of *ESC Rouen* (now Neoma Business School) and member of the Royal Institution of Chartered Surveyors (MRICS). He was Deputy Chief Executive Officer of Mercialys from August 2016 to February 2019, and he now serves as Chief Executive Officer. Vincent Ravat has also been a Director of Mercialys since June 15, 2022.

MAIN POSITION

- Chief Executive Officer of Mercialys (listed company)

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AT DECEMBER 31, 2023

Office/Position	Date appointed	Date when term will expire
• Chief Executive Officer	February 13, 2019	Board meeting to be held after the OGM in 2025
• Director	June 15, 2022	OGM of April 25, 2024
• Member of the Strategy and Transformation Committee	June 15, 2022	OGM of April 25, 2024

OTHER OFFICES AND POSITIONS

	Listed company	Outside France
Offices and positions held in 2023		
Within the Mercialys group		
• Manager of Cyperus Saint André		
• Member of the Strategic Committee of SCI Rennes-Anglet		
Outside the Mercialys group		
• Director of Initiative France		
• Director of the *Institut pour la Ville & le Commerce*		
• Director of the *Fédération des Entreprises Immobilières*		
• Executive Vice-Chairman and member of the Board of Directors of the *Fédération des Acteurs du Commerce dans les Territoires*		
• Member of the Strategy Committee of Colbr SAS		
Offices and positions ended during the past 5 years		
• Deputy Chief Executive Officer of Mercialys	○	
• Chairman of Mercialys Exploitation		
• Manager of La Diane		

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	High level of expertise in the real estate sector and asset management acquired in various management positions within the companies Hammerson and Mercialys.
• **Finance, accounting**	Graduate of *ESC Rouen* with a major in "Corporate Finance"; various management functions held within companies leading to involvement in numerous financing transactions and in the accounting and analytical management of these same companies.
• **Company management**	Management of various specialized retail companies, including one in Spain, one in Switzerland, one in Hong Kong and one in China; Deputy Chief Executive Officer, then Chief Executive Officer and Director of Mercialys; member of the Strategic Committee of a French start-up, providing advice on the management of its activity and its growth.
• **Legal, compliance, risks**	Permanent member of the Mercialys Risk Committee since its creation in September 2016; highly experienced in the prevention of health and safety issues in companies and establishments open to the public.
• **Human Resources, social, governance**	Significant experience in social and Human Resources issues developed as part of the executive teams of various companies, notably in France, Spain, Switzerland and China with in each case more than a hundred employees; holds various directorships, giving him a wealth of experience in governance.
• **Environment, climate**	Heavily involved in the development of Mercialys' various strategic CSR plans with a particular focus on energy sobriety and the energy transition with a view to decarbonizing the Company's real estate portfolio and activities; member of the Chapter Zero France association; Carbone 4 training.

• **Retail, customer service**	10 years of experience in retail groups in France and abroad with responsibilities covering all specialized retail and distribution functions.
• **Innovation, marketing, information systems**	Marketing experience in specialized retail and as Deputy Chief Executive Officer in charge of the lettings, operations and marketing & communication teams at Mercialys; implementation of various information systems projects both for front office and back office in the real estate and retail sectors.

Elizabeth Blaise

DEPUTY CHIEF EXECUTIVE OFFICER – NON-DIRECTOR

Date of birth: July 2, 1976 - French nationality
Business address: 16-18 rue du Quatre-Septembre – 75002 Paris
Number of Mercialys shares held at December 31, 2023: 33,430

EXPERTISE AND EXPERIENCE

A graduate of the *Institut d'Études Politiques de Paris*, Elizabeth Blaise began her auditing career at Mazars & Guérard. In 2001, she joined Oddo Securities as a financial analyst, first in the building materials sector, then in real estate in France. She expanded her scope to European real estate by joining Exane BNP Paribas in 2007 in London. She took on the role of Director of Financial Communications and Strategic Studies for Gecina between 2010 and 2014. Elizabeth Blaise held the position of Chief Financial Officer of Mercialys between 2014 and 2022 and since February 2019, that of Deputy Chief Executive Officer.

MAIN POSITION

- Deputy Chief Executive Officer of Mercialys (listed company)

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AT DECEMBER 31, 2023

Office/Position	Date appointed	Date when term will expire
• Deputy Chief Executive Officer	February 13, 2019	Board meeting to be held after the OGM in 2025

OTHER OFFICES AND POSITIONS

	Listed company	Outside France
Offices and positions held in 2023		
Within the Mercialys group		
• Permanent representative of Mercialys on the Board of Directors of OPCI UIR II		
Outside the Mercialys group		
• Director and Treasurer of the Fédération des Entreprises Immobilières		
Offices and positions ended during the past 5 years		
• Chairwoman of Mercialys Gestion		

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	Extensive knowledge of the real estate sector, first developed as a financial analyst in this sector, then at Gecina and Mercialys.
• **Finance, accounting**	More than 25 years of experience in the finance industry; Chief Financial Officer of Mercialys from 2014 to 2022.
• **Company management**	Deputy Chief Executive Officer of Mercialys since 2019.
• **Legal, compliance, risks**	Strong expertise in real estate law, corporate law, as well as transaction structuring.
• **Human Resources, social, governance**	Supervision of the Secretary of the Board; member of the Proxinvest Steering Committee since November 29, 2023.
• **Environment, climate**	Heavily involved in the organization and implementation of new CSR measures at Mercialys: supervision of the CSR Department; Carbone 4 training.
• **Innovation, marketing, information systems**	Overseeing the migration to new systems of the Company's entire IT system related to financial, legal and rental management functions; training leading to the *Ecole Polytechnique* certification: data and artificial intelligence.

Maël Aoustin

INDEPENDENT DIRECTOR

Date of birth: August 9, 1980 - French nationality
Business address: 91 boulevard Haussmann - 75008 Paris
Number of Mercialys shares held at December 31, 2023: 2,000

EXPERTISE AND EXPERIENCE

Maël Aoustin has an engineering degree from *INSA Lyon*, a Master of Science from Brunel University of London and a Master's degree from *HEC Paris*. He has been Chairman of the Management Board of UXCO Group since March 2022, an integrated investment, development and operations group specializing in residential, student and hotel real estate, majority owned by Brookfield Asset Management. Maël Aoustin has nearly 20 years of experience in real estate, including 12 years at Unibail-Rodamco where he held various management positions in France and abroad in investment, asset management and operations. He was then appointed Chief Executive Officer of commercial real estate company Galimmo from 2016 to 2022, and has been responsible for mergers and acquisitions and real estate for the Louis Delhaize retail group.

MAIN POSITION

- Chairman of the Management Board of UXCO Group

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AT DECEMBER 31, 2023

Office/Position	Date appointed	Date when term will expire
• Director	April 27, 2023	Board meeting to be held in 2026
• Member of the Audit, Risks and Sustainable Development Committee	April 27, 2023	Board meeting to be held in 2026

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2023		
Outside the Mercialys group		
• Chairman of the Management Board of UXCO Group		
• Chairman of the Management Board of UXCO Management		
• Member of the Supervisory Board of Appart City		
Offices and positions ended during the past 5 years		
• Deputy director and member of the Board of Directors of Galimmo Real Estate		BEL
• Chairman of Galimmo SCA	○	
• Director and member of the Board of Directors of Immomatch		LUX

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	Employee then manager of real estate companies for nearly 20 years in the investment, asset management and development industries.
• **Finance, accounting**	Responsible for the overall financial management of real estate companies, particularly listed companies (Galimmo SCA from 2016 to 2022).
• **Company management**	Manager of real estate companies (Galimmo, UXCO Group) since 2016 and member of the Executive Committee of an international retail group for 5 years.
• **Human Resources, social, governance**	In charge of Human Resources policy within the context of management positions and as a company director. UXCO Group has 1,500 employees.
• **Environment, climate**	In charge of overseeing the CSR strategy and its implementation at Galimmo then UXCO Group; Carbone 4 training.
• **Retail, customer service**	Former manager of a retail real estate company and former member of the Executive Committee of an international retail group (Louis Delhaize). Exposed directly to the challenges of retail and customer service.
• **Innovation, marketing, information systems**	Implementation, steering and participation in innovation committees at Unibail-Rodamco, Galimmo and UXCO Group.

Stéphanie Bensimon

INDEPENDENT DIRECTOR

Date of birth: May 6, 1976 - French nationality
Business address: 20 place Vendôme – 75001 Paris
Number of Mercialys shares held at December 31, 2023: 4,600

EXPERTISE AND EXPERIENCE

Stéphanie Bensimon has a DESS in Finance from the *Université Paris IX Dauphine*. Managing Director in charge of real estate activities since 2016, she has been Head of Real Estate for Ardian in Europe since 2020. She has over 20 years of experience in real estate investment, including 5 years at Invesco Real Estate where she was Head of Investments for France, Belgium and Southern Europe from 2011. Prior to this, she worked for Carval Investors, a subsidiary of the Cargill group, and at GE Real Estate group where she was responsible for real estate investment in Europe.

MAIN POSITION

- Head of Real Estate, in charge of real estate activities, at Ardian France

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AT DECEMBER 31, 2023

Office/Position	Date appointed	Date when term will expire
• Director	June 7, 2018	OGM 2025
• Member of the Audit, Risks and Sustainable Development Committee	June 7, 2018	OGM 2025
• Chairwoman of the Audit, Risks and Sustainable Development Committee	February 13, 2019	OGM 2025
• Member of the Strategy and Transformation Committee	January 20, 2021	OGM 2025

OTHER OFFICES AND POSITIONS

	Listed company	Outside France
Offices and positions held in 2023		
Outside the Mercialys group		
• Director of Poste Immo		
• Member of the Management Board of Ardian France		
• Member of the Executive Committee of Ardian France		
• Chairwoman of Areefnap1 and member of the Strategy Committee		
• Chairwoman of Areefrio1.SAS and member of the Strategy Committee		
• Chairwoman of Francisfirst JV SAS		
• Chairwoman of Francisfirst2 SAS		
• Chairwoman of RamREF 2 SAS and member of the Strategy Committee		
• Manager of SCI Charlotte		
• Manager of SCI Tamara		
• Manager of La Galaxie		
• Manager of ORYOM17H3		
• Director of AREEF II – SICAF		ITA
• Director of AREEF II Palio – SICAF		ITA
• Member of the Board of Managers of AREEF Sàrl GE 1.0.		LUX
• Member of the Board of Managers of AREEF Sàrl GE 1.1.		LUX
• Member of the Board of Managers of AREEF Sàrl GE 1.2.		LUX
• Member of the Supervisory Board of Ardian Germany GmbH		DEU
• Co-Manager of SCI Vesta S18		
• Co-Manager of SCI R4		
• Co-Manager of SCI Vesta R4		
• Co-Manager of Kara Top Co		
• Member of the Board of AREEF I SCS, SICAV SIF		LUX
• Member of the Board of AREEF II SCS, SICAV SIF		LUX
• Member of the Board of AREEF III SCS, SICAV SIF		LUX
Offices and positions ended during the past 5 years		
• Manager of West Bridge SCI		
• Chairwoman of Areefnap2		
• Chairwoman of Areefrio2.SAS		
• Director of AREEF I – SICAF		ITA

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	More than 25 years of experience in real estate investment, notably within the companies Ardian, Invesco Real Estate, Carval Investors and GE Real Estate Group.
• **Finance, accounting**	Confirmed experience in her various management positions after obtaining a DESS in Finance from the *Université Paris IX Dauphine*.
• **Company management**	Managing Director in charge of real estate activities since 2016 and Head of the Real Estate activity for Ardian in Europe since 2020; member of the Executive Committee of Ardian France since 2023; Director of Poste Immo since 2017.
• **Human Resources, social, governance**	Team management for several years.
• **Environment, climate**	Expertise developed as part of her various experiences in the real estate sector; management of the Ardian France Sustainability Department (Head of the Sustainability Steering Committee since September 2023 - 15 people); Carbone 4 training.
• **Retail, customer service**	Expertise developed over the course of her many professional roles.

Victoire Boissier

INDEPENDENT DIRECTOR

Date of birth: December 28, 1967 - French nationality
Business address: 7 rue Touzet Gaillard - 93400 Saint-Ouen
Number of Mercialys shares held at December 31, 2023: 5,000

EXPERTISE AND EXPERIENCE

With degrees from *EM Lyon* (major in Finance) and the *INSEAD* International Executive Program, Victoire Boissier began her career in 1990 in the banking sector (Barclays) and then joined Générale de Restauration. Between 1995 and 2008, she held a series of positions within Yum France: Financial Analyst, Manager of Strategic Planning, Senior Finance Manager and Chief Financial Officer. From 2009 to 2017, Victoire Boissier held the position of Vice-President Finance within the Louvre Hotels group and was a member of the Executive Committee. In 2017, she joined the early learning and education group Grandir, which operates nurseries and schools in six countries, as Deputy Chief Executive Officer.

MAIN POSITION

- Deputy Chief Executive Officer – Group Finance within the Grandir group

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AT DECEMBER 31, 2023

Office/Position	Date appointed	Date when term will expire
• Director	April 20, 2016	OGM of April 25, 2024
• Member of the Audit, Risks and Sustainable Development Committee	April 23, 2020	OGM of April 25, 2024
• Member of the Appointments, Compensation and Governance Committee	January 20, 2021	OGM of April 25, 2024

OTHER OFFICES AND POSITIONS

	Listed company	Outside France
Offices and positions held in 2023		
Outside the Mercialys group		
• None		
Offices and positions ended during the past 5 years		
• Member of the Appointments and Compensation Committee of Mercialys	○	

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	Experience in the management of hotel real estate, catering, nurseries.
• **Finance, accounting**	Over 25 years of experience in financial management.
• **Company management**	Significant experience: former Vice-Chairman of Finance at Louvre Hotels Group; Deputy CEO of the early learning and education group Grandir.
• **Legal, compliance, risks**	Compliance Manager (GDPR, Fraud) for the Grandir group.
• **Human Resources, social, governance**	Certification as a company director obtained in December 2023 from Sciences Po in partnership with the IFA (French Institute of Directors).
• **Environment, climate**	Head of CSR for the Grandir group; member of the Chapter Zero France association; Carbone 4 training.
• **Retail, customer service**	Experience in multi-site retail activities (B2C).

Jean-Louis Constanza

INDEPENDENT DIRECTOR

Date of birth: April 16, 1961 - French nationality
Business address: 88 rue de Rivoli – 75004 Paris
Number of Mercialys shares held at December 31, 2023: 3,400

EXPERTISE AND EXPERIENCE

Jean-Louis Constanza holds a DEA in Marketing and Strategy from the *Université Paris Dauphine*, an MBA from *INSEAD* and is a graduate of the *École Nationale Supérieure de l'Aéronautique et de l'Espace* (ENSAE-SUPAERO). He has also studied at Stanford and UCLA. After his initial experience in the aeronautics sector at Aerospatiale then Packinox (1985-1991) and a stint in media consulting at Arthur D. Little (1991-1998), he joined Tele2 in 1998 where he developed Tele2 France then Tele2 Southern Europe. Tele2 is establishing itself as one of Europe's leading alternative voice telecommunications operators with more than 15 million customers. Building on this entrepreneurial success, Jean-Louis Constanza co-created Envie de Fraise (2006), one of the first fully online fashion brands. In the same year, he founded Ten, the first mobile operator to focus on mobile Internet, acquired by Orange. He was then Chief Executive Officer of Orange Vallée from 2007 to 2013, then Chief Innovation Officer at Critéo. In 2012, he co-founded Wandercraft, a leader in robotic exoskeletons for people with disabilities, where he held the position of Chief Business Officer in charge of products, marketing, clinical activities, investor relations and overseas development. He is also a member of the company's Board of Directors and was previously a director of Direct Energie, Ingenico and Visa Europe in London.

MAIN POSITIONS

- Head of Development at Wandercraft

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AT DECEMBER 31, 2023

Office/Position	Date appointed	Date when term will expire
• Director	October 20, 2022	OGM of April 25, 2024
• Member of the Strategy and Transformation Committee	January 1, 2023	OGM of April 25, 2024

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2023		
Outside the Mercialys group		
• Director of Wandercraft		
Offices and positions ended during the past 5 years		
• Director of Visa Europe	○	
• Director of Ingenico		

KEY AREAS OF EXPERTISE

• **Finance, accounting**	MBA Graduate from *INSEAD* (European Institute of Business Administration).
• **Company management**	A seasoned entrepreneur who has been involved in the creation of several companies; former Chief Executive Officer of Orange Vallée; former director of Direct Energie, Ingenico and Visa Europe; director of Wandercraft.
• **Human Resources, social, governance**	Heavily involved in social topics and notably the inclusion of people with disabilities as part of his activity within Wandercraft; Chairman of the Compensation and Appointments Committee on the Board of Directors of Visa Europe.
• **Environment, climate**	Co-founder of Direct Energie, sold to Total; French ambassador for Vista, a global project to decarbonize the Earth's atmosphere through the large-scale activation of natural carbon sinks; Carbone 4 training.
• **Retail, customer service**	Design, implementation and operation of sales, distribution and customer service networks at Tele2 and Ten as Chief Executive Officer.
• **Innovation, marketing, information systems**	Significant experience in the Internet and telecoms sector, and alternative telecommunications operators; in charge of marketing at Wandercraft.

Élisabeth Cunin

INDEPENDENT DIRECTOR

Date of birth: September 17, 1960 - French nationality
Business address: 100 rue du Calvaire – 59510 Hem
Number of Mercialys shares held at December 31, 2023: 3,132

EXPERTISE AND EXPERIENCE

Élisabeth Cunin is a graduate of the *École Polytechnique*, of *ENSAE* and the *Institut d'Études Politiques de Paris*. She began her career within McKinsey. She then moved to the retail sector, first with Dia, then with Etam. She became Chief Executive Officer of André in 2001 and then of Etam Lingerie in 2005. In 2011, she became Chairwoman of Comptoir des Cotonniers and Princesse Tam-Tam, brands owned by Japanese group Fast Retailing, which also owns Uniqlo. From October 2013 to September 2018, she pursued her career within the Camaïeu group as Chairwoman of the Management Board and then Chairwoman. In May 2019, Élisabeth Cunin was appointed Chairwoman of the Kiabi group.

MAIN POSITION

- Chairwoman of Kiabi group

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AT DECEMBER 31, 2023

Office/Position	Date appointed	Date when term will expire
• Director	June 6, 2012	OGM 2025
• Member of the Appointments, Compensation and Governance Committee	January 20, 2021	OGM 2025
• Chairwoman and member of the Strategy and Transformation Committee	January 20, 2021	OGM 2025

OTHER OFFICES AND POSITIONS

	Listed company	Outside France
Offices and positions held in 2023		
Outside the Mercialys group		
• Chairwoman and Chief Executive Officer and director of Bunsha International		
• Director of the 1001 Fontaines non-profit organization		
• Director of the Solfa non-profit organization		
Offices and positions ended during the past 5 years		
• Chairwoman and member of the Mercialys Appointments and Compensation Committee	○	
• Chairwoman of the company & EC		

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	Director of Mercialys for 10 years.
• **Finance, accounting**	More than 30 years in senior management with daily involvement in finance and accounting.
• **Company management**	Seasoned leader in the retail sector.
• **Human Resources, social, governance**	Expertise developed over more than 30 years in senior management positions.
• **Retail, customer service**	Proven experience in the retail sector, notably at Dia, Etam, André, Comptoir des Cotonniers and Princesse Tam-Tam, Camaïeu; currently Chairwoman of Kiabi group.
• **Innovation, marketing, information systems**	Expertise developed over 30 years mainly managing store networks (in particular product sourcing and customer marketing) that has enabled the repositioning of companies in a fast-evolving context, through initiatives combining data processing by artificial intelligence, interactions with the start-up ecosystem and the development of new business models focused on the circular economy and carbon neutrality.

Dominique Dudan

INDEPENDENT DIRECTOR

Date of birth: January 19, 1954 - French and Swiss nationality
Business address: 1 rue de Condé – 75006 Paris
Number of Mercialys shares held at December 31, 2023: 5,000

EXPERTISE AND EXPERIENCE

With a science background, Dominique Dudan joined the real estate industry in various operational roles. Then, between 1996 and 2005, she held the position of Head of Development with Accor Hotels & Resorts. She later joined HSBC Reim as Head of Operations and member of the Management Board, and then BNP Paribas Reim as Executive Vice-President and Head of Regulated Real Estate Funds. In 2009, Dominique Dudan created her own firm, Artio Conseil, while holding the position of Chief Executive Officer of Arcole Asset Management. In early 2011, Dominique Dudan became Chairwoman of Union Investment Real Estate France, a position she held until July 2015. She has been a member of the Board of Directors of Gecina since 2015, and was a member of the Supervisory Board of Swiss Life Asset Managers France (formerly Swiss Life Reim – France) from 2017 until 2022. Dominique Dudan is a Fellow of the Royal Institution of Chartered Surveyors. She has been a long-term member of the MEDEF Economic Commission for the Service Professions Group and the Île-de-France Real Estate Club. She has the title of *Chevalier de l'Ordre National du Mérite*.

MAIN POSITION

- Company director

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AT DECEMBER 31, 2023

Office/Position	Date appointed	Date when term will expire
• Director	April 26, 2018	OGM of April 25, 2024
• Chairwoman and member of the Appointments, Compensation and Governance Committee	January 20, 2021	OGM of April 25, 2024
• Member of the Strategy and Transformation Committee	January 20, 2021	OGM of April 25, 2024

OTHER OFFICES AND POSITIONS

	Listed company	Outside France
Offices and positions held in 2023		
Outside the Mercialys group		
• Director, member of the Compliance and Ethics Committee and Chairwoman of the Appointments and Compensation Committee of Gecina	○	
• Member of the Supervisory Board and Chairwoman of the Audit and Risk Committee of Selectirente	○	
• Chairwoman and member of the Supervisory Board of Sofidy Pierre Europe (OPCI)		
• Senior Advisor for the real estate section of LBO France Gestion		
• Chairwoman and member of the Supervisory Board of Altixia Candence XII		
• Member of the Supervisory Board of Altixia Commerces		
• Vice-Chairwoman and Member of the Supervisory Board of Pierre Expansion		
• Chairwoman of Artio Conseil SASU		
• Manager of SCI du 92		
• Manager of SCI MMM & Co		
• Manager of William's Hotel		
• Director of Apexia SPI Social Infrastructures		MCO
• Chairwoman of SASU Nokomis Webstore		
Offices and positions ended during the past 5 years		
• Member of the Audit and Risk Committee of Gecina	○	
• Voluntary liquidator of Les Artisans du Son		
• Chairwoman and member of the Mercialys Investment Committee and member of Appointments and Compensation Committee	○	
• Member of the Supervisory Board and member of the Audit and Risk Committee of Swiss Life Asset Managers France		CH

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	Numerous operational positions in the real estate sector; former Chief Executive Officer of Arcole Asset Management; former Chairwoman of Union Investment Real Estate France; Director of Gecina; former member of the Supervisory Board of Swiss Life Asset Managers France; member of the Club de l'Immobilier d'Île-de-France.
• **Finance, accounting**	Former Chief Operating Officer and member of the Management Board of HSBC Reim; former Deputy Chief Executive Officer and Head of Regulated Real Estate Funds at BNP Paribas Reim.
• **Company management**	Significant experience in management positions and as a member of Boards of Directors and Supervisory Boards; creator of Artio Conseil structure.
• **Legal, compliance, risks**	Chairwoman of the Audit and Risk Committee of Selectirente; member of Gecina's Compliance and Ethics Committee; member of the IFA (French Institute of Directors).
• **Human Resources, social, governance**	Former Head of Operations at Accor Hotels & Resorts: managed up to 1,200 people, dealing with numerous HR topics; Chairwoman of the Gecina Governance, Appointments and Compensation Committee.
• **Environment, climate**	CSR training including Carbone 4 training; member of Time for the Planet; member of the Chapter Zero France association.
• **Retail, customer service**	Former Head of Development at Accor Hotels & Resorts.

Pascale Roque

INDEPENDENT DIRECTOR

Date of birth: February 14, 1961 - French nationality
Business address: 6 avenue Gustave Eiffel - 78180 Montigny-le-Bretonneux
Number of Mercialys shares held at December 31, 2023: 3,454

EXPERTISE AND EXPERIENCE

Pascale Roque is a graduate of *ESSEC*. She began her career in 1985 at Air France, a group where she spent 15 years, and became involved in topics with major operational issues and organization transformation. In 2001, she joined the Accor hotel group, where she worked as the group's Director of international sales, then sales force and then call centers. In 2006, she was promoted to Chief Executive Officer of the Formule 1 and Etap Hôtel hotels. In 2009, she joined the Pierre & Vacances group as Chief Executive Officer of Résidences Pierre & Vacances and Maeva. In 2013, she became Chief Executive Officer France of the B&B Hotels chain. In 2016, Pascale Roque was brought back by the Pierre & Vacances Center Parcs group to take over the senior management of Pierre & Vacances Tourisme and accelerate the brand's international development, continue its move upmarket and open it up to franchising. Between 2020 and 2022, she was Chief Executive Officer of the Tourism division of Atream, an asset management company (Euro 4 billion), half of which involves the tourism sector (135 establishments in France, Belgium, the Netherlands and Germany). Since April 2022, Pascale Roque has been Chief Executive Officer France at Hertz. She is responsible for the transformation of the business model, developing team and customer engagement, steering commercial performance and optimizing assets, first and foremost the fleet.

MAIN POSITION

- Chief Executive Officer France at Hertz

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AT DECEMBER 31, 2023

Office/Position	Date appointed	Date when term will expire
• Director	October 24, 2017	OGM 2025
• Member of the Audit, Risks and Sustainable Development Committee	December 21, 2017	OGM 2025

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2023		
Outside the Mercialys group		
• None		
Offices and positions ended during the past 5 years		
• Chairwoman of the Mercialys Audit, Risks and Sustainable Development Committee	○	
• Member of the Executive Committee of the Pierre & Vacances group		
• Chief Executive Officer of Pierre & Vacances Tourisme		
• Chief Executive Officer of PV-CP Holding Exploitation		
• Chief Executive Officer of PV-CP Gestion Exploitation		
• Chief Executive Officer of PV Résidences & Resorts France		
• Chief Executive Officer of SET Pierre & Vacances Guadeloupe		
• Chief Executive Officer of SET Pierre & Vacances Martinique		
• Permanent representative of PV-CP Gestion Exploitation on the Board of Directors of Sogire		
• Permanent representative of PV Résidences & Resorts France on the Board of Directors of PV Exploitation Belgique		BEL
• Director of PV Exploitation Belgique		BEL
• Director of Sociedad de Explotación Turistica Pierre et Vacances España SL		ESP
• Director of Bonavista de Bonmont SL		ESP
• Director of Pierre & Vacances Italia S.r.l.		ITA
• Manager of Pierre et Vacances Maeva Tourisme Haute-Savoie		
• Manager of the Société Hôtelière de l'Anse à la Barque		

KEY AREAS OF EXPERTISE

• **Real estate, construction, urban planning**	Operational knowledge supplemented by investors' vision thanks to experience in Asset Management and Tourism Asset Development at Atream (independent real estate asset and fund management company).
• **Finance, accounting**	ESSEC Business School training; expertise acquired in her various management positions; AMF certification.
• **Company management**	Involved over the last 15 years in major operational and organizational transformation projects at Air France; several years of management experience in the hospitality sector at Accor and Pierre & Vacances-Center Parcs; currently Chief Executive Officer France at Hertz.
• **Legal, compliance, risks**	Member of the Pierre & Vacances-Center Parcs Group Risk Committee, SRI real estate certification for SCPI Atream Hotels.
• **Human Resources, social, governance**	A high level of experience in operational Human Resources management in various senior management positions (Formule 1 / Etap hotel, Pierre & Vacances Tourisme, B&B Hotels France and Hertz France).
• **Environment, climate**	Operational skills developed through numerous experiences in the hospitality sector (formerly Green Key certification) and more recently in short-term car leasing; knowledge of sustainable finance validated by AMF certification and Carbone 4 training.
• **Retail, customer service**	Significant experience in retail and hospitality within the Accor, B&B Hotels and Pierre & Vacances-Center Parcs groups.

C. Changes in the composition of the Board of Directors and its Specialized Committees during fiscal year 2023

	Departures	Appointments	Renewals	Ratifications
Board of Directors	**Jacques Dumas** *(April 27, 2023)*	**Maël Aoustin *** *(April 27, 2023)*	-	**Vincent Ravat** *(April 27, 2023)* **Jean-Louis Constanza *** *(April 27, 2023)*
Audit, Risks and Sustainable Development Committee	-	**Maël Aoustin *** *(April 27, 2023)*	-	-
Appointments, Compensation and Governance Committee	**Jacques Dumas** *(April 27, 2023)*	-	-	-
Strategy and Transformation Committee	-	**Jean-Louis Constanza *** *(January 1, 2023)*	-	**Vincent Ravat** *(April 27, 2023)* **Jean-Louis Constanza *** *(April 27, 2023)*

* *Independent director.*

D. Terms of office expiring at the General Meeting of April 25, 2024

Directors	
Whose term of office is coming to an end	**Whose term of office is presented for renewal (1)**
Vincent Ravat	Vincent Ravat
Victoire Boissier *	Victoire Boissier *
Jean-Louis Constanza *	Jean-Louis Constanza *
Dominique Dudan *	Dominique Dudan *

(1) *Following a recommendation from the Appointments, Compensation and Governance Committee.*
* *Independent director.*

On the recommendation of the Appointments, Compensation and Governance Committee, the Board of Directors proposes to the next General Meeting the renewal of the directorships of Victoire Boissier, Dominique Dudan, Vincent Ravat and Jean-Louis Constanza. These directorships would be for a three-year term, with the exception of that of Victoire Boissier, which would be for two years. The Board ensures that directorships are staggered so as to avoid all coming up for renewal at the same time.

The Board considers that its current composition allows it to be a balanced body, with members offering complementary expertise as well as strong knowledge of the sector and the Company.

Thus, and subject to approval by the General Meeting of April 25, 2024, at the end of the Meeting, the Board would remain composed of 9 members. It would comprise, within the meaning of the criteria set out in the AFEP-MEDEF Code, 7 independent directors, *i.e.* 78%: Stéphanie Bensimon, Victoire Boissier, Élisabeth Cunin, Dominique Dudan, Pascale Roque, Maël Aoustin and Jean-Louis Constanza. Élisabeth Cunin will lose her capacity as independent director on June 6, 2024. Independent directors would then make up 67% of the Board and 56% of them would be female.

4.1.1.3 Missions of the Chairman of the Board of Directors

As Chairman of the Board, Éric Le Gentil performs specific functions in addition to his Chairmanship of the Board, as follows:

- relations with major shareholders and with major financial and/or industrial partners;
- participation in strategy development and oversight of its implementation;
- interface between the Board of Directors and Senior Management.

Report on the activities of the Chairman of the Board of Directors for fiscal year 2023

During fiscal year 2023, the Chairman of the Board of Directors, in addition to the duties usually performed by a Chairman:

- kept himself informed, particularly in terms of governance and the financial and non-financial outlook, of:
  - the expectations of shareholders and main financial and industrial partners,
  - issues raised by the rating agency,
  - discussions with proxy advisory firms,

  and was at their disposal.
- ensured that the Board addressed the issues raised;
- discussed the strategy and its implementation with the Chief Executive Officer;
- was consulted on financial communications;
- maintained a regular dialogue with the Committee Chairs in order to prepare the work of the Board;
- met individually with each director.

4.1.2 Senior Management of the Company

Since February 13, 2019, Senior Management has been overseen by Vincent Ravat as Chief Executive Officer and Elizabeth Blaise as Deputy Chief Executive Officer.

Vincent Ravat has also been a director since June 15, 2022.

4.1.2.1 Restrictions on the powers of Senior Management

The Chief Executive Officer and the Deputy Chief Executive Officer have the most extensive powers to act on behalf of the Company in all circumstances, pursuant to Article L. 225-56 of the French Commercial Code. These powers are to be exercised within the scope of the Company's purpose and of the powers expressly conferred by law on General Meetings and on the Board of Directors. They represent the Company in its relations with third parties. However, as part of good corporate governance, the Board of Directors has decided to limit the powers of Senior Management and to make certain management initiatives subject to its prior approval, depending on their nature or the amount involved. The thresholds of the limits have been set in order to reserve the most significant transactions for the Board of Directors. The Chief Executive Officer cannot, therefore, carry out the following transactions without obtaining prior authorization from the Board of Directors:

- any transaction likely to affect the strategy of the Company and/or the companies it controls, their financial structure or the scope of their activity, in particular the signing or termination of any agreement likely to have a material effect on the future of the Company and/or its subsidiaries;
- any transaction or commitment exceeding Euro 10 million and, in particular:
  - any operation to subscribe for or purchase marketable securities, any deferred or immediate acquisition of an interest in any group or company on a de jure or de facto basis; any complete or partial divestment of interests or marketable securities,
  - any acquisition or assignment of claims, lease rights or other intangible assets,
  - any contribution or exchange, with or without consideration, affecting assets, rights, stocks or securities,
  - any acquisition or disposal of properties or real-estate rights,
  - any issue of securities by companies controlled directly or indirectly by the Company,
  - any undertakings with a view to granting or obtaining any loan, borrowing, credit or cash advance,
  - any transactions and any settlements in the event of disputes.

However, the Euro 10 million threshold does not apply to internal transactions within the Mercialys group, which require the joint approval of the Chief Executive Officer and the Deputy Chief Executive Officer.

Specific annual authorizations

Senior Management, *i.e.* the Chief Executive Officer and the Deputy Chief Executive Officer, has specific authorized annual limits on guarantees, loans, credit facilities, commercial papers and bond issues.

The Board of Directors has authorized the Chief Executive Officer, for a period of one year, *i.e.* until December 31, 2024, to grant sureties, endorsements or guarantees on behalf of the Company:

- on behalf of its subsidiaries and in proportion to its shareholding, with no restrictions in terms of amount, subject to reporting on the use of this authorization at least once a year;
- up to a limit of Euro 10 million and to continue the sureties, endorsements and guarantees previously issued;
- with regard to tax and customs authorities with no restrictions in terms of amount.

Senior Management is also authorized to negotiate and implement, including to renew, extend or replace, borrowings, confirmed credit facilities, cash advances and all financing contracts, whether syndicated or not, up to a maximum amount of Euro 500 million per year. Senior Management is also authorized to set up mortgage loans up to a maximum amount of Euro 150 million.

In addition, Senior Management is authorized to negotiate and issue commercial papers up to a maximum of Euro 500 million.

Senior Management is also authorized to issue:

- bonds for a maximum total annual amount of Euro 550 million with a maturity of up to 10 years;
- convertible bonds to obtain Company shares up to a total par value of Euro 9.3 million, excluding premiums; and
- private placements of bonds, for a maximum total annual amount of Euro 200 million and with maturities of 5 to 15 years;

And, in this respect, to set the characteristics and procedures and to carry out all related market transactions.

Lastly, the Board of Directors authorized Senior Management to partially buy back the existing bond issues maturing in February 2026, July 2027 or February 2029 for a maximum nominal amount of Euro 100 million (excluding the premium linked to the buyback offer).

4.1.2.2 Management Committee

Mercialys applies the best standards of governance to its Management Committee, particularly in terms of composition, skills and responsibilities.

Set up in September 2019 to replace the Executive Committee, the Management Committee is primarily intended to represent all the key functions of the Company:

- Senior Management;
- Finance;
- Human Resources;
- CSR;
- Real estate operations including asset management;
- Lettings;
- Operations;
- Marketing, customer experience;
- Legal;
- Arbitrage and acquisitions;
- Information systems;
- Development and institutional relations.

This wide range of expertise means that the Company is more able to listen to its customers and stakeholders' expectations and to quickly pick up on early-warning signs and areas for improvement, resulting in a more proactive approach to risks and opportunities.

Missions and activity

The Committee oversees and monitors operational performance and enables implementation of any initiatives to optimize it. All of the various departments' current issues and projects are analyzed. This highly operational anchoring of the Management Committee and its close proximity to issues in the field form the basis of Senior Management. The latter can thus decide on the Company's major policies and the allocation of its resources on a concrete and effective basis.

In 2023, the Management Committee dealt with many operational issues such as:

- the performance of assets;
- letting;
- marketing, brand and concept initiatives;
- investment projects, whether real estate, development and digital, and disposals;
- the progress of the CSR policy.

It was also asked to look at Human Resources issues, more specifically on aspects relating to:

- the organization of working hours;
- talent retention; and
- managerial skills.

Changes to information systems and their impact on the organization, risk management policy and associated procedures were regularly shared with a view to managing change. In a volatile economic context still marked by fluctuating interest rates, the Company's financial policy was regularly presented to this body. Lastly, the impacts of an inflationary environment on retail site expenses were analyzed so that the Committee could discuss how to handle them with tenants and visitors.

Composition

At December 31, 2023, the Management Committee was made up of 14 members, of which 57% were women. Its members were aged between 37 and 56, with an average age of 46.3 years. This generational diversity covers a representative range of consumers, and makes it possible to discuss each generation's relative perceptions of the shopping centers market and consumption habits. Average seniority was 9.1 years, with both long-serving Mercialys employees and new hires. This helps to combine a solid base of long-standing Company knowledge with a fresh perspective from employees who have recently joined from other industry stakeholders.

The appointment of Management Committee members is based on their expertise and the need to represent their function on the Company's management team. The total number of its members is therefore not fixed. Senior Management always ensures that its composition is as balanced as possible, particularly in terms of age and female representation. Mercialys is committed to ensuring that the latter is routinely maintained at around 50%. No consideration of religious or political opinions, cultural, ethnic or racial affiliations, trade union activities, family situation, sexual preferences, health or disability, or social background may be taken into consideration as part of the member selection process. Mercialys Senior Management itself decides whether to include an employee on the Management Committee, after consulting the Human Resources Department.

The composition of the Management Committee was as follows at December 31, 2023:

Member	Gender	Age at December 31, 2023	Department	Seniority at Mercialys at December 31, 2023 [1]
Vincent Ravat	M	49 years	Chief Executive Officer	10 years
Elizabeth Blaise	F	47 years	Deputy Chief Executive Officer	9 years
Olivier Barthès	M	49 years	Information systems	3 years
Pascale Crespo	F	54 years	Human Resources	0.2 years
Nicolas Faivre	M	46 years	Real estate Operations	20 years
Laurence Fonteyne	F	52 years	Operations	1 year
Irving Gauthier	M	41 years	Finance	3 years
Stéphane Girard	M	55 years	Development and institutional Relations	3 years
Fabrice Haurani	M	39 years	Arbitrage and acquisitions	12 years
Nathalie Monfort	F	56 years	Letting	18 years
Julie Récart	F	41 years	Customer experience	7 years
Audrey Servadio	F	37 years	Corporate Social Responsibility	11 years
Amina Tonner	F	44 years	Mixed-used Projects	11 years
Anne-Violaine de Vregille	F	41 years	Legal real estate and asset management	13 years

Members joining and leaving in 2023 helped to maintain Mercialys' excellent standards in terms of the composition of its Management Committee:

Departures from the Management Committee				New members of the Management Committee			
Member	Gender	Age at December 31, 2023	Department	Member	Gender	Age at December 31, 2023	Department
Fanny Faugère	F	51 years	Real estate Innovation	Olivier Barthès	M	49 years	Information systems
François Klitting	M	64 years	General Secretary	Pascale Crespo	F	54 years	Human Resources
Paul-Henry Vielle	M	63 years	Human Resources				

4.1.2.3 Gender balance within ruling bodies

Mercialys is particularly keen to implement a diversity policy. Both Senior Management and the Board of Directors ensure the proper application of this policy (see measures described in § 2.5.2, p. 104 *et seq.*).

The Company demonstrates its respect for the principle of gender equality with balanced representation on the Management Committee since its creation in September 2019, but also on the front line, in Senior Management:

Senior Management *	Vincent Ravat, Chief Executive Officer Elizabeth Blaise, Deputy Chief Executive Officer
Management Committee *	57% women

* *At December 31, 2023.*

Thanks to Mercialys' gender equality policy, gender equality is respected every year, both within the Management Committee and Senior Management. The table above showing the composition of the Management Committee is a perfect illustration of this: of 14 members, 8 are women.

In addition, Mercialys occupies the second position in the general ranking of the feminization of ruling bodies in SBF 120 companies.

As diversity is placed at the heart of the Company's focuses, Mercialys is keen to maintain this momentum and its objectives for the years to come.

	2020	2021	2022	2023
Percentage of women on the Management Committee	50%	50%	53%	57%
General ranking of the feminization of ruling bodies in SBF 120 companies	4th place	3rd place	2nd place	2nd place

4.1.3 Succession plans

In 2023, the Appointments, Compensation and Governance Committee assessed possible options regarding the potential successors for the positions of Chairman of the Board and members of Senior Management, as well as the key functions identified in collaboration with the Chief Executive Officer and the Deputy Chief Executive Officer. As part of this work, different time frames were discussed:

- short-term: unplanned succession;
- medium-term: accelerated succession;
- long-term: planned succession.

Internal and external solutions were discussed.

These succession plans must be reviewed and updated on a regular basis.

4.1.4 Preparation and organization of the Board of Directors' work

4.1.4.1 Operation of the Board of Directors

Pursuant to the provisions of Article L. 225-35 of the French Commercial Code, the Board of Directors determines the broad lines of the Company's business activities and ensures they are implemented. Except for powers expressly conferred on shareholders' General Meetings and within the limit of the Company's purpose, the Board of Directors concerns itself with all issues affecting the Company's operations and regulates the Company's affairs. It also conducts such audits and reviews as it deems appropriate.

The manner in which the Board of Directors' work is prepared and organized is defined by law, the Company's articles of association, the provisions of the Board of Directors' Rules of Procedure and the charters of Board's Specialized Committees.

The Board of Directors meets as often as required in the interests of the Company, and whenever the Board deems it appropriate. The Board of Directors' deliberations are only valid if at least half of its members are present. Decisions are taken based on a majority of the members present or represented. In the event of a tied vote, the Chairman of the meeting has the casting vote.

The Chairman organizes and directs the Board of Directors' work and reports on it to the General Meeting of shareholders. In this respect, the Chairman convenes meetings of the Board of Directors and draws up the agenda and minutes. The Chairman monitors the operation of the Company's various bodies and verifies in particular that the directors are capable of carrying out their duties.

A. Rules of Procedure of the Board of Directors

The organization and operation of the Board of Directors are governed by its Rules of Procedure, adopted on August 22, 2005. These were last modified on February 14, 2024. The Rules of Procedure also include the corporate governance principles which the Board upholds and applies.

They also describe the operating methods, assignments, powers and duties of the Board and its Specialized Committees:

- Audit, Risks and Sustainable Development Committee;
- Appointments, Compensation and Governance Committee; and
- Strategy and Transformation Committee.

The professional ethics rules and good governance principles applicable to the members of the Board of Directors are set out in § 4.1.8, p. 265 *et seq.*

The Rules of Procedure establish the principle that the functioning of the Board of Directors should be subject to regular formal appraisal. They also describe the manner in which, and on what terms, meetings are conducted and votes are taken, and enable the directors to take part in Board meetings by videoconference or other means of telecommunication. The Board's Rules of Procedure are made available to shareholders in this Universal Registration Document (see § 9.1.5, p. 398 *et seq.*). They may also be consulted online at the Company's website: www.mercialys.com.

B. Information on the Board of Directors

The conditions for exercising the right to information established by statute, and the obligations of confidentiality arising therefrom are specified in the Board's Rules of Procedure.

The Chairman of the Board of Directors is required to provide each director with all the documents and information they require to perform their duties.

Senior Management and the Board's Secretary are available to all directors to provide any information or pertinent explanation required.

Internal distribution of information

The information required for the examination of the points to be discussed by the Board of Directors is provided to Board members prior to Board meetings. Each director is therefore provided with a file containing all the information and documents relating to the items on the agenda, subject to its availability and depending on the progress made on these cases. The introduction of a secure platform has made it possible to digitize Board and Committee files, facilitating data transmission and archiving, and improving the level of confidentiality.

Board members are informed of changes in the markets and in the competitive environment, and of the primary challenges faced, including those related to the Company's Corporate Social Responsibility.

At least once every six months, Senior Management provides the Board of Directors with a statement on the Company's activity and that of its main subsidiaries, including in particular:

- revenues and changes in income;
- a report on investments and disposals;
- a summary of debt and the credit facilities available to the Company and its main subsidiaries;
- a list of the agreements covered by Article L. 225-39 of the French Commercial Code that were signed during the previous half-year period.

Between Board meetings, the Directors receive all important information about the Company or about any event that significantly affects the Company, about the transactions or information previously provided to them, or the subjects discussed at meetings. They are invited to the meetings where the financial results are presented to financial analysts and investors.

Welcome program

When directors take office, they receive all the information necessary for the performance of their duties and may ask to be provided with all documents they believe to be useful. They have individual meetings with each director or member of Senior Management. Meetings are also held with certain members of the Management Committee so that they can improve their knowledge of the factors specific to the Company, its businesses and its markets. Thus, Jean-Louis Constanza spoke with:

- the Director of Customer Experience;
- the Director of Urban Projects;
- the Director of Development and Institutional Relations;
- the Director of Operations; and
- the Chief Financial Officer.

Maël Aoustin met with:

- the CSR Director;
- the Director of Operations;
- the Director of Arbitrage and Investments; and
- the Chief Financial Officer.

Mercialys' teams are available to help new directors familiarize themselves with the Group's portfolio during site visits.

This program enables directors to understand the Company's strategic, competitive, environmental, societal and financial issues.

At the time of their appointment, the members of the Audit, Risks and Sustainable Development Committee are provided with information on the Company's specific accounting, financial and operational activities. If necessary, specific CSR training is offered to them.

Training

Each director may receive additional training if he or she deems it necessary. This may relate in particular to the specificities of the Company, its businesses and business sectors and its CSR issues, in particular climate-related issues, as well as its accounting or financial aspects in order to perfect their knowledge. No director asked for training in 2023.

However, in 2023, the directors attended two CSR training courses (see § 2.1.1, p. 80):

- one, organized by Carbone 4, focused on climate change;
- the second, provided by the CSR Director, covered the specificities of ESG issues in the real estate sector.

Site visits

In 2023, one of the Board of Directors' meetings was held in Saint-Étienne. This was an opportunity for the directors to visit the Mercialys offices there, to learn more about the Galerie Espace Monthieu, its commercial environment and its competition. They were able to assess in more concrete terms the technical, operational, real estate and marketing-related issues. They also benefited from the contributions of several employees responsible for the management of the shopping center and marketing aspects.

In 2022, the directors traveled to Angers.

There are plans to carry out more of these types of visits on a periodic basis.

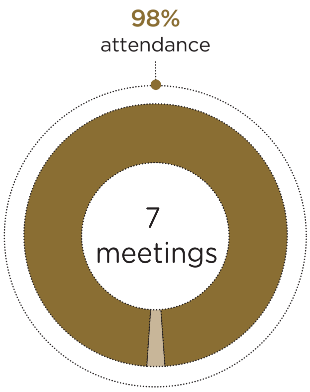
4.1.4.2 Board of Directors' duties and activities

A. Calendar of Board of Directors' Meetings in 2023 and attendance arrangements

	02/14/2023	04/26/2023	04/27/2023	06/15/2023	07/26/2023	10/19/2023	12/06/2023
Éric Le Gentil	Physical presence	Phone/video	Physical presence	Physical presence	Physical presence	Physical presence	Physical presence
Maël Aoustin * *(since April 27, 2023)*	-	-	Physical presence	Physical presence	Physical presence	Physical presence	Physical presence
Stéphanie Bensimon *	Physical presence	Phone/video	Phone/video	Physical presence	Physical presence	Phone/video	Phone/video
Victoire Boissier *	Physical presence	Represented	Phone/video	Phone/video	Phone/video	Physical presence	Physical presence
Jean-Louis Constanza *	Physical presence	Phone/video	Physical presence	Physical presence	Phone/video	Physical presence	Physical presence
Élisabeth Cunin *	Physical presence	Phone/video	Physical presence	Physical presence	Physical presence	Physical presence	Physical presence
Dominique Dudan *	Physical presence	Phone/video	Physical presence	Physical presence	Physical presence	Physical presence	Physical presence
Jacques Dumas *(until April 27, 2023)*	Physical presence	Phone/video	-	-	-	-	-
Vincent Ravat	Physical presence	Phone/video	Physical presence	Physical presence	Physical presence	Physical presence	Physical presence
Pascale Roque *	Physical presence	Phone/video	Phone/video	Physical presence	Physical presence	Physical presence	Physical presence

* *Independent director.*

Physical presence — Attendance *via* telephone or video conferencing — Represented (having given proxy to another member of the Board of Directors) — × Non attendance



B. Activity during 2023

In 2023, the Board of Directors met seven times with an overall attendance rate of 98%.

The Chief Executive Officer and the Deputy Chief Executive Officer attended all meetings.

Various Group employees also attended these meetings to inform the Board about certain topics:

- the Chief Financial Officer;
- the Secretary of the Board;
- the CSR Director;
- the Director of Human Resources;
- the Director of Real Estate Operations;
- the Director of Innovation and Customer Experience;
- the IT Director;
- an Operational Marketing Manager;
- Heads of Asset Management and Operations.

The Board also benefited from the occasional presence:

- of the Statutory Auditors;
- of the Consultant who carried out the assessment of its operation.

Deliberations without the presence of executive corporate officers

The Board of Directors deliberated, without the presence of its Chairman, the Chief Executive Officer and the Deputy Chief Executive Officer, on their respective compensation.

Furthermore, the Company's independent directors met on October 19, 2023. They submitted a report on their observations and recommendations to the Board of Directors. They expressed their satisfaction with the functioning of the Board and the relationship with Senior Management.

The main topics examined by the Board of Directors in 2023 are listed below:

	Main work carried out in 2023
Financial position	Approval of the annual and half-year financial statements and review of the quarterly financial information, approval of the Management report
	Approval of the business plan and financial projections
	Convening of the Annual General Meeting and approval of the draft resolutions
	Presentation of the Statutory Auditors' work and review of their audit plan
	Review of the balance sheet, liquidity and hedging instruments
	Operational and financial performance monitoring and budget review
Activities, strategy and risk management	Review of regulated agreements and commitments
	Review of strategic outlook, portfolio development, asset disposal plans and investments
	Review of the strategy in consideration of the Company's social, environmental, cultural and sporting issues
	Update on the market environment, activity and health of retailers
	Update on physical and digital marketing
	Presentation of the Saint-Étienne Monthieu shopping center
	Monitoring of the risk mapping and internal audit plan
	Review of actions implemented in terms of ethics
	Review of the cybersecurity system
	Update on the insourcing of previously outsourced functions
Corporate governance and compensation	Approval of the corporate governance report and the special report on bonus shares granted
	Compensation policy for corporate officers
	Compensation of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer for the previous fiscal year
	Powers granted to Senior Management
	Governance review
	Proposal for the appointment of Maël Aoustin as director
	Review of the composition and Chairmanship of the Committees
	Allocation of bonus shares to key employees and all employees
	Assessment of the operation of the Board of Directors
	Update of the Rules of Procedure of the Board of Directors, the Committee charters and the Stock Market Code of Ethics
	Review of recommendations from proxy advisory firms
	Response to written questions asked by shareholders at the General Meeting
Corporate Social Responsibility	Review and progress report on the CSR strategy, particularly in terms of climate change, and verification of the achievement of objectives, modification of objectives
	Approval of the Statement of non-financial performance
	Adaptation of governance to CSR issues
	Review of the Company's workplace diversity, equality and equal pay policy
	Human Resources update: talent retention, workforce and organizational development

4.1.5 Specialized Committees

The Board of Directors is assisted by Specialized Committees composed exclusively of directors.

The latter are appointed by the Board of Directors for the duration of their directorships, in view of their training, expertise and experience, attempting to ensure, wherever possible, a gender balance on each Committee. The skills of the members are listed in § 4.1.1.2, A, p. 231. The Board also appoints the Chairperson of each Committee.

The assignments and specific operating methods of each Committee were defined by the Board when the Committees were set up and included in the Rules of Procedure. The Chairperson of each Committee reports to the Board of Directors on the work of each of its meetings.

At December 31, 2023, the Specialized Committees were composed as follows:

	Audit, Risks and Sustainable Development Committee	Appointments, Compensation and Governance Committee	Strategy and Transformation Committee
	4 members, all independent (1)	4 members 3 of whom are independent (2)	6 members 4 of whom are independent
Chairwomen – Independent	**Stéphanie Bensimon**	**Dominique Dudan**	**Élisabeth Cunin**
Other independent members	**Maël Aoustin** **Victoire Boissier** **Pascale Roque**	**Victoire Boissier** **Élisabeth Cunin**	**Stéphanie Bensimon** **Jean-Louis Constanza** **Dominique Dudan**
Non-independent members	-	**Éric Le Gentil** Chairman of the Board of Directors	**Éric Le Gentil** Chairman of the Board of Directors **Vincent Ravat** Chief Executive Officer

(1) Committee at least two thirds composed of independent members in accordance with the AFEP-MEDEF Code.
(2) Committee composed mainly of independent members in accordance with the AFEP-MEDEF Code.

4.1.5.1 Audit, Risks and Sustainable Development Committee

A. Duties, responsibilities and activity during 2023

The Audit, Risks and Sustainable Development Committee helps the Board of Directors fulfill its role in reviewing and approving the full-year and half-year financial statements, and in examining any transaction, fact or event that may have a significant impact on the position of the Company or its subsidiaries in terms of commitments and/or risks. Its scope also covers the analysis of management risks and the detection and prevention of management anomalies. It is also responsible for monitoring the sustainable development policy.

In this capacity, in accordance with Article L. 823-19 of the French Commercial Code and under the responsibility of the Board of Directors, the Audit, Risks and Sustainable Development Committee is responsible for matters relating to the preparation and control of financial and accounting information.

Its members all have expertise in finance, accounting and company management, as well as in the field of the environment and climate:

	Finance / Accounting	Company management	Legal / Compliance / Risks	Environment / Climate
Stéphanie Bensimon	•	•		•
Maël Aoustin	•	•		•
Victoire Boissier	•	•	•	•
Pascale Roque	•	•	•	•
	100%	100%	50%	100%

The main powers and duties of the Audit, Risks and Sustainable Development Committee, as well as the work carried out in 2023, are presented below:

Powers	Main duties and work carried out in 2023
Financial statements and Statutory Auditors	Review of the Group's annual and half-year financial statements, presentation of significant off-balance sheet commitments, discussions with the Statutory Auditors and review of the related reports before they are submitted to the Board of Directors
	Review of business plan and financial projections
	Review of Senior Management's report on related-party and regulated agreements
	Review of the balance sheet, liquidity and hedging instruments
	Review of financial authorizations
	Pre-approval of the provision of services other than the certification of the financial statements by the Statutory Auditors
	Review of the Statutory Auditors' audit plan
	Update on accounting and financial information systems
Internal control and risk management	Review of internal control procedures and risk mapping (especially CSR) as well as the work carried out by the Risks Prevention Committee
	Update on the call for tenders for real estate experts
	Progress update on the bringing back in-house of functions
	Update on the measures implemented in terms of ethics
	Review of the cybersecurity system
Corporate Social Responsibility	Review of the Statement of non-financial performance
	Assessment of the level of achievement of performance criteria relating to CSR issues, as part of the setting of executive compensation
	Review of the implementation of the taxonomy
	Review of the CSR strategy in relation to the achievement of the policy's KPIs at the end of 2022 and the main procedures carried out in 2023
	Climate strategy update
	Review of the relevance and integrity of the CSR information provided to the Board

Elizabeth Blaise, Deputy Chief Executive Officer, is the Committee's main contact. She attended all Committee meetings. Irving Gauthier, Chief Financial Officer, also speaks to the Committee. However, dialogue takes place every year between the members of the Committee and the Statutory Auditors, in the sole presence of the Secretary of the Board.

The Statutory Auditors were heard during the review of the annual and half-yearly financial statements, as part of the presentation of their annual audit plan and their audit of the internal control systems. In addition, the dedicated Statutory Auditors presented their specific audit approach concerning the certification of the consolidated statement of non-financial performance.

The Committee also heard from:

- the Head Accountant;
- the Head of Consolidation;
- a management controller on calls for tenders for real estate experts;
- a management controller on risk control; and
- the Information Systems Manager on cybersecurity.

The Audit, Risks and Sustainable Development Committee has an organization and operating charter. It is available on the Company's website at: www.mercialys.com.

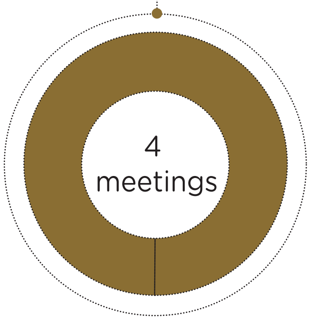
B. Calendar of Audit, Risks and Sustainable Development Committee meetings in 2023 and attendance arrangements

	02/13/2023	04/25/2023	07/25/2023	10/18/2023
Stéphanie Bensimon * – Chairwoman	Physical presence	Attendance via telephone or video conferencing	Attendance via telephone or video conferencing	Attendance via telephone or video conferencing
Maël Aoustin * *(since April 27, 2023)*	-	-	Physical presence	Physical presence
Victoire Boissier *	Attendance via telephone or video conferencing	Physical presence	Attendance via telephone or video conferencing	Physical presence
Pascale Roque *	Attendance via telephone or video conferencing	Physical presence	Physical presence	Physical presence

* *Independent director.*

Physical presence — Attendance *via* telephone or video conferencing — Non attendance

100%
attendance



C. Composition on February 15, 2024

On February 14, 2024, the Board of Directors decided to change the composition of the Audit, Risks and Sustainable Development Committee as follows:

- Maël Aoustin, Chairman of the Committee, independent director,
- Stéphanie Bensimon, independent director,
- Victoire Boissier, independent director,
- Pascale Roque, independent director,

i.e. 100% independent members.

4.1.5.2 Appointments, Compensation and Governance Committee

A. Duties, responsibilities and activity during 2023

The Appointments, Compensation and Governance Committee examines candidates for Senior Management positions and directorships. It prepares decisions on the compensation paid to Senior Management, the Chairman of the Board of Directors, in the event of the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer, and on the distribution of compensation awarded to directors and Committee members. It also examines the proposed share subscription or purchase option and bonus share plans.

It examines the composition of the Board of Directors. It implements and organizes the assessment of the operation of the Board of Directors. It ensures compliance and proper application of the principles of corporate governance and rules of ethics.

The skills required for the members of this Committee are as follows: expertise in Human Resources, social and governance issues, dedicated legal issues and compliance issues.

The distribution of these skills between the members as of December 31, 2023 is as follows:

	Legal / Compliance / Risks	Human Resources / Social / Governance
Dominique Dudan	•	•
Victoire Boissier	•	•
Élisabeth Cunin		•
Éric Le Gentil	•	•
	75%	**100%**

The main assignments and duties of the Appointments, Compensation and Governance Committee, as well as the work carried out in 2023, are presented below:

Powers	Main duties and work carried out in 2023
Compensation	Preparation of the setting of the compensation awarded to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer
	Compensation policy for corporate officers
	Review of proposed share subscription or purchase option and bonus share plans for employees and managers to enable the Board of Directors to set the overall total and/or individual number of warrants, options or shares awarded and the associated terms and conditions
Appointments	Review of the structure, size and composition of the Board of Directors and Specialized Committees
	Identification of priority skills in future director appointments
	Review of directors' independence and potential conflicts of interest
	Review of the candidacy of Maël Aoustin as director
	Review of the composition and Chairmanship of the Committees
	Succession plan for executive corporate officers and key positions in the Company
Governance	Review of the draft corporate governance report
	Preparation and updating of the Rules of Procedure of the Board of Directors, the Committee charters and the Stock Market Code of Ethics
	Review of changes in corporate governance rules and identification of emerging practices in corporate governance in France
	Verification of compliance with governance rules within the Board
	Assessment of the operation of the Board of Directors
	Review of the specific powers to be granted to Senior Management with regard to sureties, endorsements and guarantees, loans and credit lines, and well as the issue of bonds and commercial papers
	Review of the terms and conditions for the call for tenders and formal assessment of the operation of the Board of Directors
	Review of recommendations from proxy advisory firms
Human Resources	Review of the Company's workplace diversity, equality and equal pay policy
	Human Resources update: talent retention, workforce and organizational development

Vincent Ravat, Chief Executive Officer, attended some of the Committee's meetings in 2023.

The Committee benefited from presentations by the Secretary of the Board and the Director of Human Resources.

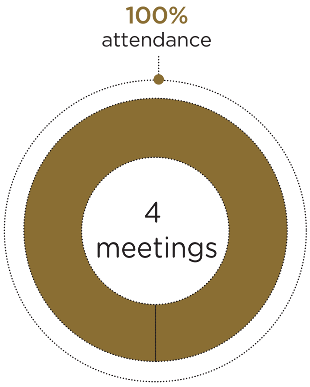
The Appointments, Compensation and Governance Committee has an organization and operating charter. It is available on the Company's website at: www.mercialys.com.

B. Calendar of Appointments, Compensation and Governance Committee meetings during 2023 and attendance arrangements

	02/13/2023	04/25/2023	10/18/2023	12/06/2023
Dominique Dudan * – Chairwoman	Physical presence	Physical presence	Physical presence	Physical presence
Victoire Boissier *	Physical presence	Physical presence	Physical presence	Physical presence
Élisabeth Cunin *	Physical presence	Physical presence	Physical presence	Physical presence
Jacques Dumas *(until April 27, 2023)*	Physical presence	Attendance via telephone or video conferencing	-	-
Éric Le Gentil	Physical presence	Physical presence	Physical presence	Physical presence

* *Independent director.*

Physical presence — Attendance *via* telephone or video conferencing — Non attendance



C. Composition on February 15, 2024

On February 14, 2024, the Board of Directors decided to change the composition of the Appointments, Compensation and Governance Committee as follows:

- Dominique Dudan, Chairwoman of the Committee, independent director,
- Victoire Boissier, independent director,
- Élisabeth Cunin, independent director, it being specified that she will lose this capacity on June 6, 2024,
- Éric Le Gentil,
- Pascale Roque, independent director,

i.e. 80% independent members, falling to 60% on June 6, 2024.

4.1.5.3 Strategy and Transformation Committee

A. Duties, responsibilities and activity during 2023

The Strategy and Transformation Committee's mission is to:

- prepare the Board's work on strategic guidelines;
- review the investment and asset rotation strategy;
- issue an opinion on the annual investment budget;
- study any investment or divestment plan for the Company.

It is involved in determining the strategy and monitoring of Mercialys' activity and issues recommendations on the prior authorizations that the Board of Directors is called upon to give to Senior Management.

The Board ensures that the members of this Committee have expertise in the following areas:

- Real estate/Construction/Urban planning;
- Environment/Climate;
- Retail/Customer service; or
- Innovation/Marketing/Information systems

The distribution of these skills between the members as of December 31, 2023 is as follows:

	Real estate/Construction/ Urban planning	Environment/Climate	Retail/Customer services	Innovation/Marketing/ Information systems
Élisabeth Cunin	•		•	•
Stéphanie Bensimon	•	•	•	
Jean-Louis Constanza		•	•	•
Dominique Dudan	•	•	•	
Éric Le Gentil	•	•	•	
Vincent Ravat	•	•	•	•
	83%	83%	100%	50%

The main powers and duties of the Strategy and Transformation Committee, as well as the work carried out in 2023, are presented below:

Powers	Main duties and work carried out in 2023
Strategy review	Preparation of the work of the Board of Directors on the Group's strategic guidelines, in particular development priorities, opportunities for external growth or arbitration, significant partnership agreements and transactions involving the Company's share capital and review of the related investment and disposal amounts
	Review of the investment strategy and verification of the consistency of planned acquisitions and disposals with this strategy
	Issuance of recommendations in connection with the various extension, acquisition and asset disposal proposals submitted to the Board of Directors
	Review of the progress of certain previously authorized projects, as well as changes in the Group's development project portfolio
	Analysis of the market environment, activity and health of retailers
Competition monitoring	Monitoring of changes in the Group's competitive environment
Monitoring of development plans	Implementation and monitoring of any Group development plans established by the Board of Directors

Elizabeth Blaise, Deputy Chief Executive Officer, attended all Committee meetings in 2023.

The Committee also heard from:

- the Director of Arbitrage and Acquisitions;
- the Director of Real Estate Operations; and
- an Asset Management Manager.

Its opinions are adopted by simple majority.

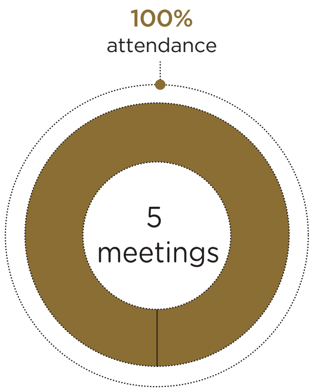
The Strategy and Transformation Committee has an organization and operating charter. It is available on the Company's website at: www.mercialys.com.

B. Calendar of Strategy and Transformation Committee meetings during 2023 and attendance arrangements

	02/13/2023	04/25/2023	06/14/2023	10/18/2023	12/06/2023
Élisabeth Cunin * – Chairwoman	Physical presence	Physical presence	Physical presence	Physical presence	Physical presence
Stéphanie Bensimon *	Physical presence	Attendance via telephone or video conferencing	Attendance via telephone or video conferencing	Attendance via telephone or video conferencing	Attendance via telephone or video conferencing
Jean-Louis Constanza * *(since January 1, 2023)*	Physical presence	Physical presence	Physical presence	Attendance via telephone or video conferencing	Physical presence
Dominique Dudan *	Physical presence	Physical presence	Physical presence	Physical presence	Physical presence
Éric Le Gentil	Physical presence	Physical presence	Attendance via telephone or video conferencing	Physical presence	Physical presence
Vincent Ravat	Physical presence	Physical presence	Physical presence	Physical presence	Physical presence

* *Independent director.*

Physical presence — Attendance *via* telephone or video conferencing — Non attendance



C. Transformation of the Strategy and Transformation Committee into a Sustainable Investment Committee

At its meeting of February 14, 2024, the Board of Directors decided, following the assessment of its operations (see § 4.1.7, p. 263 *et seq.*), to transform the Strategy and Transformation Committee into a Sustainable Investment Committee.

This Committee is composed as follows:

- Stéphanie Bensimon, Chairwoman of the Committee, independent director,
- Maël Aoustin, independent director,
- Dominique Dudan, independent director,
- Éric Le Gentil,
- Vincent Ravat,

i.e. 60% independent members.

Its duties are to:

- examine the development strategy and ensure the consistency of acquisitions and disposals therewith;
- issue an opinion on the investment plan;
- study any investment or divestment plan for the Company.

4.1.6 Corporate Social Responsibility

Both the Board of Directors and each Committee are involved in CSR matters. The duties and work carried out in this area in 2023 are presented below.

Board of Directors

- Consideration of social and environmental issues in determining the direction of the Company's activity
- Monitoring the progress of the Company's 4 Fair Impacts for 2030 strategy for the period 2020-2030 and modifying the objectives
- Verification of the achievement of CSR objectives
- Approval of the Statement of non-financial performance
- Deliberation on the Company's workplace diversity, equality and equal pay policy
- Monitoring of changes in Human Resources in terms of talent retention, workforce development and organization
- Consideration of CSR skills for the appointment or reappointment of directors
- Setting of performance criteria relating to CSR issues as part of Senior Management compensation

Audit, Risks and Sustainable Development Committee	Appointments, Compensation and Governance Committee	Strategy and Transformation Committee
• Review of the Group's CSR policy guidelines • Determination of CSR objectives and challenges • Verification of the achievement of CSR objectives • Monitoring the implementation of the CSR policy • Review of the Company's exposure to non-financial risks • Monitoring of the process of preparing non-financial information • Review of the Statement of non-financial performance • Review of the relevance and integrity of the CSR information provided to the Board • Assessment of the level of achievement of CSR-related performance criteria, as part of the setting of Senior Management compensation	• Review of the Company's workplace diversity, equality and equal pay policy • Monitoring of changes in Human Resources in terms of talent retention, workforce development and organization • Consideration of CSR skills in its recommendations on the appointment or renewal of directorships • Preparation for the setting of CSR-related performance criteria in the context of Senior Management compensation	• Consideration of social and environmental aspects when reviewing strategic projects

Stéphanie Bensimon, Chairwoman of the Audit, Risks and Sustainable Development Committee, is responsible for monitoring the CSR approach. As such, she gathers the information that must be provided by Mercialys' teams to the Committee so that its members have a full understanding and can comment on both the objectives set out in the Company's ten-year CSR strategy, as well as real estate and financial issues and those related to the mapping of the risks induced by this policy. She reports the Committee's conclusions and recommendations on the entire CSR approach to the Board of Directors.

4.1.7 Assessment of the operation of the Board of Directors

In accordance with the AFEP-MEDEF Code, the Rules of Procedure provide for an annual assessment of the operation of the Board of Directors by the Appointments, Compensation and Governance Committee. The latter is tasked with organizing the implementation of this recommendation, assisted by an outside consultant if it so wishes. In addition, individual meetings are held every year between the Chairman of the Board and each director. They are an opportunity to feed back on the assessment of the individual contribution of the directors.

During the second half of 2023, following a call for tenders, the Appointments, Compensation and Governance Committee entrusted the assessment of the operation of the Board to an independent external consultant, as in 2017 and 2020. This consultant sent out a questionnaire and then met individually with each director. All discussions held were confidential. It presented its report to the Appointments, Compensation and Governance Committee and to the Board.

In particular, the following points were covered:

- size and composition of the Board;
- organization and operation of the Board;
- individual contribution of each director;
- areas of expertise of the Board and subjects dealt with;
- relations between the Board, the Chairman, Senior Management and the Management Committee;
- terms of office and compensation;
- organization and operation of the Committees, role of the Committee Chairs;
- risk management.

At the end of 2022, the Secretary of the Board carried out an internal assessment of the operation of the Board, at the request of the Appointments, Compensation and Governance Committee. It was based on the analysis of questionnaires submitted in confidence by the directors.

Outcome

The 2022 and 2023 assessments revealed very good governance at Mercialys. All the directors stated that they were satisfied with the smooth operation and composition of the Board and its Committees. Relations maintained with the Chairman of the Board and Senior Management were praised. The information provided and the discussions held are deemed to be of high quality. The Committees' contribution to the Board's work is positive. The directors appreciate the work carried out by the Committee Chairs.

A few areas for improvement were highlighted. The Board of Directors took note of this assessment, acknowledged the areas for improvement proposed and introduced measures to this effect.

	Main areas for improvement	Actions taken and measures to be implemented
2022	Strengthen the information provided on **competitors**	More detailed presentations of competitors' initiatives and achievements were made at the end of 2022, as well as in 2023
	Further strengthen **strategy**-related information and discussions	A reminder of the strategic orientations recorded will be issued regularly and more time will be devoted to the review of these orientations by the Board of Directors
	Provide more information on **innovation**	A presentation was made on this subject in December 2022
	Increase the involvement of the members of the **Management Committee** in Board and Committee meetings	Members of the Management Committee and other employees were invited more frequently in 2023
	Appoint an additional member to the **Audit, Risks and Sustainable Development Committee**	Maël Aoustin joined said Committee in 2023
2023	More in-depth handling of certain subjects: **crisis management, cybersecurity** and **artificial intelligence**	The Audit, Risks and Sustainable Development Committee and the Board reviewed the cybersecurity system in 2023. This point was added to the Board's Rules of Procedure. The other two topics will be addressed in 2024
	In the event of a future recruitment, strengthen **the Board's skills** in the following areas, in no order of priority: • urban planning and exposure to local authorities • expertise in digital technology and artificial intelligence • legal and governance expertise • CSR and possibly seek an experienced non-French national	The Board plans to recruit a new member in 2025 and will take these considerations into account
	Leave more room for **debate**	There are plans to reduce the time devoted to presentations to allow time for more discussions
	Ensure equal **information** for directors who are not members of the **Committees** by sharing agendas and minutes in advance	The agendas of Committee meetings are sent to the directors prior to Board meetings. The reports will be more exhaustive
	Consider the opportunity to create a **CSR Committee**	For the time being, the Board is satisfied with the treatment of CSR by its 3 existing Committees
	Consider modifying the duties of the Strategy and Transformation Committee and organizing dedicated **strategy** Board meetings	All directors were invited to the meeting of this Committee in December to take part in a broader debate on strategy. The Board decided to: • transform the Strategy and Transformation Committee into a Sustainable Investment Committee, so that the onus on strategy is returned to the Board, and • organize strategy seminars twice a year
	Organize a half-day dedicated to the presentation of the entire **management team**	This request is taken into account
	Organize informal **social** events to strengthen **relations** between directors	This request is taken into account

4.1.8 Ethics

The Board of Directors' Rules of Procedure, and in particular Section V thereof, set out the ethics rules to be respected by the directors. It indicates that each director must perform their duties in accordance with the rules of independence, ethics, loyalty and integrity. In particular it includes instructions concerning:

- directors' duty to inform;
- defending the corporate interest;
- the prevention and management of conflicts of interest;
- the diligence of directors;
- the protection of confidentiality; and
- ownership by the directors of shares in the Company.

The measures relating to the prevention of insider trading have also been grouped together, in the Stock Market Code of Ethics, to which the Rules of Procedure expressly refer. This Code was adopted in 2017 and updated most recently in June 2022. These documents may be consulted on the Company's website: www.mercialys.com.

Section V of the Rules of Procedure specifies that before accepting their assignment, each director must read:

- the legal and regulatory texts relevant to their position;
- applicable governance codes and best practices; as well as
- requirements specific to the Company resulting from the articles of association and Rules of Procedure.

Directors have a duty to request the information which they believe necessary to fulfill their role. To this end, they must submit a request to the Chairman of the Board of Directors, within the appropriate time limits, for all useful information required to effectively participate in meetings with respect to the matters on the Board's agenda.

In 2015, the Board of Directors decided to modify or complete its existing internal procedures and thus consolidate the good governance approach. A decision was therefore made to introduce a process of reviewing all related-party agreements.

With regard to the rules relating to the prevention and management of conflicts of interest, the Rules of Procedure specify that each director has an obligation to inform the Board of Directors of any actual or potential conflict of interest in which he or she could be directly or indirectly involved. In this case, he/she must abstain from attending the discussions and the vote on the corresponding deliberation. Furthermore, each director shall consult the Chairman of the Board of Directors before becoming involved in any business activity or accepting any position or obligation that may place them in a situation of actual or potential conflict of interest. The Chairman may refer such matters to the Appointments, Compensation and Governance Committee and/or the Board of Directors.

In addition to the aspects directly related to governance and their role, the directors are also informed of the Company's overall approach to ethics, in particular through the mandatory annual training provided to all employees. This relates in particular to:

- the fight against money laundering and financing of terrorism;
- preventing corruption and managing conflicts of interest;
- stock market ethics; and
- Human Resources aspects.

4.1.8.1 Procedure for prior review of related-party agreements by the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee (1)

The Board of Directors has established a systematic review procedure for related-party agreements (by involving the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee), over and above the procedure for regulated agreements as provided for by the French Commercial Code.

Thus, the Board of Directors has implemented a prior review procedure by the Audit, Risks and Sustainable Development Committee or by the Strategy and Transformation Committee, according to the nature of the agreement in question, before presentation to the Board of Directors for information or authorization of all agreements starting at the thresholds it has defined, with some exceptions between Mercialys or its wholly-owned subsidiaries and a related party.

A related party means:

(i) any person or entity directly or indirectly holding 10% or more of the Company's share capital or voting rights;

(ii) any executive of the Company;

(iii) any entity having an executive in common with the Company;

(iv) any entity controlled by, or controlling, directly or indirectly, a person or entity referred to in (i) or (ii) above.

Regulated agreements entered into by the Company are also subject to this procedure, regardless of their amount. At the request of Senior Management, this procedure may also be applied to any agreement that does not fall within the scope of this procedure, due to its characteristics. The Board of Directors may also, at the request of the Chairman of the Board of Directors, the Chairman of the Audit, Risks and Sustainable Development Committee, or the Chairman of the Strategy and Transformation Committee, decide to entrust to an *ad hoc* Committee the prior review of an agreement with a specific related party due to the nature and importance of the proposed transaction.

A specific organization and operational charter for the procedure was established and approved by the Board of Directors, after an opinion from the Audit, Risks and Sustainable Development Committee. The Board of Directors' Rules of Procedure also include provisions relating to the principle of prior review of related-party agreements by the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee.

(1) *Renamed the Sustainable Investment Committee on February 15, 2024.*

4.1.8.2 Procedure for prior review of ordinary agreements by the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee (1)

As part of the transposition of Directive (EU) No. 2017/828 of May 17, 2017 establishing a mechanism for the management of agreements between listed companies and their "related parties," the Law of May 22, 2019 (Pacte Law) has reinforced the procedure for the verification of agreements covered by Article L. 225-38 of the French Commercial Code. It encourages Boards of Directors to regularly assess so-called "ordinary" agreements, entered into under normal conditions (Article L. 22-10-12 of the French Commercial Code).

As mentioned in § 4.1.8.1 above, the Board has adopted, in the context of the prevention of conflicts of interest and the protection of non-controlling interests, a charter on regulated agreements and commitments which entrusts the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee, depending on the purpose of the agreement, with the prior review of:

(i) significant related-party agreements;

(ii) agreements classified as regulated agreements from the first euro; and

(iii) any other agreement between related parties by nature of its characteristics, at the request of Senior Management.

The Board of Directors has decided to assign the legal duty of the annual assessment of "unregulated" agreements to the Audit, Risks and Sustainable Development Committee or the Strategy and Transformation Committee, depending on the purpose of the agreement. The Committee thereby responsible for this task will provide a report and its opinion to the Board of Directors when the Board carries out its annual review of prior regulated agreements.

The charter on related-party agreements now includes the system for the regular assessment of ordinary agreements entered into by Mercialys. It includes:

- a reminder of the main aspects of French law applicable to regulated agreements;
- a reminder of agreements falling outside the scope of Article L. 225-38 of the French Commercial Code;
- the principles for classifying agreements entered into by the Company, also referring to the criteria adopted by jurisprudence and the French Statutory Auditors' association (*Compagnie Nationale des Commissaires aux Comptes*). The criteria are shared with the Statutory Auditors;
- a typology of ordinary agreements;
- the preparation of an annual report from Senior Management to the relevant Committee(s) concerning the assessment of the criteria for classifying agreements covered by Article L. 225-38 of the French Commercial Code and agreements classified as ordinary agreements;
- the assessment work by the relevant Committee, which can make use of any expert opinion and recommend to the Board that a particular agreement should be reclassified as a regulated agreement or an "ordinary agreement" as a result of its analysis table, or that the criteria should be modified.

The charter is available on the Company's website at: www.mercialys.com.

4.1.8.3 Convictions

To the best of the Company's knowledge, no member of the Board of Directors has, over the past five years:

- been convicted for fraud or been charged and/or publicly sanctioned by statutory or regulatory authorities;
- been associated as a senior executive with a bankruptcy, receivership or liquidation;
- been banned by a court from acting as a member of an administrative, managerial, or supervisory body of a publicly traded company, or from being involved in the management or conduct of a publicly traded company.

4.1.8.4 Restrictions accepted by the members of the Board of Directors concerning the disposal of their shares

Pursuant to the Company's articles of association, each director should own at least 100 Mercialys shares. The Rules of Procedure specify that it is desirable that this shareholding corresponds to the equivalent of one year of compensation in respect of their directorship. The calculation is carried out:

- assuming their attendance, over a given fiscal year, at all meetings of the Board and the Committees to which they belong, excluding any compensation related to the Chairmanship of a Committee; and
- by using the weighted average price of Mercialys shares for the previous fiscal year as the value.

In addition, at the end of their 3-year vesting period, Vincent Ravat must retain the following in registered form:

- 100% of his shares acquired in respect of his long-term compensation for a period of at least 2 years following their vesting; and
- 50% of said shares until the end of his duties as corporate officer. For the bonus shares that will be allocated on April 25, 2024, the obligation to retain 50% of the shares acquired for more than two years will continue to apply only until the total amount of shares held represents 300% of his last gross annual fixed compensation. The amount will be determined at the beginning of each year on the basis of the weighted average price of Mercialys shares for the previous fiscal year.

Subject to the above, to the best of the Company's knowledge, there are no restrictions on the directors concerning the disposal of their investment in the Company's equity capital other than the applicable statutory or regulatory provisions, regarding in particular the undertaking to refrain from trading in Mercialys' securities as part of the prevention of misconduct and insider trading.

Each individual director undertakes not to short sell these securities, directly or indirectly, as Company shares held by directors must also be "pure registered" or "administered registered" in accordance with legal and regulatory requirements.

(1) *Renamed the Sustainable Investment Committee on February 15, 2024.*

4.1.8.5 Insider trading prevention

The Company has a Stock Market Code of Ethics, which was last updated in February 2023. This Code includes a description of:

1. applicable legal and regulatory provisions;
2. the definition of insider information;
3. measures taken by the Company to prevent insider trading;
4. obligations of persons having access to insider information; and
5. penalties incurred.

The Code applies to corporate officers, persons closely linked to them, employees, and more generally to persons who may have access to sensitive or insider information.

It institutes:

- a Stock Market Ethics Committee, tasked primarily with answering any questions relating to the application of the Stock Market Code of Ethics; and
- an Inside Information Committee, tasked with assessing the potentially privileged nature of a piece of information.

The Stock Market Code of Ethics, just like the Board of Directors' Rules of Procedure, refers to observance of the prohibition against executing any transactions relating to the Company's securities and financial instruments:

- within a period of thirty calendar days prior to the announcement of an interim financial report or an end-of-year report that Mercialys is required to make public;
- starting from the date when a person has insider information and until such information ceases to be insider information, in particular because it has been publicly disclosed.

4.1.8.6 Diligence and accumulation of directorships

The Board of Directors' Rules of Procedure state that directors are required to devote the necessary time and attention to their duties. They must endeavor to be diligent and attend all Board of Directors meetings, General Meetings of shareholders, and meetings of Committees of which they are members. The procedures for setting and allocating directors' compensation adopted by the Company are in accordance with the AFEP-MEDEF Code which recommends that the variable component linked to diligence should be predominant.

The Board of Directors' Rules of Procedure remind directors that they are required to comply with the statutory rules and with the recommendations of the AFEP-MEDEF Code, which state as follows:

- executive corporate officers shall not hold more than two other directorships in listed companies outside its group, including foreign companies, and shall request the Board's opinion before accepting a new corporate office in a listed company outside the Group;
- directors shall not hold more than four other directorships in listed companies outside the Group, including foreign companies. This recommendation applies at the time of the appointment or of later renewal to the directorship. Each director will inform the Company of any offices held in other French or foreign companies. They will inform the Company of any new office or professional responsibility without undue delay.

It has been verified that no directors whose directorships coming up for renewal at the Annual General Meeting are in a position whereby they are exceeding the guidelines for simultaneous directorships.

4.1.9 Conflicts of interest involving directors or Senior Management

To the best of the Company's knowledge, there are no potential conflicts of interest between the obligations of any member of the Board of Directors or Senior Management as regards the Company and his/her private interests.

There are no Service agreements in place between Mercialys and the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer, or any of the directors. No agreement has been directly or indirectly entered into between a subsidiary of Mercialys and a manager or significant shareholder of the Company. The Company has not granted or constituted any loans or guarantees to any members of its Board of Directors.

Furthermore, to the best of the Company's knowledge, there are no family ties between members of its Board of Directors.

The duties entrusted to the Specialized Committees, on which sit independent directors, make it possible to prevent conflicts of interest.

4.2 Compensation and benefits paid to directors and corporate officers

4.2.1 Directors' compensation and benefits

4.2.1.1 Principles of the compensation policy for directors

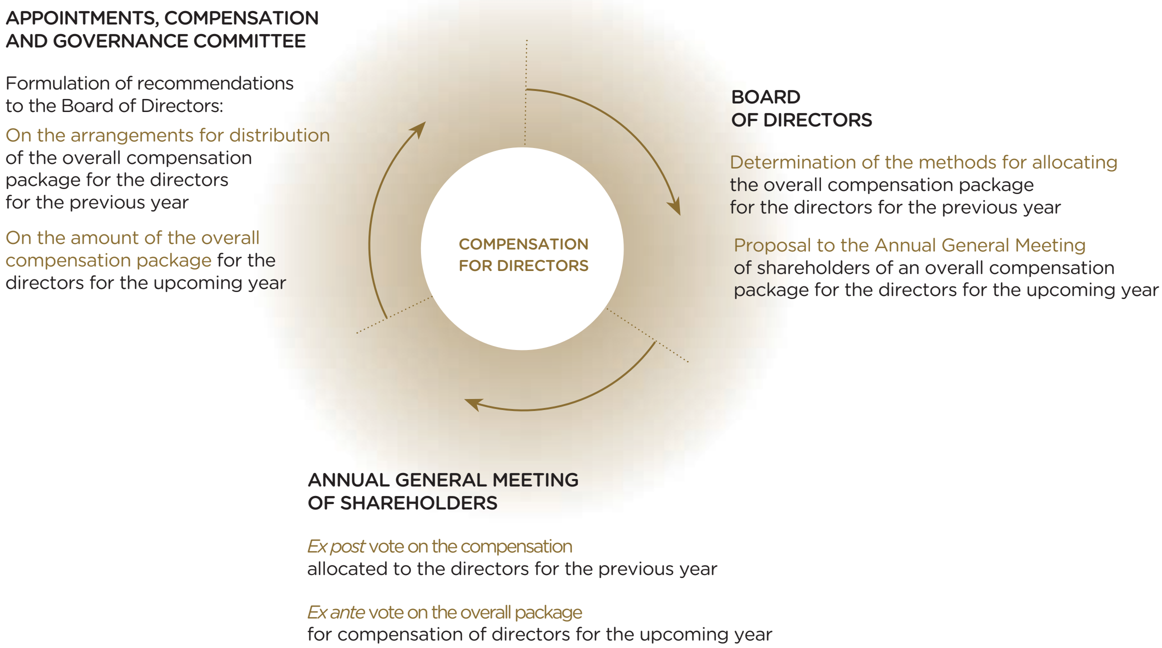
Several years ago, Mercialys introduced a compensation policy for directors which is intended to be balanced, virtuous and favorable to the Company's corporate interest. Accordingly, the Directors receive compensation in return for sharing their expertise and for their involvement in good governance of the Company, both of which are sources of sustainable development. Mercialys complies scrupulously with the recommendations of the AFEP-MEDEF Code in this domain. In particular it takes all necessary steps to avoid situations leading to potential conflicts of interest, including those that may concern determination of the compensation (the independence of the directors is assessed annually by the Appointments, Compensation and Governance Committee). These procedures are detailed in § 4.1.1, 4.1.8 and 4.1.9, p. 228, *et seq*. and p. 265 *et seq*.

The principles Mercialys applies to its compensation policy for directors are:

- **membership of one or more governance bodies:** the directors' participation in Specialized Committees gives rise to the allocation of additional compensation. The Chairpersons of the Committees and of the Board also receive specific compensation in this capacity;
- **the workload and the level of responsibility involved in belonging to Specialized Committees:** the effort and time directors devote to the Company are taken into account;
- **the attendance:** compensation for directors includes a variable component that is larger than the fixed component, based on their effective individual rate of attendance at Board of Directors' and Specialized Committees' meetings. The variable component of compensation for directors and/or Committee members who have been absent is not reallocated, except in exceptional circumstances;
- **the possibility of exceptional compensation:** in the case of specific events or situations that result in extraordinary meetings of the Specialized Committees or Board of Directors, additional compensation may be allocated to all or some of the directors.

Mercialys determines and allocates the annual package for director compensation in accordance with the traditional procedure illustrated below:

METHODS FOR DETERMINING THE COMPENSATION POLICY FOR DIRECTORS



4.2.1.2 Directors' compensation for fiscal year 2023

The General Meeting of April 27, 2023 set the overall compensation package for members of the Board of Directors and of the Specialized Committees at Euro 370,000, in accordance with the principles of the aforementioned policy.

On the basis of recommendations from the Appointments, Compensation and Governance Committee, the Board of Directors, at its meeting of December 6, 2023, approved the terms and conditions for the allocation of directors' compensation for fiscal year 2023, which are as follows:

- the annual unitary amount for compensation of members of the Board of Directors is set at Euro 16,000. This compensation consists of a fixed component and a variable component awarded on the basis of attendance:

	Board of Directors
Fixed annual unitary amount	€5,000
Variable annual unitary amount (for 100% attendance)	€11,000

- additional compensation is paid to members of the Specialized Committees. It consists of a fixed component and a variable component. The amounts set for each Committee are as follows:

	Strategy and Transformation Committee	**Audit, Risks and Sustainable Development Committee**	**Appointments, Compensation and Governance Committee**
Fixed annual unitary amount	€4,000	€4,000	€4,000
Variable annual unitary amount (for 100% attendance)	€10,000	€10,000	€10,000
Additional amount paid to the Committee Chairperson	€6,000	€6,000	€6,000

Note that:

- the individual or additional compensation indicated above is paid *prorata temporis* depending on the date on which directorships began or ended;
- this compensation is paid in the month following the closing of each fiscal year;
- the corporate officers of Mercialys benefit from an insurance policy taken out by the Company and covering the civil, personal or joint liability of all its senior executives and corporate officers, including those of its subsidiaries, whether directly or indirectly owned. The tax authorities have ruled that this insurance policy covers the risks inherent in corporate officers' activity and that the insurance premium paid by the Company does not, therefore, constitute a taxable benefit.

On this basis, the total gross amount of compensation paid in January 2024 in respect of fiscal year 2023 to members of the Board of Directors and of the Specialized Committees was increased to Euro 356,454 from Euro 299,931 in respect of fiscal year 2022.

The tables below detail the compensation paid by Mercialys in 2022, 2023 and 2024 to each of the directors. It is stipulated that no compensation was paid by the companies it controls, and that the Company is not controlled within the meaning of Article L. 233-16 of the French Commercial Code.

It should be noted that the information concerning Éric Le Gentil, Chairman of the Board of Directors, and Vincent Ravat, Director and Chief Executive Officer, is also presented in full in § 4.2.2.2, B, p. 278 *et seq.* and § 4.2.2.4, B, p. 284 *et seq.*

COMPENSATION PAID TO DIRECTORS IN 2022 AND 2023 (IN RESPECT OF FISCAL YEARS 2021 AND 2022)

(in euros)	Amounts paid in 2022	Amounts paid in 2023
Stéphanie Bensimon	45,000	43,786
Victoire Boissier	35,000	36,458
Jean-Louis Constanza	-	2,236 (3)
Élisabeth Cunin	44,010	43,583
Dominique Dudan	43,490	45,000
Jacques Dumas	11,900 (1)	26,250
David Lubek	6,875 (1)	5,366 (4)
Sébastien Pezet	0 (2)	0
Vincent Ravat	-	13,575 (5)
Pascale Roque	25,000	26,250
Michel Savart	20,000 (1)	9,934 (6)
Bruno Servant	0 (2)	-
Generali Vie	15,000 (2)	7,493 (2)
Subtotal excluding Éric Le Gentil, Chairman of the Board of Directors	**246,275**	**259,931**
Éric Le Gentil	40,000	40,000
TOTAL	**286,275**	**299,931**

(1) The individual or additional compensation for members representing or employed by the former majority shareholder, the Casino group, or its group of controlled companies, was limited to 50% of the amounts set for other members in respect of fiscal year 2021.
(2) Resignation of Generali Vie, represented by Sébastien Pezet, on July 1, 2022. Generali Vie received its compensation directly as a director on the Mercialys Board of Directors. Bruno Servant, permanent representative of Generali Vie until April 22, 2021, and Sébastien Pezet, permanent representative of Generali Vie since April 22, 2021, have waived their compensation as members of the Strategy and Transformation Committee.
(3) Co-option of Jean-Louis Constanza on October 20, 2022.
(4) Resignation of La Forézienne de Participations, represented by David Lubek, on April 28, 2022.
(5) Co-option of Vincent Ravat on June 15, 2022.
(6) Resignation of Michel Savart on April 26, 2022.

COMPENSATION PAID TO DIRECTORS IN 2024 (IN RESPECT OF FISCAL YEAR 2023)

			Specialized Committees						
	Board of Directors		Strategy and Transformation Committee		Audit, Risks and Sustainable Development Committee		Appointments, Compensation and Governance Committee		
(in euros)	Fixed component	Variable component	Fixed component	Variable component	Fixed component	Variable component	Fixed component	Variable component	Total
Maël Aoustin (1)	3,411	7,857			2,729	5,000			18,997
Stéphanie Bensimon	5,000	11,000	4,000	10,000	10,000	10,000	-	-	50,000
Victoire Boissier	5,000	9,429	-	-	4,000	10,000	4,000	10,000	42,429
Jean-Louis Constanza	5,000	11,000	4,000	10,000	-	-	-	-	30,000
Élisabeth Cunin	5,000	11,000	10,000	10,000	-	-	4,000	10,000	50,000
Dominique Dudan	5,000	11,000	4,000	10,000	-	-	10,000	10,000	50,000
Jacques Dumas (2)	1,603	3,143	-	-	-	-	1,282	5,000	11,028
Vincent Ravat	5,000	11,000	4,000	10,000	-	-	-	-	30,000
Pascale Roque	5,000	11,000	-	-	4,000	10,000	-	-	30,000
Subtotal excluding Éric Le Gentil, Chairman of the Board of Directors	**40,014**	**86,429**	**26,000**	**50,000**	**20,729**	**35,000**	**19,282**	**35,000**	**312,454**
Éric Le Gentil	5,000	11,000	4,000	10,000	-	-	4,000	10,000	44,000
TOTAL	**45,014**	**97,429**	**30,000**	**60,000**	**20,729**	**35,000**	**23,282**	**45,000**	**356,454**

(1) Appointment of Maël Aoustin as Director by the General Meeting of April 27, 2023.
(2) End of the term of office of Jacques Dumas at the end of the General Meeting of April 27, 2023.

ATTENDANCE RATE AT MEETINGS OF THE BOARD OF DIRECTORS AND SPECIALIZED COMMITTEES

4.2.1.3 Compensation policy for directors in respect of 2024

The Board of Directors intends to propose at the General Meeting to be held on April 25, 2024 to increase the overall annual compensation package for directors to Euro 440,000.

Due to the increase in the missions entrusted to the Board, it has been decided to increase the variable portion of the compensation paid to Board members. The Company benchmarked comparable companies (sector, or capitalization and free float) [1]. Thus modified, individual compensation remains significantly below the average of this benchmark.

In addition, the increase in this package would allow the appointment of a tenth member in 2025 in order to further strengthen the diversity of skills on the Board of Directors.

The conditions for the distribution of directors' compensation would be as follows:

- the annual unitary amount of compensation for members of the Board of Directors would be increased from Euro 16,000 to Euro 18,000. This compensation consists of a fixed component which would remain unchanged and a variable component awarded on the basis of attendance:

	Board of Directors
Fixed annual unitary amount	€5,000
Variable annual unitary amount (for 100% attendance)	€13,000

- additional compensation is paid to members of the Specialized Committees. This would remain unchanged. This compensation consists of a fixed component and a variable component awarded on the basis of attendance. Additional amount paid to the Committee Chairperson:

	Strategy and Transformation Committee / Sustainable Investment Committee	Audit, Risks and Sustainable Development Committee	Appointments, Compensation and Governance Committee
Fixed annual unitary amount	€4,000	€4,000	€4,000
Variable annual unitary amount (for 100% attendance)	€10,000	€10,000	€10,000
Additional amount paid to the Committee Chairperson	€6,000	€6,000	€6,000

In addition, unchanged from previous years:

- the individual or additional compensation indicated above will be paid *prorata temporis* depending on the date on which directorships began or ended;
- this compensation is paid in the month following the closing of each fiscal year;
- the corporate officers of Mercialys benefit from an insurance policy taken out by the Company and covering the civil, personal or joint liability of all its senior executives and corporate officers, including those of its subsidiaries, whether directly or indirectly owned. The tax authorities have ruled that this insurance policy covers the risks inherent in corporate officers' activity and that the insurance premium paid by the Company does not, therefore, constitute a taxable benefit.

(1) Atos, Carmila, Clariane, Derichebourg, Elior, Fnac Darty, Gecina, Klépierre, Unibail-Rodamco-Westfield and Valneva SE.

4.2.2 Executives' compensation and benefits

4.2.2.1 Principles of the compensation policy for executives

Several years ago, Mercialys introduced a compensation policy for executives which is intended to be balanced, virtuous and aligned with the Company's strategy and such as to contribute to its long-term performance. The Board of Directors is aware of the responsibility associated with setting the compensation and objectives of the executives, and has therefore decided to adopt best industry practices, ensuring that the compensation policy will motivate executives, secure their loyalty and reward their performance. The structure of these policies aims to comply with best practices by incorporating recommendations from stakeholders such as proxy advisors and regulatory authorities.

Its approach is based on 3 structuring principles:

1. objective recognition of performance;
2. valuation of non-financial aspects;
3. convergence of internal and external interests.

Objective recognition of performance	Valuing sustainability dimensions	Convergence of internal and external interests
• Compensation linked to the Company's performance, *via* predominance of the variable component in the executives' compensation package • Annual and long-term variable compensation of executives consisting exclusively of quantifiable criteria	• Presence of quantifiable CSR criteria (including climate-related) in the annual variable compensation of executives since 2018 • Presence of a quantifiable climate-related CSR criterion in the long-term variable compensation of executives since 2020	• Alignment of the interests of executives and shareholders: long-term variable compensation paid in the form of shares subject to performance, service and ownership criteria • Internal fairness: measurement of differences in executive and employee compensation

Mercialys complies with the recommendations defined by the AFEP-MEDEF Code when determining the compensation policy for its executives, *i.e.* exhaustiveness, balance between the components of compensation, benchmarking, coherence, intelligibility of the rules and measure. Similarly, in accordance with the recommendations relating to the holding of shares by executive corporate officers, the two executive corporate officers of the Company are subject to obligations to retain shares issued under bonus share plans relating to the Company's long-term variable compensation scheme (see cross-reference table in the appendix to this chapter).

Mercialys also complies with the new recommendations included in the revised version of this Code published in December 2022 relating to the implementation of the CSR strategy. It has incorporated criteria related to the Company's social and environmental responsibility into the compensation for executives, at least one criterion being exclusively related to climate objectives.

The compensation policy is reviewed annually by the Board of Directors on the basis of these criteria, after consulting with the Appointments, Compensation and Governance Committee. It is submitted to a vote at the General Meeting of Shareholders in accordance with current regulations (*ex -ante* vote).

Pursuant to the provisions of Article L. 22-10-8, III of the French Commercial Code, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, may decide to adjust the provisions relating to the quantifiable variable components of the compensation for executive corporate officers in the event of exceptional circumstances and on a temporary basis, provided that the changes made are in the corporate interest and are necessary to ensure the Company's sustainability or viability. Events that could give rise to the use of this option are, in particular, any event beyond Mercialys' control that cannot be reasonably predicted or quantified when the compensation policy is approved, such as, in particular, the impacts of the COVID-19 pandemic.

As a reminder, Mercialys, for which the Board of Directors and the Appointments, Compensation and Governance Committee have independence rates of 78% and 75% respectively, has taken the necessary measures to avoid situations of conflicts of interest within its governance bodies (see § 4.1.1, 4.1.8 and 4.1.9, p. 228 *et seq.* and p. 265 *et seq.*) and in particular those that may be used to determine the compensation of its executives.

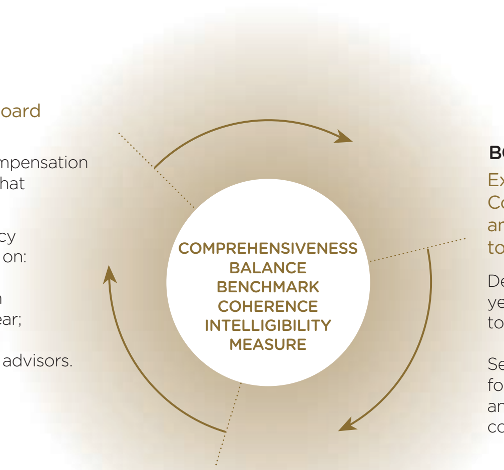
PRINCIPLES AND METHODS FOR DETERMINING THE COMPENSATION POLICY FOR EXECUTIVES

APPOINTMENTS, COMPENSATION AND GOVERNANCE COMMITTEE

Draws up the compensation policy for executives and proposes it to the Board of Directors. Its proposals concern:

On the one hand, determination of the compensation for the elapsed year, in light of the policy that was subject to an

On the other hand, the compensation policy for the upcoming year, based in particular on:
- the Company's strategic priorities;
- the performance of executives in relation to the criteria adopted in the previous year;
- changes in sectoral practices;
- discussions with shareholders and proxy advisors.



BOARD OF DIRECTORS

Examines the proposals from the Appointments, Compensation and Governance Committee and submits the compensation and policies to a vote by the shareholders, in particular:

Decides upon the compensation for the elapsed year in accordance with the policy that was subject to an *ex ante* vote by the Annual General Meeting

Sets the methods of the compensation policy for the upcoming year, in particular the criteria and objectives for the short and long-term variable compensation

ANNUAL GENERAL MEETING OF SHAREHOLDERS

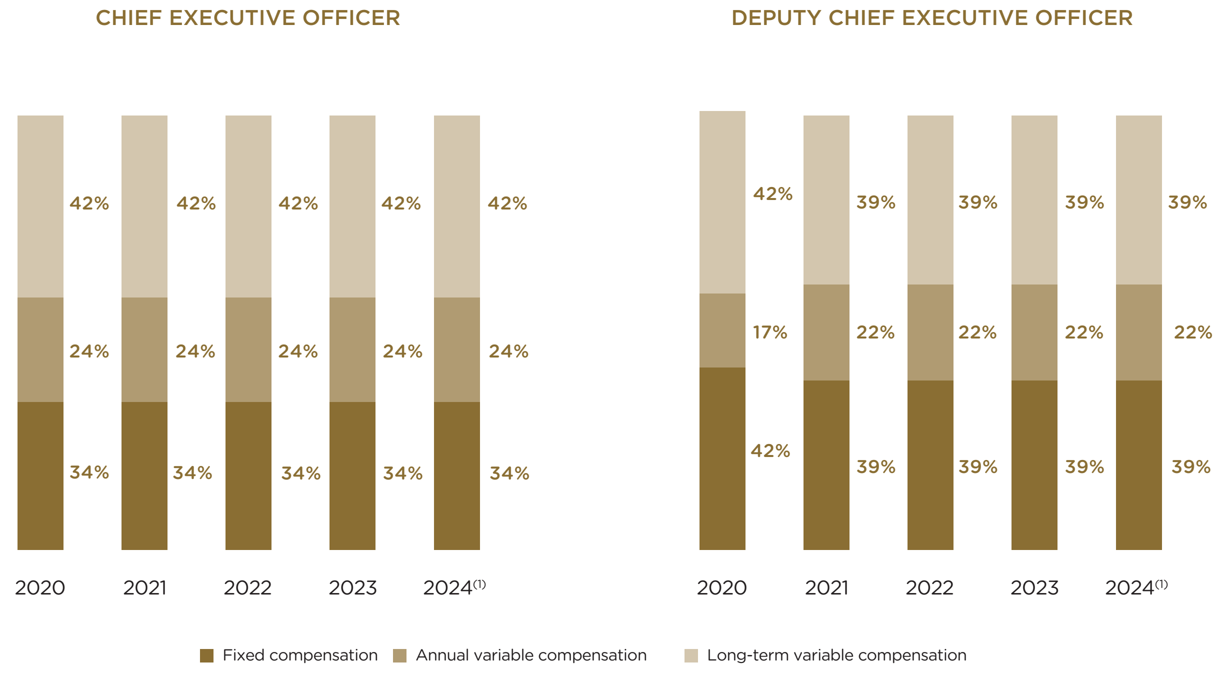
Approves or rejects the compensation and policies proposed by the Board of Directors:

Vote *ex post* on the compensation allocated to the executives for the elapsed year

Vote *ex ante* on the policy for compensation of executives for the upcoming year

CHANGES IN THE STRUCTURE OF THE TOTAL TARGET COMPENSATION FOR EXECUTIVES

(on the basis of the compensation policy in respect of the indicated year)



(1) Subject to approval of the 2024 compensation policy by the Ordinary General Meeting held on April 25, 2024.

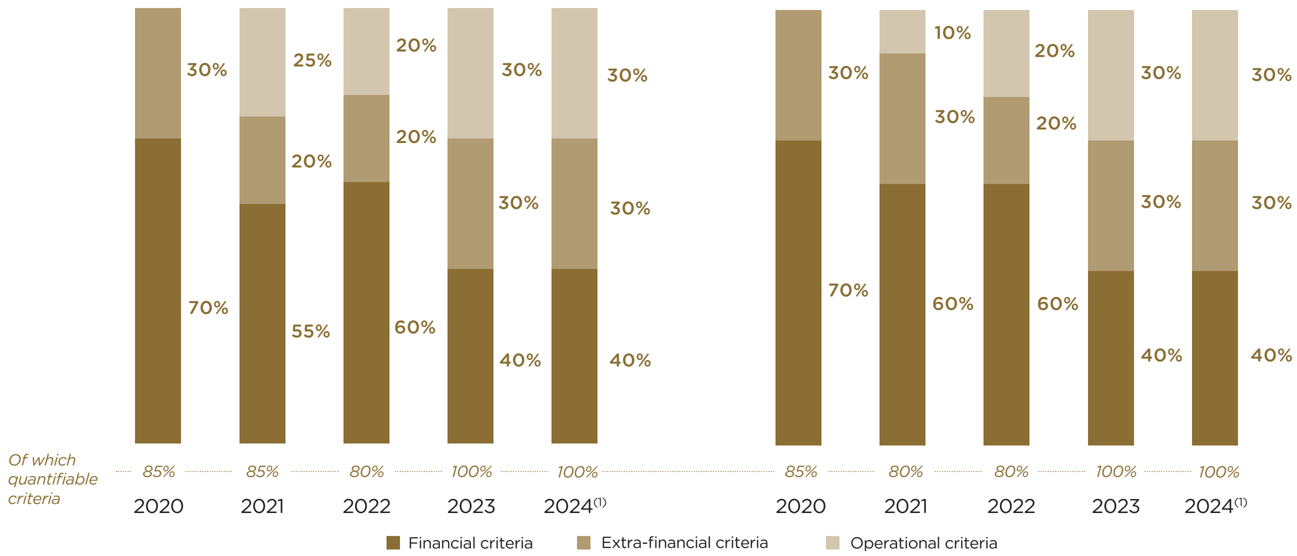
Overall, the compensation policy for Senior Management is structured so as to provide greater compensation for the Company's performance, long-term in particular.

CHANGES IN CRITERIA FOR THE ANNUAL VARIABLE COMPENSATION OF EXECUTIVE OFFICERS

(on the basis of the compensation policy in respect of the indicated year)

CHIEF EXECUTIVE OFFICER

DEPUTY CHIEF EXECUTIVE OFFICER

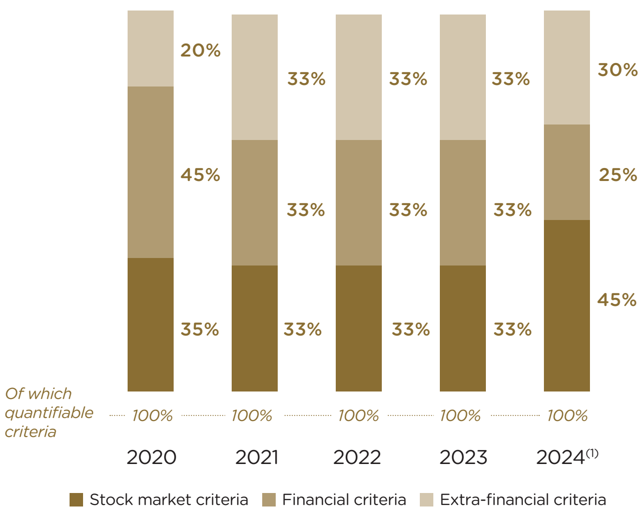


(1) *Subject to approval of the 2024 compensation policy by the Ordinary General Meeting held on April 25, 2024.*

CHANGE IN CRITERIA FOR THE LONG-TERM VARIABLE COMPENSATION OF EXECUTIVE OFFICERS

(on the basis of the compensation policy in respect of the indicated year)

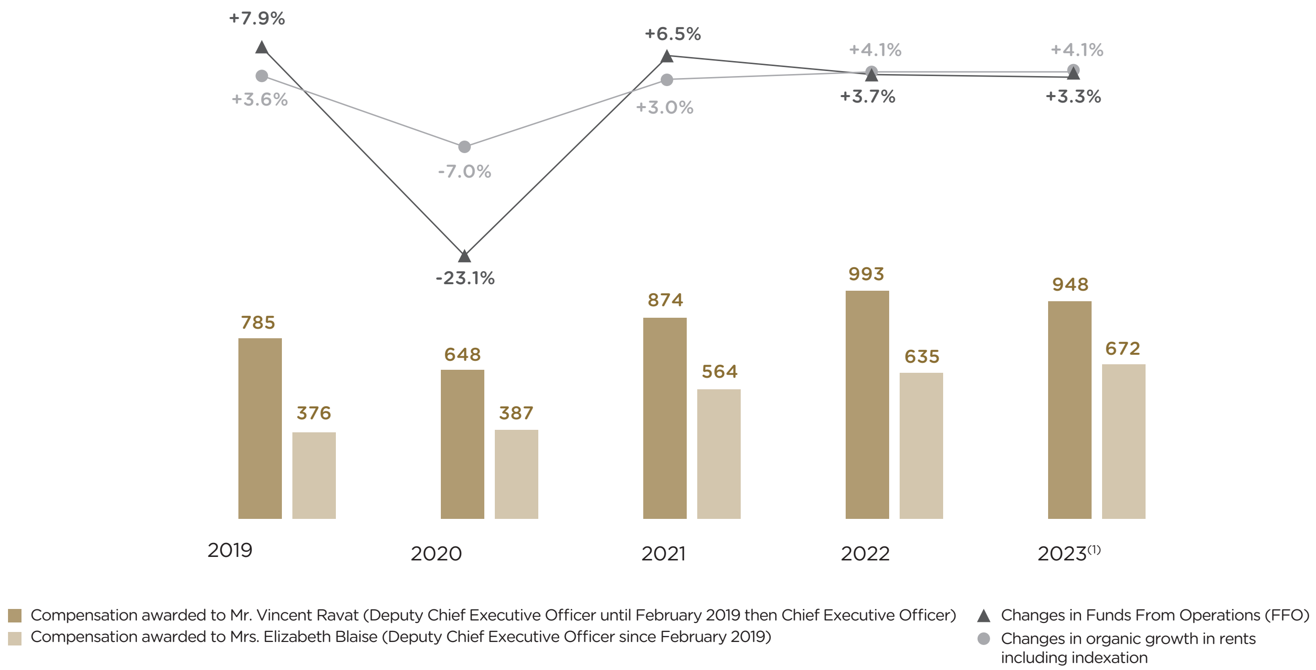
CHIEF EXECUTIVE OFFICER AND DEPUTY CHIEF EXECUTIVE OFFICER



(1) *Subject to approval of the 2024 compensation policy by the Ordinary General Meeting held on April 25, 2024.*

CHANGE IN THE COMPANY'S PERFORMANCE AND COMPENSATION AWARDED TO EXECUTIVE OFFICERS

(in thousands of euros, for the indicated year)



(1) *Subject to approval by the Ordinary General Meeting held on April 25, 2024.*

CHANGES IN DIFFERENCES IN COMPENSATION BETWEEN EMPLOYEES AND EXECUTIVE AND NON-EXECUTIVE OFFICERS (EQUITY RATIOS)

(amounts paid in respect of the year indicated, including payroll taxes and employer contributions – cost charged to the Company)

	2019	2020	2021	2022	2023
Employee compensation					
Average compensation	85,146	82,489	90,443	121,591	120,552
% change	*- 11%*	*- 3%*	*+ 10%*	*+ 34.4%*	*- 0.9%*
Median compensation	74,196	68,558	80,487	110,367	107,129
% change	*- 14%*	*- 8%*	*+ 17%*	*+ 37%*	*- 2.9%*
Chairman of the Board of Directors					
Éric Le Gentil	1,385,892	352,366	361,974	369,705	374,597
% change		*- 75%*	*+ 3%*	*+ 2.1%*	*+ 1.3%*
Average ratios	16.3	4.3	4.1	3.0	3.1
% change		*- 74%*	*- 5%*	*- 24%*	*+ 3.7%*
Median ratios	18.7	5.1	4.6	3.3	3.5
% change		*- 72%*	*- 0.1%*	*- 28%*	*+ 6.1%*
Chief Executive Officer					
Vincent Ravat	940,965	1,041,674	830,977	1,249,304	1,451,471
% change		*+ 11%*	*- 20%*	*+ 50%*	*+ 16.2%*
Average ratios	11.1	12.6	9.2	10.3	12
% change		*+ 14%*	*- 27%*	*+ 13%*	*+ 16.9%*
Median ratios	12.7	15.2	10,3	11.3	13.6
% change		*+ 20%*	*- 32%*	*+ 9.7%*	*+ 20%*
Deputy Chief Executive Officer					
Elizabeth Blaise	571,837	581,295	530,847	839,299	909,014
% change		*+ 2%*	*- 9%*	*+ 58%*	*+ 8.3%*
Average ratios	6.7	7.0	5.9	7	7.5
% change		*+ 5%*	*- 16%*	*+ 18.6%*	*+ 7.7%*
Median ratios	7.7	8.5	6.6	7.6	8,5
% change		*+ 10%*	*- 22%*	*+ 15%*	*+ 11.7%*

Explanation of the main changes

The 2019 equity ratio of the Chairman of the Board of Directors includes the annual variable compensation paid in respect of his position as Chairman and Chief Executive Officer in 2018. In accordance with the applicable regulations, this variable compensation was paid to him following *ex-post* approval by the General Meeting of April 25, 2019.

The 2019 equity ratios reflect the full-year impact of the change in governance in 2019.

The 2021 equity ratios were down due to both an increase in the average and median compensation of Mercialys employees, while the variable compensation paid to executives in 2021 was down significantly due to the effects of the impact of the COVID-19 crisis.

For 2023, the moderate downward trend in the median and average compensation of employees results from the changes in our workforce throughout the year. Some departures during the year led to this slight change in average and median compensation.

The increase in the compensation of the Chief Executive Officer and the Deputy Chief Executive Officer in 2023 is due to:

- the strong performance achieved in 2023, resulting in an increase in variable compensation compared to the previous year;
- bonus shares that vested during the 2023 fiscal year, due to the achievement of performance conditions. The previous plan had resulted in the vesting of fewer shares and the two previous plans had not resulted in shares being vested, as the performance conditions were not met;
- the payment of compensation to the Chief Executive Officer in respect of his directorship in 2023.

The overall analysis of equity ratios above shows that the compensation of Mercialys executives is reasonable. In addition to contributing to social cohesion within the Company, these levels of compensation correspond to the recommendations of the proxy advisors.

Calculation methodology

The equity ratios presented cover the entire workforce of all Mercialys group companies over the whole year, as well as all of the regions in which it operates, i.e. mainland France and overseas territories. In addition, in accordance with the recommendations of the French Financial Markets Authority (AMF) (1), to accurately reflect the governance change that came into effect at Mercialys in 2019 (2), the information is presented by position and by corporate officer holding the position. The accuracy of this information was verified by Mercialys' independent third party as part of the review of the Statement of Non-Financial Performance (SNFP) (see Chapter 2, Appendix 3, p. 117 *et seq.*).

The compensation equity ratios presented are calculated using the following methodology:

- year N average ratio = compensation paid in year N to executive/average compensation paid in year N to employees (excluding executives and interns), including payroll taxes and employer contributions;
- year N median ratio = compensation paid in year N to executive/median compensation paid in year N to employees (excluding executives and interns), including payroll taxes and employer contributions.

Compensation paid in year N consists of the following elements, in the numerator and the denominator:

- fixed salaries paid during year N, including payroll taxes and employer contributions;
- variable salaries paid during year N, including payroll taxes and employer contributions (3);
- exceptional compensation paid to employees during year N, including payroll taxes and employer contributions;
- bonus shares vested during year N following the achievement of performance conditions (4);
- compensation in respect of terms of office paid in year N, including payroll taxes and employer contributions.

The methodology used resulted in the executive compensation used in the numerator of the equity ratio corresponds to the compensation paid for the year in question being submitted to the ex-post vote of shareholders at the Annual General Meeting, adjusted for employer contributions, as well as the social security regime for company managers, healthcare and pensions.

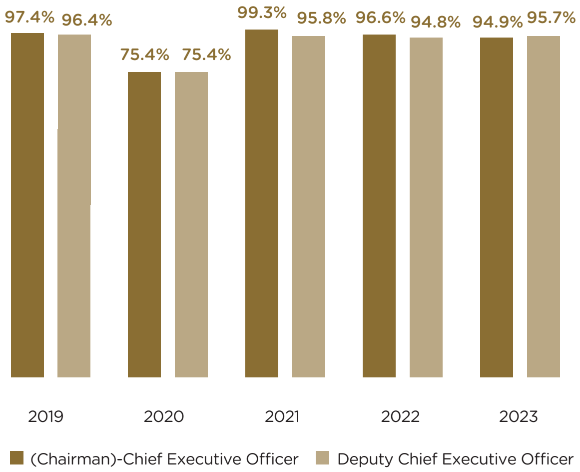
	Éric Le Gentil		Vincent Ravat		Elizabeth Blaise	
SUMMARY FOR 2023	**Compensation Equity ratio**	**Compensation Ex-post vote**	**Compensation Equity ratio**	**Compensation Ex-post vote**	**Compensation Equity ratio**	**Compensation Ex-post vote**
Fixed compensation	225,000	225,000	430,000	430,000	318,000	318,000
Annual variable compensation	n/a	n/a	510,195	510,195	279,665	279,665
Multi-annual variable compensation	n/a	n/a	0	0	0	0
Other compensation	n/a	n/a	0	0	0	
Bonus shares acquired during the fiscal year	n/a	n/a	162,931 (1)	X	95,950 (2)	X
Compensation allocated in respect of her directorship	44,000		30,000		0	0
Benefits in kind	0	3,969 (3)	5,814 (4)	45,838 (5)	0	39,420 (6)
Employer's contributions on all compensation components	105,598	0	312,531	0	215,387	0
TOTAL	**374,598**	**228,969**	**1,451,471**	**986,033**	**909,002**	**637,085**

(1) Value of the 49,674 bonus shares vested to Vincent Ravat under Plan 33, based on an achievement rate of 73.75%, valued on the basis of the consolidated financial statements (IFRS 2).
(2) Value of the 29,253 bonus shares vested to Elizabeth Blaise under Plan 33, based on an achievement rate of 73.75%, valued on the basis of the consolidated financial statements.
(3) Insurance and healthcare benefit plan.
(4) Company car.
(5) Company car, executive unemployment insurance and healthcare benefit plan.
(6) Executive unemployment insurance and healthcare benefit plan.

(1) 2020 report on corporate governance and executive compensation for listed companies.
(2) In 2019, following the separation of the functions of Chairman and Chief Executive Officer, Éric Le Gentil was appointed Chairman of the Board of Directors, Vincent Ravat was appointed Chief Executive Officer, and Elizabeth Blaise was appointed Deputy Chief Executive Officer.
(3) The annual variable compensation paid during year N corresponds to the variable compensation payable in respect of year N-1.
(4) The shares awarded definitively in year N correspond to the plans in previous years. Shares are valued on the basis of the Company's consolidated financial statements.

CHANGE IN THE LEVEL OF POSITIVE VOTING ON THE COMPENSATION POLICY FOR EXECUTIVES AT ANNUAL GENERAL MEETINGS

(Vote on the compensation policy for the current year at the Annual General Meeting held in the indicated year, it being specified that Mercialys holds its Annual General Meeting in April)



4.2.2.2 Compensation of the Chairman of the Board of Directors, non-executive corporate officer, in respect of fiscal year 2023

A. Reminder of the principles and criteria for determining, distributing and awarding the components of the Chairman of the Board of Directors' compensation in 2023

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind, attributable for 2023 to the Chairman of the Board of Directors, were submitted for approval at the Ordinary General Meeting held on April 27, 2023 (11th resolution).

At this Meeting, the shareholders approved the compensation policy proposed for the Chairman of the Board of Directors, as set out below. The way in which this policy was followed is set out in point B below.

It should be noted that this compensation was set after consideration of the missions assigned to the Chairman of the Board of Directors, in addition to the general duties provided for by law. These missions are detailed in § 4.1.1.3, p. 248.

The compensation of the Chairman of the Board of Directors consists of fixed compensation in respect of his position as Chairman, plus specific compensation paid for his participation in the Strategy and Transformation Committee and the Appointments, Compensation and Governance Committee:

- annual fixed compensation: Euro 225,000;
- compensation in his capacity as director: according to the rules applicable in the Company, as set out in § 4.2.1.1, p. 272 *et seq.*

The Chairman of the Board of Directors does not receive variable compensation either in cash or shares, other than the variable component included in his compensation as a director.

He also benefits from the Company's insurance and healthcare benefit plan.

B. Details of the compensation awarded in respect of fiscal year 2023 or paid during the same fiscal year to Éric Le Gentil, Chairman of the Board of Directors

1. Summary table of compensation payable by Mercialys and the companies it controls or which control it

The compensation and benefits of any kind payable by Mercialys to Éric Le Gentil for fiscal years 2022 and 2023 are as follows, it being specified that he receives no compensation from the companies controlled by Mercialys and that Mercialys is not controlled within the meaning of Article L. 233-16 of the French Commercial Code.

TABLE 1 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

(in euros)	2023 fiscal year	2022 fiscal year
Compensation awarded in respect of the fiscal year (see § 2, below)	269,000	265,000
Valuation of multi-annual variable compensation awarded during the fiscal year	-	-
Valuation of options awarded during the fiscal year	-	-
Valuation of bonus shares awarded (vesting subject to service and performance conditions)	-	-
Valuation of bonus shares granted	-	-

2. Compensation awarded or paid by Mercialys and the companies it controls

Éric Le Gentil was awarded or paid the following compensation and benefits of any kind by the Company in his capacity as Chairman of the Board of Directors and director during and in respect of fiscal years 2023 and 2022, calculated respectively:

TABLE 2 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

	2023 fiscal year		2022 fiscal year	
(in euros)	Amounts awarded (2)	Amounts paid (3)	Amounts awarded (2)	Amounts paid (3)
Fixed compensation (1)	225,000	225,000	225,000	225,000
Annual variable compensation (1)	-	-	-	-
Multi-annual variable compensation (1)	-	-	-	-
Exceptional compensation (1)	-	-	-	-
Compensation allocated in respect of his directorship (1)	44,000	40,000	40,000	40,000
Benefits in kind (4)	3,969	3,969	3,761	3,761
TOTAL	**272,969**	**268,969**	**268,761**	**268,761**

(1) Gross compensation before social security contributions and tax.
(2) Compensation awarded in respect of the fiscal year, regardless of the date of payment.
(3) Compensation paid during the fiscal year, regardless of the allocation date.
(4) Healthcare benefit plan.

3. Annual variable compensation

Éric Le Gentil no longer receives annual variable compensation with effect from February 13, 2019.

4. Share subscription or purchase options and bonus shares awarded by the Company and/or the companies it controls

No share subscription or purchase options have been awarded to Éric Le Gentil by the Company and/or companies it controls since 2018.

In his capacity as Chairman of the Board of Directors, a non-executive corporate officer, Éric Le Gentil no longer benefits from bonus share plans.

5. Employment contract, special pension plan, severance pay and non-competition clause

TABLE 11 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

Employment contract	Supplementary pension plan	Allowances or benefits payable or likely to be payable, due to the termination of or a change in position	Compensation linked to a non-competition clause
No (1)	No (2)	No	No
○	○	○	○

(1) In accordance with the provisions of the AFEP-MEDEF Code, Éric Le Gentil, as Chairman of the Board of Directors, does not hold an employment contract with Mercialys.
(2) Éric Le Gentil does not benefit from any supplementary pension plan. He is included in the mandatory group pension plan (ARRCO and AGIRC) and in the insurance and healthcare benefit plan covering all the Company's employees.

It should be noted that all the tables in the French Financial Markets Authority's (AMF) Position-Recommendation DOC-2021-02 not appearing on the previous pages do not apply to Éric Le Gentil's compensation for fiscal year 2023, namely:

- table 3, relating to the compensation awarded for the term of office as director and other compensation received by non-executive corporate officers;
- table 4, on the share subscription or purchase options awarded in the fiscal year to each executive corporate officer by the issuer and by any group company;
- table 5, on the share subscription or purchase options exercised in the fiscal year by each executive corporate officer;
- table 6, on the bonus shares allocated during the fiscal year to each corporate officer;
- table 7, on the bonus shares awarded during the fiscal year to each executive corporate officer;
- table 8, on the history of share subscription or purchase options granted;
- table 9, on the share subscription or purchase options awarded to the top ten employees who are not corporate officers and options exercised by them;
- table 10, on the history of bonus share plans.

4.2.2.3 Compensation policy for the Chairman of the Board of Directors, non-executive corporate officer, in respect of fiscal year 2024

Board of Directors' report on the compensation policy for the Chairman of the Board of Directors for fiscal year 2024

(13th resolution of the Ordinary General Meeting of April 25, 2024)

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind, attributable for 2024 to the Chairman of the Board of Directors, must be submitted for approval at the Ordinary General Meeting held on April 25, 2024.

In this regard, the Board of Directors, at its meeting on February 14, 2024, established, on the basis of recommendations from the Appointments, Compensation and Governance Committee, the determining principles and the structure of the Chairman of the Board of Directors' compensation. This compensation was set after consideration of the missions assigned to the Chairman of the Board of Directors in addition to the general duties provided for by law. These missions are detailed in § 4.1.1.3, p. 248.

The compensation of the Chairman of the Board of Directors consists of fixed compensation in respect of his position as Chairman, plus specific compensation paid for his participation in the Board of Directors and the Specialized Committees:

- annual fixed compensation: Euro 225,000 (unchanged);
- compensation in his capacity as director and member of Specialized Committees: according to the rules applicable in the Company, as set out in § 4.2.1.1, p. 268 *et seq.*

The Chairman of the Board of Directors does not receive variable compensation either in cash or shares, other than the variable component included in his compensation as a director and member of Specialized Committees.

He also benefits from the Company's insurance and healthcare benefit plan.

4.2.2.4 Compensation of the Chief Executive Officer in respect of fiscal year 2023

A. Principles and criteria for determining, distributing and awarding the components of the Chief Executive Officer's compensation in 2023

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind attributable for 2023 to the Chief Executive Officer in respect of his corporate term of office, were submitted for approval by the Ordinary General Meeting held on April 27, 2023 (12th resolution).

The shareholders at the Ordinary General Meeting of April 27, 2023 approved the principles and criteria for determining and awarding the compensation of the Chief Executive Officer.

These principles adhere to the recommendations of the AFEP-MEDEF Code, and are detailed in § 4.2.2.1, p. 272 *et seq.*

A reminder is provided below of the 2023 compensation policy for the Chief Executive Officer. The way in which this policy was followed is set out in point B below.

Fixed compensation

For 2023, the annual fixed compensation of the Chief Executive Officer was Euro 430,000.

Annual variable compensation

It was decided to maintain for fiscal year 2023 the variable compensation mechanism put in place in 2022.

Vincent Ravat's variable compensation for 2023 was structured around a set of balanced criteria, covering aspects of financial performance, operational performance, non-financial performance relating to the CSR strategy including the Company's climate and more generally social and environmental issues.

The target annual variable compensation of the Chief Executive Officer remains at 70% of his annual fixed compensation if the objectives set are achieved. It could reach 140% of his annual fixed compensation if these objectives are exceeded.

The selected criteria, and their weighting in determining the variable compensation, are as follows:

		% fixed compensation		
		Minimum	Target	Maximum
Quantifiable objectives (100% of the total variable compensation)	FFO growth (20% of the total variable compensation)	0%	14%	28%
	EBITDA margin on a like-for-like basis (20% of the total variable compensation)	0%	14%	28%
	Operational launch of new pipeline projects (10% of the total variable compensation)	0%	7%	14%
	Continuity of rotation and consolidation of the portfolio through arbitrage (10% of the total variable compensation)	0%	7%	14%
	Total financial vacancy rate (10% of the total variable compensation)	0%	7%	14%
	"Greening" of financing and compliance with CSR objectives associated with changes in bank line margins (10% of the total variable compensation)	0%	7%	14%
	Achievement on a linearized basis of the major objectives of the Company's 4 Fair Impacts strategy on the global strategic trajectory by 2030 (20% of the total variable compensation)	0%	14%	28%
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION		**0.0%**	**70.0%**	**140.0%**

For each quantifiable criterion, a minimum threshold of achievement has been set, along with a target level corresponding to the objectives of Mercialys for a performance that meets objectives, and a level of outperformance of the targets. Variable compensation is calculated in a linear fashion between the minimum threshold and the maximum threshold.

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable component of the compensation due for fiscal year 2023, after determining the amount based on the achievement of the objectives defined above, is conditional upon approval by the Company's Ordinary General Meeting to be held on April 25, 2024.

Long-term compensation

In order to associate the Chief Executive Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 22-10-60 of the French Commercial Code, on the principle of bonus share plans.

Bonus shares may only be granted to executive corporate officers if the Company grants one of the following benefits to its employees and to at least 90% of employees in its subsidiaries:

- share purchase and/or subscription options;
- bonus share plans;
- the introduction of an incentive agreement or statutory profit-sharing agreement.

This award would represent a target of 125% of the annual fixed compensation (*i.e.* Euro 537,500) if the defined objectives are achieved, and up to 187.5% of the annual fixed compensation if each criteria is exceeded. The sum of the 3 criteria would in any event be capped at 160% of the annual fixed compensation (*i.e.* Euro 688,000), in order to comply with best market practices.

Service condition

In accordance with the provisions of Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code, it has been decided that the bonus shares will only vest to the Chief Executive Officer at the end of a 3-year vesting period, subject to continued service conditions (as a corporate officer). At the end of this 3-year vesting period, the Chief Executive Officer would be required to keep 100% of his shares for a period of at least 2 years after they are fully vested, and thereafter to hold 50% of them in registered form until the termination of his duties as corporate officer.

In the event of the Chief Executive Officer's departure, including in the event of death or incapacity (except in the event of resignation or dismissal for serious or gross misconduct), any bonus share entitlement that he may have been awarded prior to the effective date of his departure would be maintained on a prorata temporis basis in relation to his service as a Mercialys executive corporate officer during the vesting period, while remaining subject to the performance conditions of the plan in question. The performance conditions would then be calculated on the basis of the plan's performance criteria, assessed at the end of the year during which the Chief Executive Officer ceases to perform his duties as a corporate officer (and without taking into account the impact of the year, or years, after the termination of his duties). In such a case, the Chief Executive Officer would also be released from any holding obligation at the end of the aforementioned vesting period.

Performance conditions

The vesting of the shares granted is subject to the Company's performance conditions assessed over a period of three years based on the following criteria and assessment tables:

1. A stock market criterion, namely the relative performance of Mercialys shares, including dividends (Total Shareholder Return – TSR), compared to the performance of a pre-determined panel of comparable companies, measured between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation.

To assess the relative stock market performance of Mercialys shares vis-à-vis its market sector peers, a panel of companies similar to Mercialys based on business, geographic and size criteria was set up as follows:

Peers constituting the index	ISIN index	Country	Business segment	Geographical exposure	Market capitalization *(€M)* at December 31, 2023
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	-
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	2,219
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	894
Eurocommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,194
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,636
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	254
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	7,080
Lar Espana	ES0105015012	Spain	Neighborhood shopping centers	Spain	515
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	296
Retail Estates	BE037200340	Belgium	Diversified shopping centers	Benelux	929
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	9,305
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	383
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	634

Mercialys' ranking will be determined by comparing the Company's performance with that of the companies comprising the panel, as follows:

Ranking of Mercialys three-year average annual TSR compared with the companies comprising the panel	Multiplier
1st place	150%
2nd place	141.6%
3rd place	133.3%
4th place	125%
5th place	116.7%
6th place	108.3%
7th place	100%
8th to 14th place	0%

No compensation will be paid if the ranking falls below the average, given that the above table is based on the 12 companies comprising the panel as at January 1, 2023, plus Mercialys.

Should the panel of comparable companies no longer comprise these 12 companies at December 31, 2025, in particular, due to takeovers, mergers, bankruptcies or delistings occurring during the securities' vesting period, Mercialys' ranking would, as a result, be based on other criteria.

In particular, should the panel of comparable companies, including Mercialys, comprise an uneven number of companies, the 100% performance would correspond to the ranking immediately above the arithmetical average. If, for example, only 10 companies, *i.e.* a total of 11 companies including Mercialys, were still listed on the panel on December 31, 2025, the coefficient of 100% would correspond to 5th place. All the multipliers would be readjusted accordingly in a linear fashion between the average ranking determined in this way (coefficient of 100%) and 1st place (coefficient of 150%).

2. A financial criterion, namely FFO growth measured as an annual average (CAGR) over three years between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation, so as to align executives' interests with those of the shareholders.

At the end of the three-year period, the number of shares vested in respect of this performance criterion will be determined in accordance with the table below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

Average annual three-year FFO (1) growth	Multiplier
2%	0%
3%	100%
4%	150%

3. A non-financial criterion linked to the climate objectives, namely the reduction over 3 years of the carbon intensity of Mercialys' portfolio for 33.33% of the initial allocation in order for the Company to contribute to the fight against climate change.

The carbon intensity indicator of the Mercialys portfolio is the intensity per unit area on scopes 1 & 2 according to Mercialys' SBTi-certified carbon roadmap (in kgCO2eq/sq.m, on the current scope of the Mercialys portfolio, using the market-based method); the minimum value at the end of 2025 is set at 16.3 kgCO2eq/sq.m, corresponding to the Company's target commitment to reduce emissions by 30% by the end of 2025, compared to 2017 (reference year of the certified roadmap).

At the end of the 3-year period, the number of shares vested in respect of this performance criterion will be determined in accordance with the table below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

Reduction of carbon intensity on scopes 1 & 2 on the portfolio's current scope (three-year change *versus* reference value of the 2017 roadmap)	Multiplier
- 30%, *i.e.* 16.3 kgCO_2eq/sq.m.	0%
- 35%, *i.e.* 15.1 kgCO_2eq/sq.m	100%
- 40%, *i.e.* 14.0 kgCO_2eq/sq.m	150%

The multiplier moves in a linear fashion between the limits set above.

In the event of an exceptional event such as the impact of the COVID-19 epidemic, a change of control or strategy, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will have discretionary power in particular to reduce, eliminate or postpone, for the TSR criterion, the application of the financial and non-financial criteria (a maximum of 33.33% of long-term compensation criteria).

Furthermore, in accordance with the provisions of the final paragraph of Article 26.3.3 of the AFEP-MEDEF Code, the Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the holding period.

Other compensation components

The Chief Executive Officer does not benefit from any additional pension plan. He participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the insurance and healthcare benefit plan in force within the Company for all employees. He also benefits from senior executive unemployment insurance.

He does not receive any other benefit of any kind, except a company car.

No severance allowance shall be paid to the Chief Executive Officer resulting from the termination of, or change in, his position.

The Chief Executive Officer may also benefit from an indemnity relating to a non-competition and non-solicitation clause. Thus, in the event of termination of his duties, the Chief Executive Officer would be bound by a non-competition and non-solicitation clause. This compensation would be paid on a monthly basis equivalent to one-twelfth of 50% of his total annual compensation (fixed and variable), this total annual compensation being itself calculated as the average of the compensation package paid in respect of the two fiscal years prior to his departure. It would apply for a period not exceeding the time of his presence in the Company with a maximum duration of two years, it being specified that the Company may reduce the period of application of it or waive it.

This level is below recommendation 25.6 of the AFEP-MEDEF Code, which refers to a cap of 2 years' overall compensation including the annual fixed and variable components.

The payment of the non-competition compensation is excluded when the Chief Executive Officer exercises his right to retire. In any event, no non-competition indemnity may be paid beyond the age of 65.

(1) FFO: It should be noted that the notion of "FFO" will be gradually replaced by "Net Reccurent Earnings" (NRE) in the Company's financial documentation without changing the historical calculation methods.

B. Details of the compensation, in respect of fiscal year 2023, of Vincent Ravat, Chief Executive Officer

1. Summary table of compensation payable by Mercialys and the companies it controls or which control it

The compensation and benefits of any kind payable by Mercialys and the companies it controls to Vincent Ravat for fiscal years 2023 and 2022 are as follows. It should be remembered that Mercialys is not controlled within the meaning of Article L. 233-16 of the French Commercial Code.

TABLE 1 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

(in euros)	2023 fiscal year	2022 fiscal year
Compensation awarded in respect of the fiscal year (see § 2 below)	948,308	993,264
Valuation of multi-annual variable compensation awarded during the fiscal year	-	-
Valuation of options awarded during the fiscal year		
Cumulative valuation of current bonus share plans (vesting subject to service and performance conditions) (1)	884,065	805,139
Valuation of bonus shares granted	162,931 (3)	28,028 (2)
TOTAL	**1,995,304**	**1,826,431**

(1) Potential value in the consolidated financial statements of the shares awarded and not yet vested, for the fiscal year and subject to ongoing service as a corporate officer as well as three-year performance conditions (see section 4 below).
(2) Value of the 4,266 bonus shares vested to Vincent Ravat under Plan 30, based on an achievement rate of 20%, valued on the basis of the consolidated financial statements
(3) Value of the 49,674 bonus shares vested to Vincent Ravat under Plan 33, based on an achievement rate of 73.75%, valued on the basis of the consolidated financial statements

2. Compensation awarded or paid by Mercialys and the companies it controls

The compensation and benefits of any kind paid or awarded by the Company to Vincent Ravat, in his capacity as Chief Executive Officer, during and in respect of fiscal years 2023 and 2022, are as follows:

TABLE 2 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

	2023 fiscal year		2022 fiscal year	
(in euros)	Amounts awarded (5)	Amounts paid (6)	Amounts awarded (5)	Amounts paid (6)
Fixed compensation (1)	430,000	430,000	430,000	430,000
Annual variable compensation (1)	442,470 (2)	510,195	510,195	478,800
Multi-annual variable compensation (3)	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation allocated in respect of his directorship	30,000	13,575	13,575	-
Benefits in kind (4)	45,838	45,838	39,494	39,494
TOTAL	**948,308**	**999,608**	**993,264**	**948,294**

(1) Gross compensation before social security contributions and tax.
(2) The methods for determining variable compensation are set out in the 2023 compensation policy, as approved at the Ordinary General Meeting of April 27, 2023, in § 4.2.2.4, A, p. 280 et seq., and details are provided in Table 3 below, it being specified that this amount will be paid only subject to the approval of the 10th resolution presented to the Ordinary General Meeting of April 25, 2024.
(3) Vincent Ravat does not receive multi-annual variable compensation in cash.
(4) Company car, senior executive unemployment insurance, and insurance and healthcare benefit plan covering all the Company's employees.
(5) Compensation awarded in respect of the fiscal year, regardless of the date of payment.
(6) Compensation paid during the fiscal year, regardless of the allocation date.

3. Annual variable compensation

The variable compensation of Vincent Ravat for fiscal year 2023 was determined by the Board of Directors at its meeting of February 14, 2024, on the proposal of the Appointments, Compensation and Governance Committee, applying the criteria in the table below:

			% fixed compensation				
		Assessment	**Minimum**	**Target**	**Maximum**	**Rate of achievement**	**Amount** *(€)*
Quantifiable objectives (100% of the total variable compensation)	FFO growth (20% of the total variable compensation)	FFO increased by + 3.3% compared to 2022. This increase is the result of the good rental dynamic, which generated organic growth of + 4.1%.	0.0%	14.0%	28.0%	28.0%	120,400
			1%	2%	3%	3.3%	
	EBITDA margin on a like-for-like basis (20% of the total variable compensation)	The EBITDA margin is one of the highest in the sector and reached one of its highest levels ever for the Company; the partial achievement rate underlines the importance of the objective set.	0.0%	14.0%	28.0%	24.5%	105,350
			83.2%	83.6%	84%	83.9%	
	Operational launch of new pipeline projects (10% of the total variable compensation)	Several projects in the pipeline made significant progress with signatures, instrumental to the implementation of these projects, postponed to Q1 2024; it should be noted that given the uncertain macroeconomic context in 2023, a cautious approach has been adopted for the actual launches of projects.	0.0%	7.0%	14.0%	0%	0
			1	2	3	0	
	Continuity of portfolio rotation and consolidation by arbitrage (total amount of disposals in millions of euros) (10% of the total variable compensation)	Continuity of portfolio streamlining through the sale of numerous standalone units for a total of Euro 8.5 million including transfer taxes. Commitments for significant amounts have also been signed with suspensive financing conditions that exclude these amounts from the performance calculation for the year.	0.0%	7.0%	14.0%	0%	0
			€30M	€40M	€50M	€8.5M	

		Assessment	% fixed compensation Minimum	Target	Maximum	Rate of achieve-ment	Amount (€)
Quantifiable objectives (100% of the total variable compensation)	Total financial vacancy rate (10% of the total variable compensation)	Stabilization of the vacancy rate versus the end of 2022 in a general context of increasing difficulties for retailers.	0.0%	7.0%	14.0%	14.0%	60,200
			5.2%	4.8%	4.4%	4.4%	
	"Greening" of financing and compliance with CSR objectives associated with changes in bank line margins (10% of the total variable compensation)	The achievement of CSR objectives in terms of carbon emissions and certification enables Mercialys to benefit from a margin improvement bonus on the 5 bilateral bank facilities concerned.	0.0%	7.0%	14.0%	14.0%	60,200
			Penalty	Neutral	Bonus	Bonus	
	Achievement on a linear basis of the major objectives of the Company's 4 Fair Impacts strategy on the global strategic roadmap by 2030 (20% of the total variable compensation)	Mercialys' 4 Fair Impacts CSR strategy includes 13 commitments for 2030 deemed major by its ecosystem of stakeholders and whose progress reflects an advance compared to the originally agreed roadmap. Mercialys' CSR excellence was also underlined by its non-financial rankings at the highest level (Transparency Awards and Sustainalytics Top-rated ESG company), as well as in terms of gender representation within the SBF 120 (2nd) and climate change with a GRESB score allowing it to maintain its Green Star status, second place in the category and its position on the CDP A List.	0.0%	14.0%	28.0%	22.4%	96,320
			30%	40%	50%	46%	
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION			**0.0%**	**70.0%**	**140.0%**	**102.9%**	**442,470**

Mercialys' results for the fiscal year reflect the continuation of the post-health crisis recovery, as well as the robustness of the model and strategy defined by the Chief Executive Officer. The Chief Executive Officer has shown his ability to put Mercialys in a position to seize growth opportunities in a relatively adverse context where interest rate levels and inflation have put pressure on both companies' balance sheets and customer buying power. Under the leadership and responsibility of Vincent Ravat, Mercialys managed once again to achieve excellent performance in 2023 in terms of the quantitative criteria that had been set.

From a financial standpoint, the management approach implemented enabled continued growth in cash flows and the EBITDA margin, on a comparable scope. The renewal of undrawn bank lines and the greening thereof continued to strengthen the Company's balance sheet.

Operational data for 2023 confirms the continued appeal of the assets, whose performance should be amplified by the addition of new hypermarket retailers to the Company's portfolio. Organic growth in rental income rose 4.1%, notably as a result of indexation. The good performance of the rental activity helped to stabilize occupancy at 95.6% compared to the end of 2022.

Over the past fiscal year, the Company also revived its growth momentum by making significant progress on its project pipeline while maintaining a cautious approach in terms of financial commitments given the macroeconomic environment.

In 2023, Mercialys continued to stand out in all aspects of Corporate Social Responsibility with practices that are among the best on the market. Its increasingly specialized management, made possible thanks to the steering tools put in place, continued to result in reduced energy consumption at the Company's portfolio sites. At the same time, the general certification of strategic assets was successfully achieved with 96.4% of the portfolio now certified, including 100% of strategic assets. The Company's ESG approach was regularly praised throughout the year, with awards at performance levels that were even better than in 2022.

This variable compensation will be paid subject to the approval of the 10th resolution proposed to the Company's Ordinary General Meeting on April 25, 2024 (see Chapter 8, p. 377).

4. Share subscription or purchase options and bonus shares awarded by the Company and/or the companies it controls

In 2022 and 2023, Vincent Ravat, in his capacity as Chief Executive Officer, benefited from bonus share plans, which are ongoing and subject to service and performance conditions over three years (Plans 39 and 42).

Vincent Ravat is also the beneficiary of a bonus share plan subject to service and performance conditions, with one vesting in 2024 (Plan 36).

In addition, in 2023, shares granted in 2020 were vested to Vincent Ravat (Plan 33).

TABLE 6 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

	Bonus shares awarded to Vincent Ravat				
No. and date of plan	**Number of shares awarded during the fiscal year**	**Valuation of the shares according to the method adopted for the consolidated financial statements**	**Vesting date**	**Availability date**	**Performance conditions**
Plan 36, 04/22/2021	47,497 (2)	€251,549	04/22/2024	04/23/2026 (1)	YES (3)
Plan 39, 04/28/2022	58,775 (4)	€332,666	04/28/2025	04/29/2027 (1)	YES (5)
Plan 42, 04/27/2023	58,679 (6)	€299,850	04/27/2026	04/28/2028 (1)	YES (7)
TOTAL	**164,951**	**€884,065**			

(1) Of the total number of shares that vest, the Board of Directors has specified that beneficiaries must hold 50% of the bonus shares in registered form until the end of their corporate office within Mercialys.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Vincent Ravat will increase to 59,516 shares, corresponding to a valuation in the consolidated financial statements of Euro 321,982, i.e. 0.06% of the Company's share capital based on the number of Company shares as of December 31, 2021

(3) Bonus shares shall only vest if the beneficiary (in their capacity as corporate officer) continues to serve the Company on the vesting date of the shares, and subject to the achievement of 3 performance criteria: the relative performance of Mercialys shares including dividends (relative TSR) compared to the performance of a specific pre-determined panel of comparable companies, measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation; the Company's FFO growth measured as an annual average (CAGR) over 3 years between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation; and the portfolio's BREEAM In-Use certification rate as a percentage of its value for the remaining 33.33% of the initial allocation.

(4) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Vincent Ravat will increase to 75,232 shares, corresponding to a valuation in the consolidated financial statements of Euro 425,813, i.e. 0.08% of the Company's share capital based on the number of Company shares as of December 31, 2022.

(5) Bonus shares shall only vest if the beneficiary (in their capacity as corporate officer) is still employed by the Company on the vesting date of the shares, and subject to the achievement of 3 performance criteria: the relative performance of Mercialys shares including dividends (relative TSR) compared to the performance of a panel of pre-determined comparable companies, measured between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation; the Company's FFO growth measured as an annual average (CAGR) over 3 years between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation; and the reduction over 3 years of the carbon intensity per unit area on scopes 1 and 2, outperforming Mercialys' SBTi-certified carbon roadmap (in kgCO2eq/sq.m, on the current scope of the Mercialys portfolio, using the market-based method); minimum value at the end of 2024: 17.4 kgCO2eq/sq.m, corresponding to the target commitment by the end of 2024 of a 25% reduction in emissions compared to 2017 (reference year of the certified roadmap), for the remaining 33.33% of the initial allocation.

(6) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Vincent Ravat will increase to 75,109 shares, corresponding to a valuation in the consolidated financial statements of Euro 383,807, i.e. 0.08% of the Company's share capital based on the number of Company shares as of December 31, 2023.

(7) Bonus shares shall only vest if the beneficiary (in their capacity as corporate officer) continues to service the Company on the vesting date of the shares, and subject to the achievement of 3 performance criteria: the relative performance of Mercialys shares including dividends (relative TSR) compared to the performance of a panel of pre-determined comparable companies, measured between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation; the Company's FFO growth measured as an annual average (CAGR) over 3 years between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation; and the reduction over 3 years of the carbon intensity per unit area on scopes 1 and 2, outperforming Mercialys' SBTi-certified carbon roadmap (in kgCO2eq/sq.m, on the current scope of the Mercialys portfolio, using the market-based method); minimum value at the end of 2025: 17.4 kgCO2eq/sq.m, corresponding to the target commitment by the end of 2025 of a 30% reduction in emissions compared to 2017 (reference year of the certified roadmap), for the remaining 33.33% of the initial allocation.

Taking into account the performance criteria, Plan 33, awarded in 2020, resulted in the vesting of 49,674 shares in 2024.

TABLE 7 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

Bonus shares that became available to Vincent Ravat

Bonus shares that became available	No. and date of plan	Number of shares that become available during the fiscal year	Vesting conditions
	Plan 33, 04/23/2020	49,674	Awarding of 73.75% of the target allocation (67,355 shares), based on the performance conditions provided for in the plan
TOTAL		**49,674**	***I.E.*** **0.0529% OF THE COMPANY'S SHARE CAPITAL**

Below is a historical summary of the bonus share plans from which Vincent Ravat has benefited as a corporate officer:

TABLE 10 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

	Plan 30	Plan 33	Plan 36	Plan 39	Plan 42
Date of the Annual General Meeting	04/25/2019	04/25/2019	04/22/2021	04/22/2021	04/27/2023
Date of Board meeting	04/25/2019	04/23/2020	04/22/2021	04/28/2022	04/27/2023
Target number of bonus shares awarded to corporate officers (subject to service and performance conditions)	30,414	107,020	73,879 (1)	95,548 (2)	93,395 (3)
O/w target number of shares awarded to Vincent Ravat	21,329	67,355	46,497 (1)	58,775 (2)	58,679 (3)
Vesting date of shares	04/25/2022	04/23/2023	04/22/2025	04/28/2025	04/27/2026
Holding period end date	04/25/2024	04/23/2025	04/22/2026	04/28/2027	04/27/2026
Total number of shares vested to corporate officers at 12/31/2023	6,083	78,927 (6)	95,112 (8)	n/a (10)	n/a (10)
O/w number of shares vested to Vincent Ravat	4,266 (4) (5)	49,674 (6) (7)	59,516 (8) (9)	n/a (10)	n/a (10)
Number of shares canceled or lapsed at 12/31/2023	24,331	28,093	0	n/a (10)	n/a (10)
Number of outstanding bonus shares for plans not yet matured at 12/31/2023	0	0	73,879	95,548	93,395

(1) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will increase to 95,112, of which 59,516 shares to Vincent Ravat, corresponding to a valuation in the consolidated financial statements of Euro 321,982.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will increase to 120,437, of which 75,232 shares to Vincent Ravat, corresponding to a valuation in the consolidated financial statements of Euro 425,813.

(3) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will increase to 120,240, of which 75,109 shares to Vincent Ravat, corresponding to a valuation in the consolidated financial statements of Euro 383,807.

(4) Shares vested in 2022, based on a 20% achievement rate of the objectives: i.e. 50% achievement rate of the relative TSR condition weighted at 40%, 0% achievement rate of the organic growth criterion weighted at 20%, and 0% achievement rate of the FFO criterion weighted at 40%.

(5) Shares vested in 2022 representing 0.0045% of the Company's share capital.

(6) Shares vested in 2023, based on a 73.75% achievement rate of the objectives: i.e. 125% achievement rate of the criterion of the relative performance of the Mercialys share including dividends (relative TSR) (Mercialys ranked 10th out of 41 companies on the index) compared to the performance of the companies comprising the EPRA/NAREIT Eurozone Index at January 1, 2020, measured between January 1, 2020 and December 31, 2022 for 35% of the initial allocation; 150% achievement rate of the CDP (Carbon Disclosure Project) rating criterion (A rating over three consecutive years), measured once a year over 3 years between January 1, 2020 and December 31, 2022, for 20% of the initial allocation; and 0% achievement rate of the FFO growth criterion measured as an annual average over three years between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial allocation.

(7) Shares vested in 2023 representing 0.0529% of the Company's share capital.

(8) Shares to vest in 2024, the achievement rate of the objectives at December 31, 2023 having been set at 139.99% of the target: i.e. 120% achievement rate of the criterion of the relative performance of the Mercialys share including dividends (relative TSR) (Mercialys ranked 4th among the panel of 13 companies making up the index), measured between January 1, 2021 and December 31, 2023, for 33% of the initial allocation; 150% achievement rate (96.4%) of the Breeam In-Use certification criterion for the portfolio, for 33% of the initial allocation; and a 150% achievement rate based on the average annual growth in FFO measured over the period from January 1, 2021 to December 31, 2023, for the remaining 33% of the initial allocation. It should be noted that, in view of the provisions relating to the cap on the portion of long-term compensation as a proportion of the fixed compensation of the Chief Executive Officer, the number of shares vested is limited to the maximum of 59,516 set for the Chief Executive Officer.

(9) Shares to be vested in 2024 representing 0.06% of the Company's share capital.

(10) Since the three-year plan has not yet matured, it is not possible to calculate the number of shares that will vest, as at December 31, 2023.

5. Employment contract, special pension plan, severance pay and non-competition clause

TABLE 11 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

Employment contract		Supplementary pension plan		Allowances or benefits payable or likely to be payable, due to the termination of or a change in position		Compensation linked to a non-competition clause	
Yes	No	Yes	No (1)	Yes	No	Yes (2)	No
	○		○		○	○	·

(1) *Vincent Ravat does not benefit from any supplementary pension plan. He is included in the mandatory group pension plan (ARRCO and AGIRC) and the insurance and healthcare benefit plan covering all the Company's employees.*

(2) *Vincent Ravat may benefit from a payment linked to a non-competition and non-solicitation clause that would apply for a period not to exceed the time of his service to the Company, up to a maximum of 2 years; it is specified that the Company may reduce or waive the application of such clause. In exchange, he would be paid a monthly sum equivalent to one-twelfth of 50% of his annual total compensation (fixed and variable). This compensation will be paid in installments during her term of office.*

As mentioned for Éric Le Gentil on p. 280, all the tables in the French Financial Markets Authority's (AMF) Position-Recommendation DOC-2021-02 that do not appear in the previous pages do not apply to Vincent Ravat's compensation for the 2023 fiscal year (Tables 3, 4, 5, 8, 9).

Pursuant to the provisions of Article L. 225-100, III, and L. 22-10-34 of the French Commercial Code, the Ordinary General Meeting of April 25, 2024 is called to approve the fixed, variable and exceptional components of the compensation package and benefits of any kind paid or awarded in respect of the previous fiscal year to the Chief Executive Officer for his corporate office in fiscal year 2023. Details and comments regarding this information can be found in Chapter 8, Appendix 2, p. 382 *et seq.*

4.2.2.5 Compensation policy for the Chief Executive Officer in respect of fiscal year 2024

Board of Directors' report on the compensation policy for the Chief Executive Officer for fiscal year 2024

(14th resolution of the Ordinary General Meeting of April 25, 2024)

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind that may be awarded in 2024 to the Chief Executive Officer in respect of his corporate office must be submitted for approval by the Ordinary General Meeting on April 25, 2024.

In this regard, the Board of Directors, at its meeting on February 14, 2024, approved, on the basis of recommendations from the Appointments, Compensation and Governance Committee, the determining principles and the structure of the Chief Executive Officer's compensation for 2024.

A. Principles

The Board of Directors refers to the principles of the AFEP-MEDEF Code for determining the compensation of executive corporate officers: completeness, balance among the compensation components, benchmark, consistency, intelligibility of the rules and their measurement. Details of the main principles governing its approach are presented in § 4.2.2.1 p. 272 *et seq.*

It should be noted that the Board of Directors always ensures that executive compensation is competitive, is in line with the corporate strategy and context and, in particular, aims to drive the Company's medium- and long-term performance and competitiveness by incorporating one or more Corporate Social Responsibility criteria. To this end, it ensures that:

1. **compensation attracts, retains and motivates high-performing executives. Compensation must be competitive and reflect each individual's scope of responsibility.**

The Appointments, Compensation and Governance Committee regularly employs an independent company to conduct a market survey among a panel of comparable stakeholders in terms of type and portfolio size. This keeps the compensation system consistent and maintains a good balance between fixed and variable components;

2. **compensation is based on corporate strategy and performance.**

The Appointments, Compensation and Governance Committee ensures that the Company's interests are in line with those of its shareholders and sets its executives' objectives. These objectives are subject to 100% measurable and quantifiable performance conditions;

3. **compensation incorporates Corporate Social Responsibility criteria.**

Being aware of the major environmental, as well as social, issues, Mercialys sets ambitious and measurable short- and long-term objectives for its executives;

4. **compensation is consistent and in line with employees' compensation.**

The Appointments, Compensation and Governance Committee ensures consistency of compensation across the Company. For this reason, some corporate officers' objectives are incorporated into the variable compensation of some employees. These principles apply to all compensation components, including long-term compensation.

Considering that the objectives set are measurable and tangible, there is no provision for any deferral period for the payment of variable compensation, nor for the Company to request its return.

Note that the concept of compensation for exceptional circumstances is not part of executive compensation policy.

Lastly, in accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors deliberates without the interested party being present.

B. Components of the Chief Executive Officer's compensation

Fixed compensation

The annual fixed compensation of Vincent Ravat as Chief Executive Officer remains unchanged compared from 2023 at Euro 430,000.

The AFEP-MEDEF Code provides in its recommendation 26.3.1 that *"Fixed compensation should in principle only be reviewed at relatively long intervals."*

It should be noted that the Proxinvest ranking of the executive compensation of SBF 120 companies for the 2022 fiscal year, published in 2023, shows that Vincent Ravat's compensation package is still in the bottom quintile of the SBF 120 ranking of compensation (103rd).

The data presented in the Proxinvest report details an average fixed compensation allocated to executive corporate officers of SBF 120 companies of Euro 952,885 per year and Euro 784,000 per year for SBF 80 companies, which highlights that the fixed annual compensation of Mercialys' Chief Executive Officer remains lower than the executive compensation of comparable companies.

Annual variable compensation

Annual variable compensation rewards performance for the fiscal year in question and aims to establish a link between executives' interests and Mercialys' operational strategy over the period.

This compensation is subject to the achievement of specific and ambitious objectives.

As a reminder, the target variable compensation of Vincent Ravat for the 2023 fiscal year amounted to 70% of his annual fixed compensation. In the event of outperformance, this variable compensation could reach up to 140% of the annual fixed compensation. It is proposed that this variable compensation policy remain unchanged in 2024.

Mercialys continues to implement its compensation policy in line with the highest market standards, with 100% quantifiable criteria in the structuring of variable compensation, the criteria for which are defined in detail.

A set of balanced criteria has been selected for 2024, covering aspects of financial performance, operational performance, and non-financial performance relating to the CSR strategy including the Company's climate and more generally social and environmental issues.

The objectives selected reflect the main challenges facing the Company for the coming year; they are ambitious and measurable:

		% fixed compensation		
		Minimum	**Target**	**Maximum**
Quantifiable objectives (100% of the total variable compensation)	Growth in Recurring Net Income (20% of the total variable compensation)	0%	14.0%	28,.0%
	EBITDA margin on a like-for-like basis (20% of the total variable compensation)	0%	14.0%	28.0%
	Total financial vacancy rate (10% of the total variable compensation)	0%	7.0%	14.0%
	Investment volume and arbitrage - excluding maintenance (10% of the total variable compensation)	0%	7.0%	14.0%
	Operational launch of significant new pipeline projects (10% of the total variable compensation)	0%	7.0%	14.0%
	Human Resources: maintain the highest standard in terms of gender equity (SBF 120 ranking of feminization with comparable calculation methodology) (10% of the total variable compensation)	0%	7.0%	14.0%
	Corporate Social Responsibility: rate of achievement of the major objectives of the 4 Fair Impacts strategy on a linear basis at the end of 2024 of the 2030 roadmap (20% of the total variable)	0%	14.0%	28.0%
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION		**0%**	**70.0%**	**140.0%**

For each quantifiable criterion, a minimum achievement threshold is set, as well as a target level corresponding to Mercialys' objectives for a performance that meets objectives, and a performance level that exceeds the target. Variable compensation is calculated in a linear fashion between the minimum threshold and the maximum threshold.

If it is unable to take advantage of the exemption offered by Article L. 22-10-8, III of the French Commercial Code, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, may adjust the thresholds, objectives and targets in the event of changes in accounting standards and methods. In addition, in the event of a material change in the Group's strategy or scope (in particular, following a merger or disposal, a change of control, the acquisition or the creation of a new significant business or the discontinuation of an existing significant business), the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will be able to use its discretion to adjust, upwards or downwards, one or more performance criteria-related parameters (weighting, trigger thresholds, objectives, targets, etc.) of the Chief Executive Officer's annual variable compensation, in order to ensure that the application of these criteria reflect both his performance and that of the Group.

In the event of the departure of the Chief Executive Officer, including in the event of death or incapacity and except in the event of dismissal for serious or gross misconduct, the variable compensation for the current year will be calculated on a prorata temporis basis of his service as an executive corporate officer of Mercialys. The calculation of the variable compensation will then be based on the performance criteria assessed at the end of the year during which the Chief Executive Officer ceases to perform his duties.

In any event, and pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable component of compensation for fiscal year 2024, after determination of its amount based on the achievement of the objectives defined above, will be conditional on approval from the Company's Ordinary General Meeting to be held in 2025.

Long-term compensation

In order to associate the Chief Executive Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 22-10-60 of the French Commercial Code, on the principle of bonus share plans.

Bonus shares may only be granted to executive corporate officers if the Company grants one of the following benefits to its employees and to at least 90% of employees in its subsidiaries:

- share purchase and/or subscription options;
- bonus share plans;
- the introduction of an incentive agreement or statutory profit-sharing agreement.

This award would represent a target of 125% of the annual fixed compensation (i.e. Euro 537,500) if the defined objectives are achieved, and up to 187.5% of the annual fixed compensation if each criteria is exceeded. The addition of the 3 criteria would in any event be capped at 160% of the annual fixed compensation (i.e. Euro 688,000).

<u>Service condition</u>

In accordance with the provisions of Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code, the bonus shares granted would only vest to the Chief Executive Officer at the end of a 3-year vesting period, subject to the condition of ongoing service (as a corporate officer). At the end of this 3-year vesting period, the Chief Executive Officer would be required to keep 100% of his bonus shares for a period of at least 2 years after their vesting, and thereafter to hold 50% of them in registered form until the termination of his duties as corporate officer. The obligation to retain 50% of the shares acquired for more than 2 years will continue to apply only until the total amount of shares held by executives represents 300% of their last gross annual fixed compensation. The amount will be determined at the beginning of each year on the basis of the weighted average price of Mercialys shares for the previous fiscal year.

Furthermore, in accordance with the provisions of the final paragraph of Article 26.3.3 of the AFEP-MEDEF Code, the Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the holding period. In the event of the departure of the Chief Executive Officer, including in the event of death or incapacity and except in the event of dismissal for serious or gross misconduct, the right to the bonus shares that would have been awarded to him before the effective date of his departure would be maintained on a prorata temporis basis of his service as executive corporate officer of Mercialys during the vesting period, while remaining subject to the performance conditions of said plan. The performance conditions will then be calculated on the basis of the plan's performance criteria assessed at the end of the year during which the Chief Executive Officer ceases to perform his duties. In such a case, the Chief Executive Officer would also be released from any holding obligation at the end of the aforementioned vesting period.

<u>Performance conditions</u>

All shares will be subject to the following performance conditions, measured at the end of the 3-year period based on 4 criteria, instead of 3 the previous year:

- initially, to measure Mercialys' share performance against that of its market sector peers and bring executives into line with their shareholders, it is proposed that the stock market performance measurement criterion should be maintained in relative terms with reference to a panel of sector companies. These companies are similar to Mercialys in terms of geographical location, size or activity. This panel is as follows:

Peers constituting the index	ISIN index	Country	Business segment	Geographical exposure	Market capitalization (€M) at December 31, 2023
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	2,219
Citycon OYJ	FI4000369947	Finland	Diversified shopping centers	Northern Europe	894
Deutsche EuroShop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czechia, Austria, Hungary	1,724
Eurocommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,194
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,636
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	254
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	7,080
Lar Espana Real Estate	ES0105015012	Spain	Neighborhood shopping centers	Spain	515
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	296
Retail Estates	BE03720340	Belgium	Diversified shopping centers	Benelux	929
Unibail -Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	9,305
Vastned Retail N.V.	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	383
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	634

- it is proposed to add a criterion of average absolute stock market performance over 3 years between January 1, 2024 and December 31, 2026. This will make it possible to assess the profitability generated for Mercialys shareholders in terms of the stock market performance of the share and the dividends received;
- in addition, in order to assess changes in the Company's financial performance, it is proposed to use a criterion of Growth in Recurring Net Income, measured as an annual average over 3 years, between January 1, 2024 and December 31, 2026, in order to align executives' interests with those of the shareholders in terms of the Company's growth;
- lastly, with regard to the CSR policy, an objective to reduce the carbon intensity of the Mercialys portfolio is set, in order to ensure the Company's positive contribution to the fight against climate change. In accordance with the recommendations of the 2023 barometer on compensation by the IFA, Chapter Zero France and Ethics & Boards on the climate in CEO compensation policies, this objective is aligned with the Company's SBTi-certified 2030 GHG emissions reduction objective.

The relative weighting of each of these four awarding criteria and the associated performance conditions would be as follows:

- 20% of the total target allocation based on the absolute stock market criterion: absolute performance of the Mercialys share, including dividends (Total Shareholder Return), measured between January 1, 2024 and December 31, 2026.

At the end of the three-year period, the number of shares awarded on the basis of this performance criterion will be determined in accordance with the table below:

Mercialys' average annual TSR (Total Shareholder Return) over three years	Multiplier
10.00%	0%
14.00%	100%
18.00%	150%

- 25% of the total target allocation based on the relative stock market criterion: relative performance of Mercialys shares, including dividends (TSR) compared to the performance of a specific panel of comparable companies at January 1, 2024, measured between January 1, 2024 and December 31, 2026.

At the end of the three-year period, the number of shares awarded on the basis of this performance criterion will be determined in accordance with the table below:

Ranking of Mercialys' average annual TSR over 3 years compared to a panel of comparable companies	Multiplier
1st place	150%
2nd place	141.6%
3rd place	133.3%
4th place	125%
5th place	116.7%
6th place	108.3%
7th place	100%
8th to 14th place	0%

No compensation will be paid if the ranking falls below the average, given that the above table is based on the 13 companies comprising the panel as at January 1, 2024, plus Mercialys.

Should the panel of comparable companies no longer comprise these 13 companies at December 31, 2026, in particular, due to takeovers, mergers, bankruptcies or delistings occurring during the securities' vesting period, Mercialys' ranking would, as a result, be based on other criteria.

In particular, should the panel of comparable companies, including Mercialys, comprise an uneven number of companies, the 100% performance would correspond to the ranking immediately above the arithmetical average. If, for example, only 10 companies, i.e. a total of 11 companies including Mercialys, were still listed on the panel on December 31, 2026, the coefficient of 100% would correspond to 5th place. All the multipliers would therefore be readjusted in a linear fashion between the average ranking determined in this way (coefficient of 100%) and 1st place (coefficient of 150%).

- 25% of the total target allocation based on the financial criterion: Growth in Recurring Net Income measured as the three-year annual average (CAGR) between January 1, 2024 and December 31, 2026.

Average annual three-year Growth in Recurring Net Income	Multiplier
2.00%	0%
3.00%	100%
4.00%	150%

The multiplier moves in a linear fashion between the limits set above.

- 30% of the total allocation based on a CSR criterion: reduction over 3 years of the carbon intensity per unit area on scopes 1 & 2 by outperforming (about 2 years ahead) Mercialys' SBTi-certified carbon roadmap (in $kgCO_2eq$/sq.m, on the current scope of the Mercialys portfolio, using the market-based method): emission target of 14.3 $kgCO_2eq$/sq.m maximum at the end of 2026, corresponding to a reduction of at least 40% in emissions compared to 2017 (reference year of the certified roadmap):

At the end of the 3-year period, the number of shares awarded on the basis of this performance criterion will be determined in accordance with the table below:

Reduction of carbon intensity on scopes 1 & 2 on the portfolio's current scope (three-year change versus reference value of the 2017 roadmap)	Multiplier
- 36.2%, *i.e.* 15.1 $kgCO_2eq$/sq.m	0%
- 39.8%, *i.e.* 14.3 $kgCO_2eq$/sq.m	100%
- 43.4%, *i.e.* 13.5 $kgCO_2eq$/sq.m	150%

The multiplier moves in a linear fashion between the limits set above.

In the event of an exceptional event such as the impact of the COVID-19 epidemic, a change of control or significant change in strategy, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will have discretionary power in particular to reduce, eliminate or postpone, for the absolute and relative TSR stock market criteria, the application of the financial and non-financial criteria (a maximum of 33.33% of long-term compensation criteria).

Other compensation components

The Chief Executive Officer does not benefit from any additional pension plan. He participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the insurance and healthcare benefit plan in force within the Company for all employees. He will continue to benefit from senior executive unemployment insurance. In the event of the departure of the Chief Executive Officer, the benefit of the Company's health plan will be extended to the period covered by the senior executive unemployment insurance.

He does not receive any other benefit of any kind, except a company car.

No severance allowance shall be paid to the Chief Executive Officer resulting from the termination of, or change in, his position.

The Chief Executive Officer may receive compensation in the event of the termination of his duties in exchange for a non-competition and non-solicitation obligation, which would be paid on a monthly basis equivalent to one-twelfth of 50% of the total annual compensation (fixed and variable) of Vincent Ravat, this total annual compensation being calculated as the average of the compensation package paid for the two fiscal years preceding his departure. It would apply for a period not exceeding the time of his presence in the Company with a maximum duration of two years, it being specified that the Company may reduce the period of application of it or waive it.

This level is below recommendation 25.6 of the AFEP-MEDEF Code, which refers to a cap of 2 years' overall compensation including the annual fixed and variable components.

The payment of the non-competition compensation is excluded when the Chief Executive Officer exercises his right to retire. In any event, no non-competition indemnity may be paid beyond the age of 65.

4.2.2.6 Compensation of the Deputy Chief Executive Officer in respect of fiscal year 2023

A. Principles and criteria for determining, distributing and awarding the components of the Deputy Chief Executive Officer's compensation in 2023

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind attributable for 2023 to the Deputy Chief Executive Officer in respect of her corporate office, were submitted for approval by the Ordinary General Meeting on April 27, 2023 (13th resolution).

At the Ordinary General Meeting of April 27, 2023, the shareholders approved the principles and criteria for determining and awarding the compensation of the Deputy Chief Executive Officer.

These principles adhere to the recommendations of the AFEP-MEDEF Code, and are detailed in § 4.2.2.1, p. 272 *et seq.*

The 2023 compensation policy for the Deputy Chief Executive Officer is set out below. The way in which this policy was followed is set out in point B below.

Fixed compensation

For 2023, the annual fixed compensation of the Deputy Chief Executive Officer was maintained at Euro 318,000.

Annual variable compensation

It was decided to maintain for fiscal year 2023 the variable compensation mechanism put in place in 2022.

Elizabeth Blaise's variable compensation for 2023 was structured around a set of balanced criteria, covering aspects of financial performance, operational performance, non-financial performance relating to the CSR strategy including the Company's climate and more generally social and environmental issues.

The target annual variable compensation of the Deputy Chief Executive Officer is set at 55% of her annual fixed compensation if the objectives set are achieved. It could reach 110% of her annual fixed compensation if these objectives are exceeded.

The selected criteria, and their weighting in determining the variable compensation, would be as follows:

		% fixed compensation		
		Minimum	**Target**	**Maximum**
Quantifiable objectives (100% of the total variable compensation)	FFO growth (20% of the total variable compensation)	0%	11%	22%
	EBITDA margin on a like-for-like basis (20% of the total variable compensation)	0%	11%	22%
	Normalization of the recovery rate of rental income and charges in 2023 (10% of the total variable compensation)	0%	5.5%	11%
	Rate of non-rebillable expenses (excluding fees) on a like-for-like basis (as a % of rental revenues) (10% of the total variable compensation)	0%	5.5%	11%
	Total financial vacancy rate (10% of the total variable compensation)	0%	5.5%	11%
	"Greening" of financing and compliance with CSR objectives associated with changes in bank line margins (10% of the total variable compensation)	0%	5.5%	11%
	Achievement on a linearized basis of the major objectives of the Company's 4 Fair Impacts strategy on the global strategic trajectory by 2030 (20% of the total variable compensation)	0%	11%	22%
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION		**0.0%**	**55.0%**	**110.0%**

For each quantifiable criterion, a minimum threshold of achievement has been set, along with a target level corresponding to the objectives of Mercialys for a performance that meets objectives, and a level of outperformance of the targets. Variable compensation is calculated in a linear or graduated fashion between the minimum threshold and the maximum threshold.

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable component of the compensation due for fiscal year 2023, after determining the amount based on the achievement of the objectives defined above, is conditional upon approval by the Company's Ordinary General Meeting to be held on April 25, 2024.

Long-term compensation

In order to associate the Deputy Chief Executive Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 22-10-60 of the French Commercial Code (as recalled on p. 291 for the Chief Executive Officer), the principle of a bonus share plan.

The awarding of these shares would represent a target of 100% of the annual fixed compensation (*i.e.* Euro 318,000) if the defined objectives are achieved, and up to 150% of the annual fixed compensation if each criteria is exceeded. The sum of the 3 criteria would in any event be capped at 130% of the annual fixed compensation (*i.e*. Euro 413,400), in order to comply with best market practices.

<u>Service condition</u>

In accordance with the provisions of Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code, it has been decided that the bonus shares will only vest to the Deputy Chief Executive Officer at the end of a 3-year vesting period, subject to continued service conditions (as a corporate officer). At the end of this 3-year vesting period, the Deputy Chief Executive Officer will be required to keep 100% of her shares for a period of at least 2 years after they are fully vested, and thereafter to hold 50% of them in registered form until the termination of her duties as corporate officer.

In the event of the departure of the Deputy Chief Executive Officer, including in the event of death or incapacity, and except in the event of resignation or dismissal for serious or gross misconduct, the right to the bonus shares allocated to her before the effective date of her departure would be maintained on a *prorata temporis* basis of her service as executive corporate officer of Mercialys during the vesting period, while remaining subject to the performance conditions of said plan. The performance conditions would then be calculated, on the basis of the performance criteria, at the end of the year in which the Deputy Chief Executive Officer ceases to perform her duties as a corporate officer (and without taking into account the impact of the year(s) subsequent to the termination of her duties). In such a case, the Deputy Chief Executive Officer would also be released from any holding obligation at the end of the aforementioned vesting period.

<u>Performance conditions</u>

The vesting of the shares granted is subject to the Company's performance conditions assessed over a period of 3 years based on the following criteria and assessment tables:

1. A stock market criterion, namely the relative performance of Mercialys shares, including dividends (Total Shareholder Return – TSR), compared to the performance of a pre-determined panel of comparable companies, measured between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation.

To assess the relative stock market performance of Mercialys shares vis-à-vis its market sector peers, a panel of companies similar to Mercialys based on business, geographic and size criteria was set up as follows:

Peers constituting the index	ISIN index	Country	Business segment	Geographical exposure	Market capitalization *(€M)* at December 31, 2023
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	-
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	2,219
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	894
Eurocommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,194
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,636
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	254
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	7,080
Lar Espana	ES0105015012	Spain	Neighborhood shopping centers	Spain	515
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	296
Retail Estates	BE03720340	Belgium	Diversified shopping centers	Benelux	929
Unibail -Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	9,305
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	383
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	634

Mercialys' ranking will be determined by comparing the Company's performance with that of the companies comprising the panel, as follows:

Ranking of Mercialys three-year average annual TSR compared with the companies comprising the panel	Multiplier
1st place	150%
2nd place	141.6%
3rd place	133.3%
4th place	125%
5th place	116.7%
6th place	108.3%
7th place	100%
7th to 13th place	0%

No compensation will be paid if the ranking falls below the average, given that the above table is based on the 12 companies comprising the panel as at January 1, 2023, plus Mercialys.

Should the panel of comparable companies no longer comprise these 12 companies at December 31, 2024, in particular, due to takeovers, mergers, bankruptcies or delistings occurring during the securities' vesting period, Mercialys' ranking would, as a result, be based on other criteria.

In particular, should the panel of comparable companies, including Mercialys, comprise an uneven number of companies, the 100% performance would correspond to the ranking immediately above the arithmetical average. If, for example, only 10 companies, *i.e.* a total of 11 companies including Mercialys, were still listed on the panel on December 31, 2025, the coefficient of 100% would correspond to 5th place. All the multipliers would therefore be readjusted in a linear fashion between the average ranking determined in this way (coefficient of 100%) and 1st place (coefficient of 150%).

2. A financial criterion, namely FFO growth measured as an annual average (CAGR) over three years between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation, so as to align executives' interests with those of the shareholders.

At the end of the three-year period, the number of shares vested in respect of this performance criterion will be determined in accordance with the table below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

Average annual three-year FFO (1) growth	Multiplier
2.00%	0%
3.00%	100%
4.00%	150%

3. A non-financial criterion linked to the climate objectives, namely the reduction over 3 years of the carbon intensity of Mercialys' portfolio for 33.33% of the initial allocation in order for the Company to contribute to the fight against climate change.

The carbon intensity indicator for the Mercialys portfolio is the intensity per unit area on scopes 1 & 2 according to Mercialys' SBTi-certified carbon roadmap (in $kgCO_2eq$/sq.m, on the current scope of the Mercialys portfolio, using the market-based method). The minimum value at the end of 2025 is set at 16.3 $kgCO_2eq$/sq.m, corresponding to the Company's target commitment to reduce emissions by 30% by the end of 2025, compared to 2017 (reference year of the certified roadmap).

At the end of the 3-year period, the number of shares vested in respect of this performance criterion will be determined in accordance with the table below, it being understood that the multiplier value will be calculated on a linear basis between the defined limits:

Reduction of carbon intensity on scopes 1 & 2 on the portfolio's current scope (three-year change versus reference value of the 2017 roadmap)	Multiplier
- 30%, *i.e.* 16.3 $kgCO_2eq$/sq.m.	0%
- 35%, i.e. 15.1 $kgCO_2eq$/sq.m	100%
- 40%, *i.e.* 14.0 $kgCO_2eq$/sq.m	150%

The multiplier moves in a linear fashion between the limits set above.

In the event of an exceptional event such as the impact of the COVID-19 epidemic, a change of control or significant change in strategy, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will have discretionary power in particular to reduce, eliminate or postpone, for the absolute and relative TSR stock market criteria, the application of the financial and non-financial criteria (a maximum of 33.33% of long-term compensation criteria).

Furthermore, in accordance with the provisions of the final paragraph of Article 26.3.3 of the AFEP-MEDEF Code, the Deputy Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the holding period.

Other compensation components

The Deputy Chief Executive Officer does not benefit from any additional pension plan. She participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the pension plan in force within the Company for all employees. She also benefits from senior executive unemployment insurance. She does not receive any other benefit of any kind.

No severance allowance shall be paid to the Deputy Chief Executive Officer resulting from the termination of, or change in, her position.

The Deputy Chief Executive Officer may also benefit from an indemnity relating to a non-competition clause. In the event of the termination of her duties, the Deputy Chief Executive Officer would be bound by a non-competition and non-solicitation clause. In return, the Deputy Chief Executive Officer would be paid a monthly indemnity equivalent to one-twelfth of 50% of her total annual compensation (fixed and variable), the payment of which would be staggered. This total annual compensation would itself be calculated as the average of the compensation package paid in respect of the 2 fiscal years preceding her departure. It would apply for a period not exceeding the time of his presence in the Company with a maximum duration of 2 years, it being specified that the Company may reduce the period of application of it or waive it.

(1) FFO: It should be noted that the notion of "FFO" will be gradually replaced by "Recurring Net Income" in the Company's financial documentation without changing the historical calculation methods.

B. Details of the compensation, in respect of fiscal year 2023, of Elizabeth Blaise, Deputy Chief Executive Officer

1. Summary table of compensation payable by Mercialys and the companies it controls or which control it

The compensation and benefits of any kind payable by Mercialys and the companies it controls to Elizabeth Blaise, for fiscal years 2022 and 2023 are as follows. It should be remembered that Mercialys is not controlled within the meaning of Article L. 233-16 of the French Commercial Code.

TABLE 1 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

(in euros)	2023 fiscal year	2022 fiscal year
Compensation awarded in respect of the fiscal year (see § 2 below)	672,065	634,232 (4)
Valuation of multi-annual variable compensation awarded during the fiscal year	-	-
Valuation of options awarded during the fiscal year	-	-
Cumulative valuation of current bonus share plans (vesting subject to service and performance conditions) (1)	522,351	534,741
Valuation of bonus shares granted	95,950 (3)	11,938 (2)
TOTAL	**1,290,366**	**1,180,911**

(1) Potential value in the consolidated financial statements of the shares awarded and not yet vested, for the fiscal year and subject to ongoing service as a corporate officer as well as 3-year performance conditions (see section 4 below).
(2) Value of the 1,817 bonus shares vested to Elizabeth Blaise under Plan 30, based on an achievement rate of 20%, valued on the basis of the consolidated financial statements.
(3) Value of the 29,253 bonus shares vested to Elizabeth Blaise under Plan 33, resulting from an achievement rate of 73,75%, valued on the basis of the consolidated financial statements.
(4) Elizabeth Blaise was a salaried Chief Financial Officer at the Company until this contract was terminated on April 28, 2022; for this part of the year, the annual fixed and variable compensation of the Deputy Chief Executive Officer was therefore split between her corporate office and her employment contract.

2. Compensation awarded or paid by Mercialys and the companies it controls

The compensation and benefits of any kind awarded or paid by the Company to Elizabeth Blaise, in respect of her corporate office as Deputy Chief Executive Officer, during and in respect of fiscal years 2022 and 2023, are as follows:

TABLE 2 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

	2023 fiscal year		2022 fiscal year	
(in euros)	Amounts awarded (6)	Amounts paid (7)	Amounts awarded (6)	Amounts paid (7)
Fixed compensation (1)	318,000	318,000	318,000 (3)	318,000 (3)
Annual variable compensation (1)	314,645 (2)	279,665	279,665 (3)	132,997 (3)
Multi-annual variable compensation (4)	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation allocated in respect of her directorship	-	-	-	-
Benefits in kind (5)	39,420	39,420	36,567	36,567
TOTAL	**672,065**	**637,085**	**634,232**	**487,564**

(1) Gross compensation before social security contributions and tax.
(2) The methods for determining variable compensation are set out in the 2023 compensation policy, as approved at the Ordinary General Meeting of April 27, 2023, in § 4.2.2.6, A, p. 297 et seq., and details are provided in Table 3 below, it being specified that this amount will be paid only subject to the approval of the 11th resolution presented to the Ordinary General Meeting of April 25, 2024.
(3) Elizabeth Blaise was a salaried Chief Financial Officer at the Company until this contract was terminated on April 28, 2022; for this part of the year, the annual fixed and variable compensation of the Deputy Chief Executive Officer was therefore split between her corporate office and her employment contract.
(4) Elizabeth Blaise does not receive multi-annual variable compensation in cash.
(5) Senior executive unemployment insurance and insurance and healthcare benefit plan covering all the Company's employees.
(6) Compensation awarded in respect of the fiscal year, regardless of the date of payment.
(7) Compensation paid during the fiscal year, regardless of the allocation date.

3. Annual variable compensation

The variable compensation of Elizabeth Blaise for fiscal year 2023 was determined by the Board of Directors at its meeting of February 14, 2024, on the proposal of the Appointments, Compensation and Governance Committee, applying the criteria presented in the table below:

			% of fixed compensation				
		Assessment	**Minimum**	**Target**	**Maximum**	**Achieved**	**Amount** *(in euros)*
Quantifiable objectives (100% of the total variable compensation)	FFO growth (20% of the total variable compensation)	FFO increased by + 3.3% compared to 2022. This increase is the result of the good rental dynamic, which generated organic growth of + 4.1%.	0.0%	11.0%	22.0%	22.0%	69,960
			1%	2%	3%	3,3%	
	EBITDA margin (20% of the total variable compensation)	EBITDA normalization thanks to an increase in income and cost control measures, which are very much needed as a result of the commitments to bring certain functions back in-house, without the full offset of the reductions in the costs of external services.	0.0%	11.0%	22.0%	19.3%	61,215
			81%	82%	83%	83.9%	
	"Greening" of financing and compliance with CSR objectives associated with changes in bank line margins (10% of the total variable compensation)	The achievement of objectives in terms of carbon emissions and certification enables Mercialys to benefit from a margin improvement bonus on the 5 bilateral bank facilities concerned.	0.0%	5.50%	11.0%	11.0%	34,980
			Penalty	Neutral	Bonus	Bonus	
	Rate of non-rebillable expenses (excluding fees) on a like-for-like basis (as a % of rental revenues) (10% of the total variable compensation)	Control of non-rebillable expenses by reducing current vacancies and reducing site operating expenses	0.0%	5.50%	11.0%	11.0%	34,980
			4.9%	4.5%	4.7%	4.2%	
	Total financial vacancy rate (10% of the total variable compensation)	Stabilization of the vacancy rate *versus* the end of 2022 in a general context of increasing difficulties for retailers.	0.0%	5.50%	11.0%	11.0%	34,980
			5.2%	4.4%	4.8%	4.4%	
	Normalization of the recovery rate of rental income and charges in 2023 (10% of the total variable compensation)	The recovery rate is an improvement of 110 bps compared to the level observed at the end of 2022, despite a halt in government aid and numerous corporate failures.	0.0%	5.50%	11.0%	7.1%	22,562
			96.7%	95.3%	96.0%	96.2%	

		Assessment	% of fixed compensation Minimum	Target	Maximum	Achieved	Amount *(in euros)*
Quantifiable objectives (100% of the total variable compensation)	Achievement on a linearized basis of the major objectives of the Company's 4 Fair Impacts strategy on the global strategic trajectory by 2030 (10% of the total variable compensation)	Mercialys' 4 Fair Impacts CSR strategy includes 13 commitments for 2030 deemed major by its ecosystem of stakeholders and whose progress reflects an advance compared to the originally agreed roadmap. Mercialys' CSR excellence was also underlined by its non-financial rankings at the highest level (Transparency Awards and Sustainalytics Top-rated ESG company), but also in terms of gender representation within the SBF 120 (2nd) or in terms of climate change with a GRESB score allowing it to maintain its Green Star status, second place in the category and its position on the CDP A List.	0.0%	11.0%	22.0%	17.6%	55,968
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION			**0.0%**	**55.0%**	**110.0%**	**98.9%**	**314,645**

2023 was marked by great volatility not only in terms of the financial environment but Mercialys' operating environment, leading Elizabeth Blaise to launch initiatives to enable Mercialys to achieve high levels of performance. These are materialized through exclusively quantitative criteria that had been set for her compensation.

Thus, the coordination of the various teams involved in the letting business and the optimization of the management tools made available to them helped to maintain the vacancy rate at a stable level in 2023 compared to 2022. At the same time, Elizabeth Blaise was involved in controlling the operating expenses of the sites, a key factor in boosting the attractiveness of Mercialys sites to retailers. This was notably carried out through the energy purchasing policy and the associated sobriety measures, having a positive impact on the rate of non-rebillable expenses.

This work on the operational management of assets, as well as the strict control of operating expenses overseen by Elizabeth Blaise, are reflected in a 2023 EBITDA margin raised to a very high level.

In 2023, Elizabeth Blaise was also able to manage the major issue of financial expenses, while maintaining a secure fixed-rate debt profile for the Company. The major financial balances have also benefited from the optimized management of rent collection and charges, coordinated by Elizabeth Blaise through the successful bringing back in-house of rental management, effective since January 2023. In total, combined with the good operational performance, the control of financial expenses generated an increase in recurring net income (FFO) above the target set by the Company in relation to the market.

Lastly, as drivers of shopping centers' attractiveness to investors, retailers, visitors and financial counterparties, and market stakeholders' support for the shares and bonds issued by Mercialys, the CSR themes progressed further in 2023. Elizabeth Blaise ensured the continuation of the steps necessary to achieve the 2020-2030 CSR strategy, while measuring the actions remaining to be implemented. The success of this strategy was also reflected in the greening conditions included in the bank financing affected by these clauses in early 2023.

This variable compensation will be paid subject to the approval of the 11th resolution proposed to the Company's Ordinary General Meeting on April 25, 2024 (see Chapter 8, p. 378).

4. Share subscription or purchase options and bonus shares awarded by the Company and/or the companies it controls

In 2022 and 2023, in her capacity as Deputy Chief Executive Officer, Elizabeth Blaise benefited from bonus share plans, which are ongoing and subject to service and performance conditions over three years (Plans 39 and 42). .

Elizabeth Blaise is also the beneficiary of a bonus share plan subject to service and performance conditions, with one vesting in 2024 (Plan 36).

In addition, in 2023, shares granted in 2020 were vested to Elizabeth Blaise (Plan 33).

TABLE 6 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

Bonus shares awarded to Elizabeth Blaise					
No. and date of plan	**Number of shares awarded during the fiscal year**	**Valuation of the shares according to the method adopted for the consolidated financial statements**	**Vesting date**	**Availability date**	**Performance conditions**
Plan 36, 04/22/2021	27,382 (2)	€148,137	04/22/2024	04/23/2026 (1)	YES (3)
Plan 39, 04/28/2022	34,773 (4)	€196,815	04/28/2025	04/29/2027 (1)	YES (5)
Plan 42, 04/27/2023	34,716 (6)	€177,399	04/27/2026	04/28/2028 (1)	YES (7)
TOTAL	**96,871**	**€522,351**			

(1) *Of the total number of shares that vest, the Board of Directors has specified that beneficiaries must hold 50% of the bonus shares in registered form until the end of their corporate office within Mercialys.*

(2) *If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will increase to 35,596 shares, corresponding to a valuation in the consolidated financial statements of Euro 192,575, i.e. 0.04% of the Company's share capital based on the number of Company shares as of December 31, 2021.*

(3) *Bonus shares shall only vest if the beneficiary (in their capacity as corporate officer) continues to serve the Company on the vesting date of the shares, and subject to the achievement of 3 performance criteria: the relative performance of Mercialys shares including dividends (relative TSR) compared to the performance of a pre-determined panel of comparable companies, measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation; FFO growth measured as an annual average (CAGR) over 3 years between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation; and the portfolio's BREEAM In-Use certification rate as a percentage of its value for the remaining 33.33% of the initial allocation.*

(4) *If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will increase to 45,205 shares, corresponding to a valuation in the consolidated financial statements of Euro 255,860, i.e. 0.05% of the Company's share capital based on the number of Company shares as of December 31, 2022.*

(5) *Bonus shares shall only vest if the beneficiary (in her capacity as corporate officer) continues to serve the Company on the vesting date of the shares, and subject to the achievement of three performance criteria: the relative performance of Mercialys shares including dividends (relative TSR) compared to the performance of a panel of pre-determined comparable companies, measured between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation; the Company's FFO growth measured as an annual average (CAGR) over 3 years between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation; and the reduction over 3 years of the carbon intensity per unit area on scopes 1 and 2, outperforming Mercialys' SBTi-certified carbon roadmap (in kgCO2eq/sq.m, on the current scope of the Mercialys portfolio, using the market-based method); minimum value at the end of 2024: 17.4 kgCO2eq/sq.m, corresponding to the target commitment by the end of 2024 of a 25% reduction in emissions compared to 2017 (reference year of the certified roadmap), for the remaining 33.33% of the initial allocation.*

(6) *If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will increase to 45,131 shares, corresponding to a valuation in the consolidated financial statements of Euro 230,619, i.e. 0.05% of the Company's share capital based on the number of Company shares as of December 31, 2023.*

(7) *Bonus shares shall only vest if the beneficiary (in their capacity as corporate officer) continues to service the Company on the vesting date of the shares, and subject to the achievement of 3 performance criteria: the relative performance of Mercialys shares including dividends (relative TSR) compared to the performance of a panel of pre-determined comparable companies, measured between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation; the Company's FFO growth measured as an annual average (CAGR) over 3 years between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation; and the reduction over 3 years of the carbon intensity per unit area on scopes 1 and 2, outperforming Mercialys' SBTi-certified carbon roadmap (in kgCO2eq/sq.m, on the current scope of the Mercialys portfolio, using the market-based method); minimum value at the end of 2025: 17.4 kgCO2eq/sq.m, corresponding to the target commitment by the end of 2025 of a 30% reduction in emissions compared to 2017 (reference year of the certified roadmap), for the remaining 33.33% of the initial allocation.*

Taking into account the performance criteria, Plan 33, awarded in 2020, resulted in the vesting of 29,253 shares in 2024.

TABLE 7 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

Bonus shares that became available to Elizabeth Blaise			
Bonus shares that became available	**No. and date of plan**	**Number of shares that become available during the fiscal year**	**Vesting conditions**
	Plan 33, 04/23/2020	29,253	Awarding of 73.75% of the target allocation (39,665 shares) based on the performance conditions provided for in the plan
TOTAL		**29,253**	***I.E.* 0.003% OF THE COMPANY'S SHARE CAPITAL**

TABLE 10 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

	Plan 30	Plan 33	Plan 36	Plan 39	Plan 42
Date of the Annual General Meeting	04/25/2019	04/25/2019	04/22/2021	04/22/2021	04/27/2023
Date of Board meeting	04/25/2019	04/23/2020	04/22/2021	04/28/2022	04/27/2023
Total number of bonus shares awarded to corporate officers (target number of shares subject to service and performance conditions)	30,414	107,020	73,879 (1)	95,548 (2)	93,395 (3)
O/w target number of shares awarded to Elizabeth Blaise	9,085	39,665	27,382 (1)	34,773 (2)	34,716 (3)
Vesting date of shares	04/25/2022	04/23/2023	04/22/2025	04/28/2025	04/27/2026
Holding period end date	04/25/2024	04/23/2025	04/22/2026	04/28/2027	04/27/2026
Total number of shares vested to corporate officers at 12/31/2023	6,083	78,927 (4)	95,112 (8)	n/a (10)	n/a (10)
O/w number of shares vested to Elizabeth Blaise	1,817 (4) (5)	29,253 (6) (7)	35,596 (8) (9)	n/a (10)	n/a (10)
Number of shares canceled or lapsed at 12/31/2023	24,331	28,093	0 (8)	n/a (10)	n/a (10)
Number of outstanding bonus shares for plans not yet matured at 12/31/2023	-	-	0	95,548	93,395

(1) *If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will increase to 95,112, of which 35,596 shares for Elizabeth Blaise, corresponding to a valuation in the consolidated financial statements of Euro 192,574.*

(2) *If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will increase to 120,437, of which 45,205 for Elizabeth Blaise, corresponding to a valuation in the consolidated financial statements of Euro 255,860.*

(3) *If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will increase to 120,240, of which 45,131 shares for Elizabeth Blaise, corresponding to a valuation in the consolidated financial statements of Euro 230,619.*

(4) *Shares vested in 2022, based on a 20% achievement rate of the objectives: i.e. 50% achievement rate of the relative TSR condition weighted at 40%, 0% achievement rate of the organic growth criterion weighted at 20%, and 0% achievement rate of the FFO criterion weighted at 40%.*

(5) *Shares vested in 2022 representing 0.002% of the Company's share capital.*

(6) *Shares vested in 2023, based on a 73.75% achievement rate of the objectives: i.e. 125% achievement rate of the criterion of the relative performance of the Mercialys share including dividends (relative TSR) (Mercialys ranked 10th out of 41 companies on the index) compared to the performance of the companies comprising the EPRA/NAREIT Eurozone Index at January 1, 2020, measured between January 1, 2020 and December 31, 2022 for 35% of the initial allocation; 150% achievement rate of the CDP (Carbon Disclosure Project) rating criterion (A rating over 3 consecutive years), measured once a year over 3 years between January 1, 2020 and December 31, 2022, for 20% of the initial allocation; and 0% achievement rate of the FFO growth criterion measured as an annual average over 3 years between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial allocation.*

(7) *Shares to be vested in 2023 representing 0.03% of the Company's share capital.*

(8) *Shares to vest in 2024, the achievement rate of the objectives at December 31, 2023 having been set at 139.99% of the target: i.e. 120% achievement rate of the criterion of the relative performance of the Mercialys share including dividends (relative TSR) (Mercialys ranked 4th among the panel of 13 companies making up the index), measured between January 1, 2021 and December 31, 2023, for 33% of the initial allocation; 150% achievement rate (96.4%) on the Breeam In-Use certification criterion for the portfolio, for 33% of the initial allocation; and a 150% achievement rate based on the average annual growth in FFO measured over the period from January 1, 2021 to December 31, 2023, for the remaining 33% of the initial allocation. It should be noted that, in view of the provisions relating to the cap on the portion of long-term compensation as a proportion of the fixed compensation of the Deputy Chief Executive Officer, the number of shares vested is limited to the maximum cap of 35,596 shares for the Deputy Chief Executive Officer.*

(9) *Shares to be vested in 2024 representing 0.06% of the Company's share capital.*

(10) *Since the three-year plan has not yet matured, it is not possible to calculate the number of shares that will vest, as at December 31, 2023.*

5. Employment contract, special pension plan, severance pay and non-competition clause

TABLE 11 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION-RECOMMENDATION DOC-2021-02

Employment contract		Supplementary pension plan		Allowances or benefits payable or likely to be payable, due to the termination of or a change in position		Compensation linked to a non-competition clause	
Yes	No	Yes	No (1)	Yes	No	Yes (2)	No
·	○		○		○	○	·

(1) *Elizabeth Blaise does not benefit from any supplementary pension plan. She is included in the mandatory group pension plan (ARRCO and AGIRC) and in the insurance and healthcare benefit plan covering all the Company's employees.*

(2) *Elizabeth Blaise may benefit from a payment linked to a non-competition and non-solicitation clause that would apply for a period not to exceed the time of her service to the Company, up to a maximum of 2 years; it is specified that the Company may reduce or waive the application of such clause. In exchange, she would be paid a monthly sum equivalent to one-twelfth of 50% of her annual total compensation (fixed and variable). This compensation will be paid in installments during her term of office.*

As mentioned for Éric Le Gentil on p. 280, all the tables of the French Financial Markets Authority Position-Recommendation DOC-2021-02 that do not appear in the previous pages do not apply Elizabeth Blaise's compensation for the 2023 fiscal year (Tables 3, 4, 5, 8, 9).

Pursuant to the provisions of Article L. 225-100, III and L. 22-10-34 of the French Commercial Code, the Ordinary General Meeting of April 25, 2024 is called to approve the fixed, variable and exceptional components of the compensation package and benefits of any kind paid or awarded in respect of the previous fiscal year to the Deputy Chief Executive Officer for her corporate office in fiscal year 2023. Details and comments regarding this information can be found in Chapter 8, Appendix 3, p. 384 *et seq.*

4.2.2.7 Compensation policy for the Deputy Chief Executive Officer in respect of fiscal year 2024

Board of Directors' report on the compensation policy for the Deputy Chief Executive Officer for fiscal year 2024

(15th resolution of the Ordinary General Meeting of April 25, 2024)

Pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the principles and criteria for determining, distributing and awarding the fixed, variable and exceptional components of the compensation package and benefits of any kind that may be awarded for 2024 to the Deputy Chief Executive Officer in respect of her corporate office must be submitted for approval by the Ordinary General Meeting on April 25, 2024.

In this regard, the Board of Directors, at its meeting on February 14, 2024, approved, on the basis of recommendations from the Appointments, Compensation and Governance Committee, the determining principles and the structure of the Deputy Chief Executive Officer's compensation for 2024.

A. Principles

The Board of Directors refers to the principles of the AFEP-MEDEF Code for determining the compensation of executive corporate officers: completeness, balance among the compensation components, benchmark, consistency, intelligibility of the rules and their measurement. Details of the main principles governing its approach are presented in § 4.2.2.1 p. 272 et seq.

It should be noted that the Board of Directors always ensures that executive compensation is competitive, is in line with corporate strategy and context and, in particular, aims to drive the Company's medium- and long-term performance and competitiveness by incorporating one or more Corporate Social Responsibility criteria. To this end, it ensures that:

1. **compensation attracts, retains and motivates high-performing executives. Compensation must be competitive and reflect each individual's scope of responsibility.**

The Appointments, Compensation and Governance Committee regularly employs an independent company to conduct a market survey among a panel of comparable stakeholders in terms of type and portfolio size. This keeps the compensation system consistent and maintains a good balance between fixed and variable components;

2. **compensation is based on corporate strategy and performance.**

The Appointments, Compensation and Governance Committee ensures that the Company's interests are in line with those of its shareholders and sets its executives' objectives. These objectives are subject to 100% measurable and quantifiable performance conditions;

3. **compensation incorporates Corporate Social Responsibility criteria.**

Being aware of the major environmental, as well as social, issues, Mercialys sets ambitious and measurable short- and long-term objectives for its executives;

4. **compensation is consistent and in line with employees' compensation.**

The Appointments, Compensation and Governance Committee ensures consistency between compensation across the Company. For this reason, some corporate officers' objectives are incorporated into the variable compensation of some employees. These principles apply to all compensation components, including long-term compensation.

Considering that the objectives set are measurable and tangible, there is no provision for any deferral period for the payment of variable compensation, nor for the Company to request its return.

Note that the concept of compensation for exceptional circumstances is not part of executive compensation policy.

Lastly, in accordance with the recommendations of the AFEP-MEDEF Code, the Board of Directors deliberates without the interested party being present.

B. Components of the Deputy Chief Executive Officer's compensation

Fixed compensation

The annual fixed compensation of Elizabeth Blaise as Deputy Chief Executive Officer remains unchanged compared to 2023 at Euro 318,000.

The AFEP-MEDEF Code provides in its recommendation 26.3.1 that *"Fixed compensation should in principle only be reviewed at relatively long intervals."*

Annual variable compensation

Short-term variable compensation rewards performance for a given fiscal year and aims to establish a link between executives' interests and Mercialys' operational strategy over the period.

This compensation is subject to the achievement of specific and ambitious objectives.

As a reminder, the target variable compensation of Elizabeth Blaise for the 2022 fiscal year was 55% of her annual fixed compensation. In the event of outperformance, this variable compensation could reach up to 110% of the annual fixed compensation. It is proposed that this variable compensation policy remain unchanged in 2024.

Mercialys continues to implement its compensation policy in line with the highest market standards, with 100% quantifiable criteria in the structuring of variable compensation, the criteria for which are defined in detail.

A set of balanced criteria has been selected for 2024, covering aspects of financial performance, operational performance, and non-financial performance relating to the CSR strategy including the Company's climate and more generally social and environmental issues.

The objectives selected reflect the main challenges facing the Company for the coming year; they are ambitious and measurable:

		% fixed compensation		
		Minimum	Target	Maximum
Quantifiable objectives (100% of the total variable compensation)	Growth in Recurring Net Income (20% of the total variable compensation)	0%	11.0%	22.0%
	EBITDA margin on a like-for-like basis (20% of the total variable compensation)	0%	11.0%	22.0%
	Total financial vacancy rate (10% of the total variable compensation)	0%	5.5%	11.0%
	Investment volume and arbitrage - excluding maintenance (10% of the total variable compensation)	0%	5.5%	11.0%
	Rate of non-rebillable service charges (on a like-for-like basis) as a % of rental revenues (10% of the total variable compensation)	0%	5.5%	11.0%
	"Greening" of financing and compliance with CSR objectives associated with changes in bank line margins (10% of total variable compensation)	0%	5.5%	11.0%
	Corporate Social Responsibility: rate of achievement of the major objectives of the 4 Fair Impacts strategy on a linear basis at the end of 2024 of the 2030 roadmap (20% of the total variable)	0%	11.0%	22.0%
TOTAL VARIABLE COMPENSATION AS A % OF FIXED COMPENSATION		**0%**	**55.0%**	**110.0%**

For each quantifiable criterion, a minimum achievement threshold is set, as well as a target level corresponding to Mercialys' objectives for a performance that meets objectives, and a performance level that exceeds the target. Variable compensation is calculated in a linear fashion between the minimum threshold and the maximum threshold.

If it is unable to take advantage of the exemption offered by Article L. 22-10-8, III of the French Commercial Code, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, may adjust the thresholds, objectives and targets in the event of changes in accounting standards and methods. In addition, in the event of a material change in the Group's strategy or scope (in particular, following a merger or disposal, a change of control, the acquisition or the creation of a new significant business or the discontinuation of an existing significant business), the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will be able to use its discretion to adjust, upwards or downwards, one or more performance criteria-related parameters (weighting, trigger thresholds, objectives, targets, etc.) of the Deputy Chief Executive Officer's annual variable compensation, in order to ensure that the application of these criteria reflect both her performance and that of the Group.

In the event of the departure of the Deputy Chief Executive Officer, including in the event of death and except in the event of dismissal for serious or gross misconduct, the variable compensation for the current year will be calculated on a prorata temporis basis of her presence as an executive corporate officer of Mercialys. The calculation of the variable compensation will then be based on the performance criteria assessed at the end of the year during which the Deputy Chief Executive Officer ceases to perform her duties.

In any event, and pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, payment of the variable component of compensation for fiscal year 2024, after determination of its amount based on the achievement of the objectives defined above, will be conditional on approval from the Company's Ordinary General Meeting to be held in 2025.

Long-term compensation

In order to associate the Deputy Chief Executive Officer over the long term with the Company's shareholding performance, the Board of Directors has decided, subject to compliance with the provisions of Article L. 22-10-60 of the French Commercial Code, on the principle of bonus share plans.

Bonus shares may only be granted to executive corporate officers if the Company grants one of the following benefits to its employees and to at least 90% of employees in its subsidiaries:

- share purchase and/or subscription options;
- bonus share plans;
- the introduction of an incentive agreement or statutory profit-sharing agreement.

This award would represent a target of 100% of the annual fixed compensation (*i.e.* Euro 318,000) if the defined objectives are achieved, and up to 150% of the annual fixed compensation if each criteria is exceeded. The addition of the 3 criteria would remain capped at 130% of the annual fixed compensation (*i.e.* Euro 413,400).

Service condition

In accordance with the provisions of Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code, the bonus shares awarded would only vest to the Deputy Chief Executive Officer at the end of a vesting period of 3 years, subject to continued service (as a corporate officer). At the end of this 3-year vesting period, the Deputy Chief Executive Officer will be required to keep 100% of her bonus shares for a period of at least 2 years after they are fully vested, and thereafter to hold 50% of them in registered form until the termination of her duties as corporate officer. The obligation to retain 50% of the shares acquired for more than 2 years will continue to apply only until the total amount of shares held by executives represents 300% of their last gross annual fixed compensation. The amount will be determined at the beginning of each year on the basis of the weighted average price of Mercialys shares for the previous fiscal year.

Furthermore, in accordance with the provisions of the final paragraph of Article 26.3.3 of the AFEP-MEDEF Code, the Deputy Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the holding period.

In the event of the departure of the Deputy Chief Executive Officer, including in the event of death or incapacity and except in the event of dismissal for serious or gross misconduct, the right to the bonus shares that would have been awarded to her before the effective date of her departure would be maintained on a *prorata temporis* basis of her service as executive corporate officer of Mercialys during the vesting period, while remaining subject to the performance conditions of said plan. The performance conditions will then be calculated on the basis of the plan's performance criteria assessed at the end of the year during which the Deputy Chief Executive Officer ceases to perform her duties. In such a case, the Deputy Chief Executive Officer would also be released from any holding obligation at the end of the aforementioned vesting period.

Performance conditions

All shares will be subject to the following performance conditions, measured at the end of the 3-year period based on 4 criteria, instead of three the previous year, combined with a service condition.

- initially, to measure the stock market performance of Mercialys shares against that of its market sector peers and to bring executives into line with their shareholders, it is proposed that the stock market performance measurement criterion should be maintained in relative terms with reference to a panel of sector companies. These companies are similar to Mercialys in terms of geographical location, size or activity. This panel is as follows:

Peers constituting the index	ISIN index	Country	Business segment	Geographical exposure	Market capitalization *(€M)* at December 31, 2023
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	2,219
Citycon OYJ	FI4000369947	Finland	Diversified shopping centers	Northern Europe	894
Deutsche EuroShop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czechia, Austria, Hungary	1,724
Eurocommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,194
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,636
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	254
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	7,080
Lar Espana Real Estate	ES0105015012	Spain	Neighborhood shopping centers	Spain	515
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	296
Retail Estates	BE03720340	Belgium	Diversified shopping centers	Benelux	929
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	9,305
Vastned Retail N.V.	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	383
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	634

- it is proposed to add a criterion of average absolute stock market performance over 3 years between January 1, 2024 and December 31, 2026. This will make it possible to assess the profitability generated for Mercialys shareholders in terms of the stock market performance of the share and the dividends received;
- in addition, in order to assess changes in the Company's financial performance, it is proposed to use a criterion of Growth in Recurring Net Income measured as an annual average over 3 years, between January 1, 2024 and December 31, 2026, in order to align executives' interests with those of the shareholders;
- lastly, with regard to the CSR policy, an objective to reduce the carbon intensity of the Mercialys portfolio is set, in order to ensure the Company's positive contribution to the fight against climate change. In accordance with the recommendations of the 2023 barometer on compensation by the IFA (French Institute of Directors), Chapter Zero France and Ethics & Boards on the climate in CEO compensation policies, this objective is aligned with the Company's SBTi-certified 2030 GHG emissions reduction objective.

The relative weighting of each of these four awarding criteria and the associated performance conditions would be as follows:

- 20% of the total target allocation based on the absolute stock market criterion: absolute performance of the Mercialys share, including dividends (Total Shareholder Return), measured between January 1, 2024 and December 31, 2026.

At the end of the 3-year period, the number of shares awarded on the basis of this performance criterion will be determined in accordance with the table below:

Mercialys' average annual TSR (Total Shareholder Return) over three years	Multiplier
10.00%	0%
14.00%	100%
18.00%	150%

- 25% of the total target allocation based on the relative stock market criterion: relative performance of Mercialys shares, including dividends (TSR) compared to the performance of a specific panel of comparable companies at January 1, 2024, measured between January 1, 2024 and December 31, 2026.

At the end of the 3-year period, the number of shares awarded on the basis of this performance criterion will be determined in accordance with the table below:

Ranking of Mercialys three-year average annual TSR compared with the companies comprising the panel	Multiplier
1st place	150%
2nd place	141.6%
3rd place	133.3%
4th place	125%
5th place	116.7%
6th place	108.3%
7th place	100%
8th to 14th place	0%

No compensation will be paid if the ranking falls below the average, given that the above table is based on the 13 companies comprising the panel as at January 1, 2024, plus Mercialys.

Should the panel of comparable companies no longer comprise these 13 companies at December 31, 2026, in particular, due to takeovers, mergers, bankruptcies or delistings occurring during the securities' vesting period, Mercialys' ranking would, as a result, be based on other criteria.

In particular, should the panel of comparable companies, including Mercialys, comprise an uneven number of companies, the 100% performance would correspond to the ranking immediately above the arithmetical average. If, for example, only 10 companies, i.e. a total of 11 companies including Mercialys, were still listed on the panel on December 31, 2026, the coefficient of 100% would correspond to 5th place. All the multipliers would therefore be readjusted in a linear fashion between the average ranking determined in this way (coefficient of 100%) and 1st place (coefficient of 150%).

Average annual three-year Growth in Recurring Net Income	Multiplier
2.00%	0%
3.00%	100%
4.00%	150%

The multiplier moves in a linear fashion between the limits set above.

- 30% of the total allocation based on a CSR criterion: reduction over 3 years of the carbon intensity per unit area on scopes 1 & 2 by outperforming (about 2 years ahead) Mercialys' SBTi-certified carbon roadmap (in $kgCO_2eq$/sq.m, on the current scope of the Mercialys portfolio, using the market-based method): emission target of 14.3 $kgCO_2eq$/sq.m maximum at the end of 2026, corresponding to a reduction of at least 40% in emissions compared to 2017 (reference year of the certified roadmap):

At the end of the 3-year period, the number of shares awarded on the basis of this performance criterion will be determined in accordance with the table below:

Reduction of carbon intensity on scopes 1 & 2 on the portfolio's current scope (three-year change versus reference value of the 2017 roadmap)	Multiplier
- 36.2%, *i.e.* 15.1 $kgCO_2eq$/sq.m	0%
- 39.8%, *i.e.* 14.3 $kgCO_2eq$/sq.m	100%
- 43.4%, *i.e.* 13.5 $kgCO_2eq$/sq.m	150%

The multiplier moves in a linear fashion between the limits set above.

In the event of an exceptional event such as the impact of the COVID-19 epidemic, a change of control or significant change in strategy, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, will have discretionary power in particular to reduce, eliminate or postpone, for the absolute and relative TSR stock market criteria, the application of the financial and non-financial criteria (a maximum of 33.33% of long-term compensation criteria).

Other compensation components

The Deputy Chief Executive Officer does not benefit from any additional pension plan. She participates in the mandatory group supplementary pension plan (ARRCO and AGIRC) and in the pension plan in force within the Company for all employees. She also benefits from senior executive unemployment insurance. In the event of the departure of the Deputy Chief Executive Officer, the benefit of the Company's health plan will be extended to the period covered by the senior executive unemployment insurance.

She does not receive a company car or any other benefit of any kind.

No severance allowance shall be paid to the Deputy Chief Executive Officer resulting from the termination of, or change in, her position.

However, in the event of termination of her duties, the Deputy Chief Executive Officer may receive compensation under a non-competition and non-solicitation clause. This compensation would be paid on a monthly basis equivalent to one-twelfth of 50% of the total annual compensation (fixed and variable) of Elizabeth Blaise, this total annual compensation being itself calculated as the average of the compensation package paid in respect of the two fiscal years prior to her departure. It would apply for a period not exceeding the time of his presence in the Company with a maximum duration of 2 years, it being specified that the Company may reduce the period of application of it or waive it.

This level is below recommendation 25.6 of the AFEP-MEDEF Code, which refers to a cap of 2 years' overall compensation including the annual fixed and variable components.

The payment of the non-competition compensation is excluded when the Deputy Chief Executive Officer exercises her right to retire. In any event, no non-competition indemnity may be paid beyond the age of 65.

4.2.3 Results of the votes on the resolutions relating to the compensation of corporate officers at the General Meeting of April 27, 2023

		For		Against		Abstention	Not voted
	Resolution	Votes	%	Votes	%	Votes	Votes
7	**Approval of the information referred to in Article L. 22-10-9 I of the French Commercial Code relating to compensation paid to the corporate officers during or awarded in respect of fiscal year 2022**	53,215,786	97.88%	1,151,521	2.12%	1,633,558	6,184
8	**Approval of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2022 to Éric Le Gentil, Chairman of the Board of Directors**	55,770,408	99.69%	176,132	0.31%	59,845	664
9	**Approval of the total compensation and benefits of any kind paid or awarded during the fiscal year ended on December 31, 2022 to Vincent Ravat, Chief Executive Officer**	52,037,242	95.74%	2,315,694	4.26%	1,653,449	664
10	**Approval of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2022 to Elizabeth Blaise, Deputy Chief Executive Officer**	52,477,011	96.55%	1,875,191	3.45%	1,654,183	664
11	**Approval of the compensation policy for Éric Le Gentil, Chairman of the Board of Directors**	55,763,116	99.67%	182,180	0.33%	60,598	1,155
12	**Approval of the compensation policy for Vincent Ravat, Chief Executive Officer**	51,557,102	94.88%	2,784,615	5.12%	1,664,668	664
13	**Approval of the compensation policy for Elizabeth Blaise, Deputy Chief Executive Officer**	52,004,966	95.70%	2,336,576	4.30%	1,664,843	664
14	**Approval of the compensation policy for directors**	55,768,439	99.68%	177,784	0.32%	59,671	1,155

The abstention rate of shareholders represented at the General Meeting was very low (between 0% and 0.3%) for 23 of the 28 resolutions submitted to the vote. It should be noted that the abstention rate remains low (between 2.9% and 3.0%) but stands out from the overall trend on the 5 resolutions relating to the compensation of the Chief Executive Officer and the Deputy Chief Executive Officer.

Mercialys conducts a sustained dialogue with its shareholders prior to the General Meeting in order to identify any issues that may raise questions, via a proposal for direct dialogue by Senior Management and Financial Communication and via exchanges led by an external advisor with the various investor services involved in the voting process.

Appendix: AFEP-MEDEF cross-reference table

Article number	Recommendations	Implementation by Mercialys	Comments
1	**Duties of the Board of Directors**		
1.1	Carrying out the duties assigned by law and acting, under all circumstances, in the Company's best interest	Yes	Art. 5 of the RP, p. 400 *et seq.*
1.2	Setting strategic guidelines	Yes	Art. 5 of the RP, p. 400 *et seq.*
1.3	Compliance with the main duties assigned by law	Yes	Art. 5 and 11.2.1 of the RP, p. 400 *et seq.* and p. 404 *et seq.*
1.4	Information on the Board of Directors	Yes	Art. 6 of the RP, p. 401
1.5	Review of opportunities and risks in line with directors' strategy and information	Yes	Art. 6 of the RP, p. 401
1.6	Oversight of the anti-corruption and influence-peddling system	Yes	Art. 5 of the RP, p. 400 *et seq.*
1.7	Non-discrimination and diversity policy within ruling bodies	Yes	§ 4.1.1.2, A, p. 229 *et seq.* § 4.1.2.2 and § 4.1.2.3, p. 249 *et seq.*
1.8	Corporate governance report on the Board's activities	Yes	§ 4.1.4.2, p. 253 *et seq.*
1.9	Clarifications required incorporated in the Rules of Procedure	Yes	Art. 5, 6 and 8 of the RP, p. 400 *et seq.* § 4.1.2.1, p. 229 *et seq.*
2	**The Board of Directors: collegiate body**		
2.1	Collegiate body mandated by all shareholders	Yes	§ 4.1.1, p. 228
2.2	Adaptation of the Board's composition and organization – Publication of Rules of Procedure	Yes	Last update: February 14, 2024 § 9.1.5, p. 398 *et seq.*
2.3	Limitation of the representation of specific interests	Yes	§ 4.1.1.2, A, p. 229 *et seq.*
2.4	Prevention of conflicts of interest in the event of a company controlled by a majority shareholder	Not applicable	No majority shareholder
3	**Diversity of governance organization methods**		
3.1	Choice between a one or two-tier structure	Yes	One-tier structure
3.2	Governance organization methods	Yes	§ 4.1, p. 228 § 4.1.2, p. 249 Separation of functions Appointment of a lead director deemed unnecessary by the Board of Directors
3.3	Resources and prerogatives of the Lead Director	Not applicable	No Lead Director
3.4	Information on the organization of management and control powers	Yes	§ 4.1, p. 228 § 4.1.2, p. 229
4	**The Board and reporting to shareholders and the markets**		
4.1	Rigorous financial reporting policy	Yes	§ 7.1.4, p. 360 *et seq.*
4.2	Fair reporting	Yes	§ 7.1.4, p. 360 *et seq.*
4.3	Relevance, balance and educational aspect of information	Yes	§ 7.1.4, p. 360 *et seq.* and Chap. 2, p. 79 *et seq.*
4.4	Shareholder relations on governance issues entrusted to the Chairman of the Board of Directors or the Lead Director	Yes	Art. 7 of the RP, p. 401
4.5	Reliable procedures to identify, control and assess commitments and risks	Yes	Chap. 5, p. 322 *et seq.*
4.6	Relevant information in this area for shareholders and investors	Yes	Off-balance sheet commitments: § 3.1.2, Note 23, p. 189 *et seq.* and Financial rating: § 1.2.5.5, p. 53 *et seq.*

Article number	Recommendations	Implementation by Mercialys	Comments
5	**The Board of Directors and Corporate Social Responsibility**		
5.1	Setting multi-year strategic guidelines in terms of Corporate Social Responsibility	Yes	§ 4.1.4.2 B p. 255 and § 4.1.6, p. 263
5.2	Presentation to the Board of Directors of the methods for implementing the Corporate Social Responsibility strategy with an action plan and time frames within which these actions will be carried out	Yes	§ 4.1.4.2 B p. 255 and § 4.1.6, p. 263
5.3	Definition of specific objectives with different time frames for the climate strategy	Yes	§ 4.1.4.2 B p. 255 and § 4.1.6, p. 263
5.4	Presentation of the climate strategy to the Ordinary General Meeting at least every three years or in the event of a significant change	Yes	Presentation of the climate strategy as part of the 19th resolution of the General Meeting of April 28, 2022, and before the vote on the resolutions at the General Meeting of April 27, 2023. The presentation of the climate strategy is on the agenda for the General Meeting of April 25, 2024, without a resolution submitted to a shareholder vote
6	**The Board of Directors and the Shareholders' General Meeting**		
6.1	Board of Directors appointed by the shareholders to which it reports on the performance of its duties	Yes	§ 4.1.1.2, p. 229 *et seq.*
6.2	Compliance with the holding and authority of the Shareholders' General Meeting	Yes	Chap. 8, p. 373 *et seq.*
6.3	Management of conflicts of interest in the event of large-scale transactions	Yes	§ 4.1.8 and 4.1.9, p. 265 *et seq.*
6.4	Consultation of shareholders on major transactions	Not applicable	No major transaction in progress
7	**Composition of the Board of Directors: guiding principles**		
7.1	Balance of the composition of the Board – Competence and ethics of the members	Yes	§ 4.1.1, p. 228 *et seq.*
7.2	Composition of the Board of Directors – Diversity policy	Yes	§ 4.1.1.2, p. 229 *et seq.*
8	**Gender diversity policy within ruling bodies**		
8.1	Gender equality targets for ruling bodies	Yes	§ 4.1.1.2, p. 229 *et seq.* § 4.1.2.3, p. 251 *et seq.*
8.2	Description of ruling bodies' gender diversity policy	Yes	§ 4.1.2.3, p. 251 *et seq.*
9	**Representation of employee shareholders and employees**		
9.1	Board's application of the provisions of this Code to matters related to directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
9.2	Voting by directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
9.3	Equal rights and obligations of directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds

Article number	Recommendations	Implementation by Mercialys	Comments
10	**Independent directors**		
10.1	Integrity, competence, proactivity, attendance and involvement of independent directors	Yes	§ 4.1.1.2, A, p. 229 *et seq.*
10.2	Definition of independent directors	Yes	§ 4.1.1.2, A, p. 229 *et seq.*
10.3	Percentage of independent directors	Yes	§ 4.1.1.2, A, p. 229 *et seq.*
10.4	Review of the independence of directors and reporting to shareholders	Yes	§ 4.1.1.2, A, p. 229 *et seq.*
10.5	Director independence review criteria	Yes	§ 4.1.1.2, A, p. 229 *et seq.* The independence criterion relating to the material or non-material nature of the relationship with the Company was the subject of an annual special analysis by the Appointments, Compensation and Governance Committee for Élisabeth Cunin, Chairwoman of Kiabi, a tenant retailer of Mercialys
10.6	No variable compensation linked to Company performance for non-executive corporate officers	Yes	§ 4.2.2.2, p. 278 *et seq.*
10.7	Analysis of the independence of directors representing shareholders holding more than 10% of the share capital or voting rights	Not applicable	No shareholder holds more than 10% of the share capital or voting rights
11	**Assessment of the Board of Directors**		
11.1	Compliance with the principle of assessment by the Board of its ability to meet shareholder expectations	Yes	§ 4.1.1.1 and 4.1.1.2, p. 22828 *et seq.* § 4.1.7, p. 263 *et seq.*
11.2	Compliance with the three objectives of the assessment	Yes	§ 4.1.7, p. 263 *et seq.* The assessment carried out by an independent firm in 2023 met these three objectives
11.3	Compliance with methods of assessment	Yes	§ 4.1.7, p. 263 *et seq.*
12	**Board meetings and committee meetings**		
12.1	Publication of the number of meetings and attendance of directors	Yes	§ 4.1.1.2, A, p. 229 § 4.4.1.2, A, p. 253 *et seq.*
12.2	Frequency and appropriate length of meetings	Yes	§ 4.1.4,1. p. 252 *et seq.*
12.3	Meetings without the presence of executive corporate officers	Yes	Art. 17 of the RP, p. 406 § 4.4.1.2, B, p. 254 The independent directors meet at least once a year without the presence of the Chairman of the Board of Directors and Senior Management
12.4	Clear minutes of meetings	Yes	Art. 3 of the RP, p. 400
13	**Access to information for directors**		
13.1	Directors' right to information and duty of confidentiality included in the Rules of Procedure	Yes	Art. 6, 15 and 19 of the RP, p. 401 and 406
13.2	Diligent transmission of useful information to directors, even between Board meetings	Yes	Art. 6 of the RP, p. 401
13.3	Director's duty to seek the information needed to perform related duties	Yes	Art. 15 of the RP, p. 406
13.4	Ability of directors to meet with the Company's key executives	Yes	Art. 6 of the RP, p. 401
14	**Director training**		
14.1	Benefit for all directors of training in the specifics of the company, its business lines, its sector and its CSR challenges	Yes	Art. 15 of the RP, p. 406
14.2	Reporting on members of the Audit Committee and their appointment, as well as on special features of company accounting, finance or operations	Yes	Art. 1.3 of the Audit, Risks and Sustainable Development Committee charter, available at: www.mercialys.com

Article number	Recommendations	Implementation by Mercialys	Comments
14.3	Specific training for directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
15	**Directors' term of directorship**		
15.1	Term of directorships	Yes	Art. 16 of the articles of association, p. 394 Art. 1 of the RP, p. 398 *et seq.*
15.2	Staggering of directorships	Yes	Art. 16 of the articles of association, p. 394 Art. 1 of the RP, p. 398 *et seq.*
15.3	Information on the directors	Yes	§ 4.1.1.2, A, p. 231 *et seq.*
15.4	Grounds for the candidacy of a director submitted for appointment or renewal	Yes	Annual General Meeting brochure
16	**Board committees: general principles**		
16.1	Existence and composition of committees	Yes	§ 4.1.1.2, A, p. 229 No cross-directorships
16.2	Scope of responsibility of committees	Yes	§ 4.1.5, p. 256 *et seq.*
16.3	Committee operating procedures and rules	Yes	Specialized Committee charters, available at: www.mercialys.com
17	**Audit Committee**		
17.1	Existence and composition	Yes	§ 4.1.1.2, A, p. 229
17.2	Powers	Yes	§ 4.1.5.1, p. 256 *et seq.*
17.3	Operating procedures	Yes	§ 4.1.5.1, p. 256 *et seq.* Audit, Risks and Sustainable Development Committee charter, available at: www.mercialys.com
18	**The Appointments Committee**		
18.1	Existence and composition	Yes	§ 4.1.1.2, A, p. 229 Mercialys has an Appointments, Compensation and Governance Committee
18.2	Powers	Yes	§ 4.1.2, A, p. 234 *et seq.* § 4.1.3, p. 252, § 4.1.5.2, p. 260
18.3	Operating procedures	Yes	§ 4.1.3, p. 252 § 4.1.5.2, p. 258 *et seq.* The Chairman of the Board of Directors is a member of the Appointments, Compensation and Governance Committee and is therefore involved in the process of selecting and appointing directors
19	**The Compensation Committee**		
19.1	Existence and composition	Yes	§ 4.1.1.2, A, p. 229 Mercialys has an Appointments, Compensation and Governance Committee
19.2	Powers	Yes	§ 4.1.5.2, p. 258 *et seq.*
19.3	Operating procedures	Yes	§ 4.1.5.2, p. 258 *et seq.*
20	**The number of terms of office of executive corporate officers and directors**		
20.1	Director involvement	Yes	Art. 18 of the RP, p. 443 *et seq.*
20.2	Limit on the number of terms of office of the executive corporate officer	Yes	Art. 18 of the RP, p. 443 § 4.1.1.2, B, p. 237 The Chief Executive Officer does not hold any other office in a listed company outside the Group

Article number	Recommendations	Implementation by Mercialys	Comments
20.3	Specific recommendations regarding non-executive corporate officers' terms of office	Yes	§ 4.1.1.2, B, p. 236 The Chairman does not hold any other office in a listed company outside the Group
20.4	Restriction on the number of directorships	Yes	Art. 18 of the RP, p. 406 § 4.1.1.2, B, p. 234 *et seq.* According to the information submitted by the directors to the Company, none of them holds more than four other directorships in listed companies outside the Group, including foreign ones
20.5	Information submitted by the directors on the other directorships held	Yes	Art. 18 of the RP, p. 406 § 4.1.1.2, B, p. 234 *et seq.* According to the information submitted by the directors to the Company, none of them holds more than four other directorships in listed companies outside the Group, including foreign ones
21	**Ethics for directors**		
21	Fundamental obligations to be met by the directors	Yes	Art. 14 et seq. of the RP, p. 406 *et seq.*
22	**Directors' compensation**		
22.1	Attendance-based compensation	Yes	§ 4.2.1, p. 268 *et seq.*
22.2	Additional compensation possible, particularly in the event of attendance at, or Chairmanship of, specialized committees	Yes	§ 4.2.1, p. 268 *et seq.*
22.3	Adjustment of compensation to the level of responsibilities and time spent on the role	Yes	§ 4.2.1, p. 268 *et seq.*
22.4	Publication of compensation rules and individual amounts paid	Yes	§ 4.2.1, p. 268 *et seq.*
23	**Termination of employment contract in the event of corporate office**		
23.1	End of employment contract if an employee becomes an executive corporate officer	Yes	§ 4.2.2.2, B, 5, p. 279 § 4.2.2.4, B, 5, p. 289 § 4.2.2.6, B, 5, p. 303 None of Mercialys' executive corporate officers have an employment contract
23.2	Scope of the recommendation	Yes	§ 4.2.2.2, B, 5, p. 5 279 § 4.2.2.4, B, 5, p. 289 The Chairman of the Board of Directors and the Chief Executive Officer do not have an employment contract
23.3	Exclusions	Not applicable	Only the Mercialys group executive corporate officers are executive corporate officers of subsidiaries

Article number	Recommendations	Implementation by Mercialys	Comments
24	**Requirement for corporate officers to hold shares**		
24	Definition of a minimum number of shares that corporate officers must hold in registered form until the end of their term of office	Yes	The Board of Directors has not set minimum shares for executive corporate officers. As part of the compensation policy for executive corporate officers, however, since 2017, long-term variable compensation has systematically been based on the allocation of bonus shares, subject to performance conditions. 100% of the vested shares must be held for a minimum of 2 years, then 50% until the termination of their duties as corporate officers. Under the 2024 bonus share plan, the obligation to retain 50% of the shares vested for more than 2 years will continue to apply only until the total amount of shares held by executives represents 300% of their last gross annual fixed compensation. § 4.2.2.4, A, p. 281 § 4.2.2.5, B, p. 291 § 4.2.2.6, A, p. 295 § 4.2.2.7, B, p. 311
25	**Conclusion of a non-competition agreement with a corporate officer**		
25.1	Definition of non-competition agreement	Yes	§ 4.2.2.4, A, p. 284 § 4.2.2.5, B, p. 297 § 4.2.2.6, A, p. 300 § 4.2.2.7, B, p. 311
25.2	Board's authorization of the non-competition agreement and its publication	Yes	§ 4.2.2.4, A, p. 284 § 4.2.2.5, B, p. 297 § 4.2.2.6, A, p. 300 § 4.2.2.7, B, p. 311
25.3	Board's option to waive the implementation of this agreement upon the corporate officer's departure	Yes	§ 4.2.2.4, A, p. 284 § 4.2.2.6, A, p. 300
25.4	Payment of non-competition compensation excluded when executives exercise their right to retire and when they are over the age of 65	Not applicable	§ 4.2.2.5, B, p. 294 § 4.2.2.7, B, p. 311
25.5	Prohibition of non-competition agreements signed at the time of the corporate officer's departure and not previously specified	Not applicable	Non-competition agreements are included in compensation policies
25.6	Amount of non-competition indemnity and terms of payment	Yes	§ 4.2.2.4, A, p. 284 § 4.2.2.6, A, p. 300
26	**Compensation of corporate officers**		
26.1	Principles for determining the compensation of corporate officers and role of the Board of Directors	Yes	§ 4.2.2, p. 272 *et seq.*
26.2	Principles for determining the compensation of non-executive corporate officers	Yes	§ 4.2.2, p. 272 *et seq.*

Article number	Recommendations	Implementation by Mercialys	Comments
26.3	Components of the compensation of executive corporate officers	Yes	§ 4.2.2.4 *et seq.* p. 281 *et seq.* The 27th resolution of the General Meeting of April 27, 2023, sets the total number of bonus shares that may be allocated over 26 months at 1.0% of the share capital, of which 0.5% to be allocated to executive corporate officers and 0.5% to employees. This equal distribution is due to the fact that, as a result of its type of business, Mercialys' total workforce has very few employees (145 staff on permanent contracts at the end of December 2023) and so complies with the principle of non-concentration of bonus share plans
26.4	Allowance paid to executive corporate officers upon taking office	Not applicable	No recent executive changes
26.5	Severance pay in the event of the departure of executive corporate officers	Not applicable	§ 4.2.2.4, A, p. 283 § 4.2.2.5, B, p. 293 § 4.2.2.6, A, p. 297 § 4.2.2.7, B, p. 308 Not covered by the compensation policies
26.6	Supplementary pension plans for executive corporate officers	Not applicable	§ 4.2.2.4, A, p. 283 § 4.2.2.5, B, p. 293 § 4.2.2.6, A, p. 297 § 4.2.2.7, B, p. 308 Not covered by the compensation policies
27	**Information on the compensation of corporate officers and policies for granting stock options and performance shares**		
27.1	Constant flow of information	Yes	https://www.mercialys.com/investors/regulated-information/remuneration-of-senior-executives
27.2	Annual information – Content and presentation	Yes	§ 4.2, p. 268 *et seq.* Diligent use of AMF tables
28	**Implementation of recommendations**		
28.1	Application of the "Comply or explain" rule	Yes	Chap. 4 Appendix, p. 310 *et seq.*
28.2	Monitoring of recommendations from the High Committee of Corporate Governance	Not applicable	No comments received by Mercialys in 2023
29	**Review of the Code**		
29	Periodic review of the Code at AFEP and MEDEF's initiative	Not applicable	Compliance of Mercialys practices with the AFEP-MEDEF Code in its updated version of December 2022

Terminology: RP – Rules of Procedure of the Board of Directors.

100%
Strategic portfolio BREEAM In-Use certified

3.8 years
maturity of drawn debt

5.1x
Interest coverage ratio (ICR)

5

RISK FACTORS

5.1 Organization of internal control and risk management

Mercialys' internal control and risk management systems presented in this section were developed in accordance with the reference framework set by the French Financial Markets Authority (AMF) (1). The main due diligence carried out before writing the paragraphs below involved circulating AMF questionnaires and internal questionnaires or conducting internal interviews to identify all the internal control and risk management systems.

These systems constitute an organizational framework that defines:

1. the stakeholders, roles and responsibilities;
2. a risk management process based on the identification, analysis and treatment of risks; and
3. the continuous oversight of these systems.

They are based on various aspects including:

- a specific organization that is dedicated to risk management through a Risk Prevention Committee;
- the internal distribution of procedures, documentation and operating guidelines identified as areas for improvement;
- permanent monitoring through risk assessments (depending on their occurrence and impact), with the associated risk maps updated on a regular basis.

These systems are an integral part of Mercialys' operational and strategic management, and aim to protect the Company against several identified risk categories, ensuring that its development is effectively controlled and sustainable. They also aim to identify the emergence of new risks and to plan for their coverage and management. In the event of a crisis, such as the Covid-19 pandemic, which led to major national restrictions in 2020 and 2021, these systems make it possible to rapidly engage stakeholders and set up procedures that are key to ensuring business continuity.

5.1.1 Internal control and risk management bodies

Mercialys' internal control and risk management systems, as presented in this section, apply to Mercialys and its controlled subsidiaries as defined by the French Commercial Code, in accordance with the AMF reference framework (1). As indicated by the AMF, the systems are adapted to the specific characteristics of each company and the relationships between the parent company and its subsidiaries.

The internal control and risk management arrangements are built around three areas of expertise. The health crisis in 2020 and 2021 confirmed that they are working effectively and the levels of engagement.

5.1.1.1 Audit, Risks and Sustainable Development Committee (ARSDC)

Mercialys Senior Management defines, designs and implements internal control and risk management systems.

The Board of Directors is informed of the main characteristics of the systems put in place.

To do so, it is supported by the Audit, Risks and Sustainable Development Committee, which is responsible for checking that the Company has appropriate and structured resources in place to identify, detect and prevent risks, anomalies and irregularities in the management of its business. Among other duties, this Committee closely and regularly monitors the internal control and risk management systems.

Within this framework, it issues observations and recommendations on audit work, while carrying out or commissioning any analyses and reviews that it deems appropriate on any internal control and risk management issues.

The Audit, Risks and Sustainable Development Committee's role includes overseeing the risk mapping process, from financial to sustainability and compliance risks, in addition to the process for preparing financial information. Specifically, it was called on:

- in 2020 and 2021 in connection with the Company's management of the heightened risks resulting from the Covid-19 crisis; and
- in 2021 and 2022 in connection with the process to bring certain functions in-house, particularly in terms of impacts on the information systems and the preparation of the Company's accounts, as well as its financing.

An Audit, Risks and Sustainable Development Committee Charter, available on the Company's website, presents its responsibilities.

Details on the composition, duties and accomplishments of the Audit, Risks and Sustainable Development Committee are presented in section 4 (§ 4.1.5.1, p. 256 and 257).

5.1.1.2 Risk Prevention Committee (RPC)

A Risk Prevention Committee was set up in 2016 to specifically address the increased demand for risk monitoring by regulators. This Committee aims to secure Mercialys' operational and financial processes, offering increased visibility on the handling of its risks.

The Risk Prevention Committee's main mission is to manage the risk control system through a mapping process. Its duties primarily include:

- identifying the risks facing Mercialys;
- identifying and assessing the procedures in place;
- implementing a plan to supplement or optimize the handling of risks, and lastly organizing controls to ensure the correct application of procedures.

(1) *AMF – Risk management and internal control systems - Reference framework – July 22, 2010.*

This Committee comprises the Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Financial Officer, the Head of Human Resources, the Head of Internal Control, the Head of CSR and the Head of Compliance and Ethics. Through its members, the Committee benefits from the expert position of each manager and can optimize its approach by having direct access to the departments.

The Committee reports directly to Senior Management, which further strengthens the link between Mercialys' strategy and risk management. This close link proved invaluable faced with the context of health and economic instability seen from 2020 to 2022. It facilitated ongoing dialogue between the stakeholders involved in the risk management process and Senior Management, helping decisions to be taken quickly for actions at the sites and initiatives at the head office.

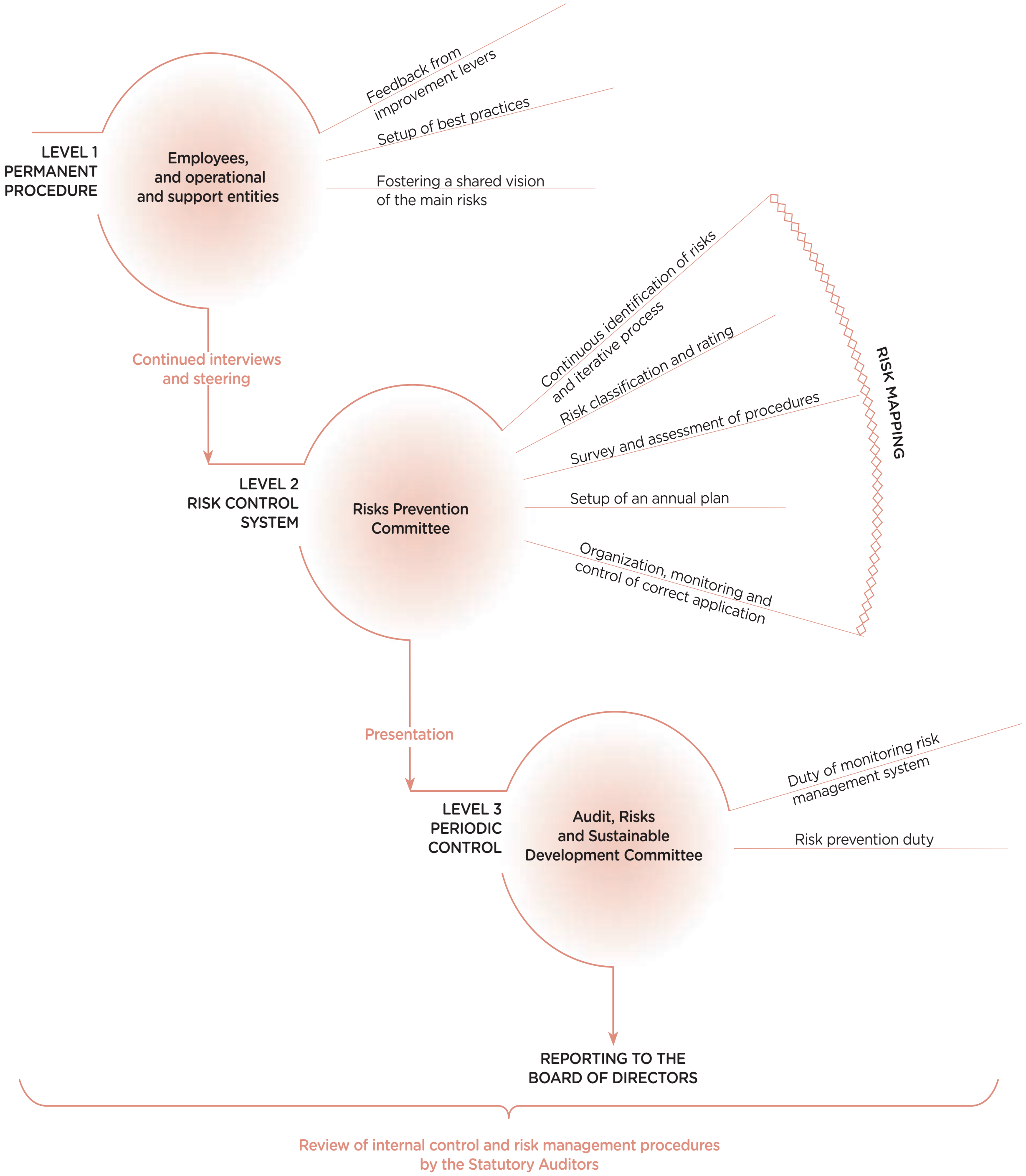
The Risk Prevention Committee meets once a quarter and reports on its work to the Audit, Risks and Sustainable Development Committee at least once a year. The Management Committee is also kept informed through regular presentations.

5.1.1.3 Employees

Employees and middle managers represent the third line in Mercialys' internal control and risk management system. They are tasked with making the internal control and risk management systems work by improving them continuously.

Mercialys therefore ensures that all of its employees are involved in the risk management process through *ad hoc* presentations, communication with the teams and the Risk Prevention Committee's operations. Department heads and/or employees hold regular meetings with Risk Prevention Committee members on specific topics.

Employees also perform a preventative role through frequent discussions with the Head of Internal Control regarding potential improvements or the identification of new risks.


LEVEL 1
PERMANENT
PROCEDURE
Employees,
and operational
and support entities
Feedback from
improvement levers
Setup of best practices
Fostering a shared vision
of the main risks
Continued interviews
and steering
LEVEL 2
RISK CONTROL
SYSTEM
Risks Prevention
Committee
Continuous identification of risks
and iterative process
Risk classification and rating
Survey and assessment of procedures
Setup of an annual plan
Organization, monitoring and
control of correct application
RISK MAPPING
Presentation
LEVEL 3
PERIODIC
CONTROL
Audit, Risks
and Sustainable
Development Committee
Duty of monitoring risk
management system
Risk prevention duty
REPORTING TO THE
BOARD OF DIRECTORS
Review of internal control and risk management procedures
by the Statutory Auditors

5.1.2 General principles of internal control and risk management

5.1.2.1 Approach and prerequisites

As highlighted by the AMF reference framework, the internal control and risk management systems cannot provide an absolute guarantee that the Company's objectives will be achieved. There are inherent limitations in any system, which may result from a wide range of both internal and external factors.

However, Mercialys works to minimize these risks and their effects. All its internal control and risk management systems are covered by a continuous improvement process aimed at ensuring the implementation of best practices within the Company.

Effective internal control and risk management require two prerequisites:

- setting and communicating the Company's strategic and financial objectives. Mercialys' strategic and financial objectives are set as part of a three-year plan, which is reviewed in full every year. The definition and updating of this plan are led by Mercialys' Senior Management, which is responsible for the Company's key balances, particularly in terms of investments and the allocation of financial resources, as well as monitoring the implementation of the plan;
- rules of conduct and integrity that are known and respected by everyone. Mercialys has a Code of Ethics and Code of Conduct, as well as a Responsible Lobbying Charter, which formalize its commitments in terms of professional ethics and the resulting guidelines for conduct to be followed by all its employees in their work. The Code of Ethics and Code of Conduct are regularly enhanced and updated, and are signed by each employee on a regular basis to reconfirm their commitment to respecting their principles. All employees also receive training each year on specific ethics-related topics. Each year, employees sign a declaration confirming that they are not subject to any conflicts of interest. Lastly, a frame of reference for managerial attitudes and behavior has also been set up and distributed to all the Company's managers to guide their actions each day.

5.1.2.2 Operating procedures for the internal control and risk management systems

	Internal control	Risk management
Definition	Internal control is a set of procedures defined and implemented under the Company's responsibility, helping it to maintain control over its activities, carry out its operations effectively and use its resources efficiently. It is also designed to take appropriate account of the Company's significant risks that could prevent it from achieving its objectives.	Mercialys' risk management system consists of a series of resources, behavioral practices, procedures and actions that are aligned with its characteristics. It is designed to enable managers to eliminate these risks or to keep them at an acceptable level for the Company.
Objectives	Internal control is specifically intended to ensure: • legal and regulatory compliance • application of the instructions and guidelines given by Senior Management • correct implementation of procedures, particularly those contributing to the safeguarding of assets • reliability of financial information.	Risk management is specifically intended to: • create and protect the Company's value, assets and reputation • secure the Company's decision-making and processes in order to help achieve its objectives; ensure that actions are aligned with the Company's values • engage employees around a shared vision of the main risks

<table>
<tr><th></th><th>Internal control</th><th>Risk management</th></tr>
<tr><td>Organizational framework</td><td>Mercialys' internal control organization complies with the following principles:

1. Responsibility and powers:
each department head is responsible for organizing its structure and functions to ensure that the separation of duties is respected. This organizational structure is set out in an organization chart.
Delegations of signatures are requested by the proxy where a signature cannot be obtained for a specific transaction.
Delegations of powers are managed and monitored by Mercialys' Secretary General's Office and Corporate Legal Department.

2. Human Resources management policy:
Mercialys' Human Resources policy aims to ensure the effective allocation of its human capital through structured recruitment and career management policies in order to enable it to achieve the objectives set. The Company's Human Resources Department is responsible for its administrative management.
Mercialys' training policies are focused in particular on management, personal development, Human Resources and the Company's business activities, as well as ethics and compliance.
To ensure employee motivation, the Company's compensation policy is based on a market salary benchmark analysis and aligned with the principles of internal fairness (the equity ratios are shown in section 4, § 4.2.2.1, p. 276). In addition, the compliance of managers' practices with the standards for managerial attitudes and behaviors is assessed each year as part of their annual performance review, and this is one of the criteria for determining the amount of their variable compensation. Lastly, a satisfaction survey on the workplace environment and organization of work within the Company is carried out on a regular basis.

3. Information systems:
To ensure the security of its data, Mercialys manages its IT network through an internal IT Department and dedicated service providers. The management software packages and information systems in place are aligned with the Company's current and future objectives, and also make it possible to address issues such as physical security, the retention of archived information and the continuity of operations.
The migration of the IT tools deployed by Mercialys before bringing the rental management function in-house, completed on January 1, 2023, was reviewed by the Statutory Auditors. These information systems are also reviewed by the Statutory Auditors in connection with their work concerning the internal control procedures.</td><td>Mercialys' Senior Management and managerial staff are responsible for identifying the specific risks involved with its activities and analyzing their level in order to manage them effectively.
The Risk Prevention Committee meets on a quarterly basis. Its activities aim to reduce the risks identified by managers that could prevent the Company from achieving its objectives.
In the event of a specific crisis situation, a dedicated unit is ready to intervene, comprising employees and members of Mercialys' Senior Management team. This crisis unit was deployed several times in 2020 and 2021, confirming its responsiveness and the relevance of its structure. This crisis unit was also able to be effectively activated for incidents linked to social movements affecting certain retail sites in 2023.
Mercialys has insurance policies covering property damage, third-party liability, professional and environmental liability, cyber, fraud and executive liability.
The main risks insured and the corresponding amounts are presented in the table below.</td></tr>
<tr><td>Internal distribution of information</td><td colspan="2">Managers or functional or operational management are responsible for distributing information. Procedures that are specific to Mercialys' activities are distributed on a regular basis to the relevant employees. The timeframes for distributing information within Mercialys allow sufficient time for an effective and appropriate response. The production of reliable information on time is supported by information systems that are organized to make it possible to optimize the activities carried out by the stakeholders concerned.</td></tr>
</table>

	Internal control / Risk management
Monitoring	Internal control and risk management are monitored under the authority of Senior Management and overseen by several bodies. Senior Management is regularly informed of potential failings in the internal control and risk management system, and its suitability for activities. It ensures that the necessary corrective measures are taken. The Deputy Chief Executive Officer, supported by members of the Finance Department, the Legal Department and the CSR Department, is responsible for monitoring Mercialys' internal control and risk management system. Managers perform a supervision role on a day-to-day basis to monitor the effective implementation of the internal control and risk management system. They are responsible for implementing corrective action plans and reporting any major failings to Senior Management.

Main risks insured and amounts covered

The levels of insurance cover vary and are adjusted to take into account the loss ratio, insurance market constraints or changes in Mercialys' risks. On the date of this Universal Registration Document, no major and/or significant claims had been recorded that were likely to change the current terms of insurance cover and the amounts of insurance premiums and/or the continuation of self-insurance. Since 2021, in line with the insourcing of insurance services, Mercialys has set up its own insurance programs for most of the risks concerned. The contractual limits on compensation have been tailored to the levels of risks identified for the Group's portfolio and activities.

Property damage and/or operating loss insurance

The risks covered include property damage and/or operating losses due to fire, explosion, malicious act, collapse, natural event, natural disaster, political "violence" or rental liability within the limits negotiated on the insurance markets.

Main risks insured and amounts *(in millions of euros)*

Fire, explosion, lightning (direct damage and subsequent operating losses) 36-month compensation period for loss of rental income or loss of use and 24 months for operating losses	115
Building collapse	115
Social unrest, riots	115
Terrorist attacks/Acts of terrorism	115
Natural disasters and events (wind or hail limit of Euro 10 million for sites on Reunion Island)	115
Flooding excluding natural disasters and ground movements (limit of Euro 10 million for sites on Reunion Island for ground movements)	30
Neighbor/third-party claims	20
Tenant/occupant claims	115
Loss of rental income/Loss of use	115

Third-party liability

This mainly covers personal injury, property damage and/or financial losses caused to third parties through negligence, errors or omissions in services provided by Mercialys or in the operation of its business, subject to a maximum limit of Euro 20 million per claim per year. A specific insurance policy also covers environmental risks for a maximum of Euro 10 million.

Building insurance

This covers the risks that Mercialys could be exposed to as a project manager, in accordance with the regulations and legal requirements for insurance.

The cover limits are consistent with construction industry practices and insurance requirements.

Cyber and fraud insurance

These insurance policies are now split and cover, respectively:

- for the cyber policy: specific risks of an IT nature or origin, including malicious acts by third parties and data loss for up to Euro 3 million; ransomware risks are covered from January 1, 2023;
- for the fraud policy: the fraud risks that Mercialys could be exposed to, up to Euro 3 million.

5.1.3 Specific aspects of internal control relating to the accounting and financial information published

The accounting and financial internal control arrangements are designed to ensure:

- compliance of the accounting and financial information published with the rules applicable;
- application of the instructions and policies set out by Senior Management regarding this information;
- reliability of the information distributed and used in-house for oversight or control purposes, whenever this information is used to produce the accounting and financial information published;
- reliability of the financial statements published and other information provided to the market;
- preservation of assets;
- prevention and detection of accounting and financial irregularities and fraud, insofar as possible.

The scope for accounting and financial internal control, as presented below, comprises the parent company Mercialys SA and the companies included in its consolidated accounts.

5.1.3.1 Process for overseeing the accounting and financial organization

A. General organization

Mercialys' Administration and Finance Department oversees the accounting activity and the preparation and control of the accounts published, using accounting, cash management and consolidation information systems developed in line with the Company's activity and specific needs.

The Audit, Risks and Sustainable Development Committee examines the annual and half-year financial statements and reviews the Statutory Auditors' conclusions on their work. It issues an opinion on the draft financial statements to the Board of Directors, which then approves these financial statements.

B. Application and control of accounting and tax rules

The arrangements put in place aim to ensure that the standards applied correspond to the regulations in force and are accessible for everyone involved in the process to prepare accounting and financial data.

Since this date, the Company has drawn on internal expertise and external advisors to ensure the correct application of accounting regulations.

The impact of these changes on the financial statements and their production and presentation is analyzed with Mercialys' Statutory Auditors.

In terms of taxation, analyses are performed on the tax position and at the time of specific transactions. These analyses are conducted by Mercialys with support from specialist external advisors. An external advisor carries out an annual tax review, as well as work to monitor emerging developments in terms of legislation, legal precedents and regulations.

5.1.3.2 Processes supporting the preparation of the accounting and financial information published

A. Identification of the risks affecting the preparation of the accounting and financial information published

Mercialys' Administration and Finance Department is responsible for identifying risks affecting the preparation of the accounting and financial information published, and overseeing outsourced activities if applicable. It applies the principle for the separation of duties in the corresponding processes and positions the control activities in accordance with the level of risk.

B. Control activities aimed at ensuring the reliability of the accounting and financial information published

Processes for the preparation and consolidation of accounting and financial information

The processes for producing accounting information and approving the financial statements are organized to ensure the quality of the accounting and financial information published. In addition, to produce information within short timeframes, early closing procedures are used with a view to securing the reliability of the information.

The IT system is reviewed on a yearly basis by the Statutory Auditors, as part of their audit, focusing in particular on the production of Mercialys' accounting and financial information.

In accordance with legal requirements, Mercialys has two Statutory Auditors, whose appointments were renewed in 2022. As part of their mission, they ensure that the annual financial statements are accurate, comply with accounting rules and principles, and give a true and fair view of the results of operations for the past accounting period, as well as the Company's financial position, assets and liabilities at year-end.

Mercialys Administration and Finance Department is in charge of liaising with the external auditors. The Company's Statutory Auditors are appointed with a process that is initiated and controlled by the Audit, Risks and Sustainable Development Committee, in line with the recommendations from the AFEP-MEDEF Corporate Governance Code for listed companies and European regulations (EU regulation 537/2014 and Directive 2014/56), transposed into French law by the Order of March 17, 2016 and applicable since June 17, 2016.

Process for the management of external financial information

Mercialys' financial disclosures are based on compliance with the procedures set by the AMF, including the principle of equal treatment for shareholders. They aim to provide a clear view of the Company's strategy, business model and performance by distributing accurate, reliable and truthful information to the financial community.

More specifically, Mercialys adheres to the EPRA [1] definition of operational, financial and sustainability performance indicators, aligning itself with industry best practices and contributing to the comparability of results between the sector's various operators.

(1) EPRA: European Public Real Estate Association.

The latest version of the EPRA Best Practices Recommendations Guidelines can be found here: https://www.epra.com/finance/financial-reporting/guidelines.

The EPRA Sustainability Best Practices Recommendations Guidelines can be consulted at: https://www.epra.com/sustainability/sustainability-reporting/ guidelines.

Financial information is disclosed to the parties concerned in various ways, including:

- the Universal Registration Document;
- the half-year financial report;
- the press releases on the Company's half-year and full-year results;
- the financial information meetings and conference calls (presentation of the half-year and full-year results);
- the press releases on business for the first and third quarters;
- the Annual General Meeting;
- relations with financial analysts, investors and the financial and general press through a Communications and Investor Relations Department.

Mercialys' compliance with best practices and transparent financial and sustainability reporting have been recognized for several years by EPRA, as well as by real estate industry organizations, such as the Transparency Awards.

5.2 Description and management of risks

5.2.1 Identification and classification of risks

On a recurring basis, Mercialys reviews the main risks that could have a material impact on its business activities, financial position or results. Risk management is integrated into the Company's decision-making and operational processes and feeds into the deployment of its strategy.

The Risk Prevention Committee identifies these risks through interviews with each Company department, with employees and with service providers. The map prepared on this basis is presented to and approved by the Audit, Risks and Sustainable Development Committee, which ensures that all the risks are covered, monitored and managed.

The risk mapping is reviewed each year and may be modified to reflect the action plans put in place or the new risks identified. This iterative process makes it possible to integrate risks related to actual or potential changes, whether operational, regulatory or linked to developments on the retail real estate market.

Although Mercialys is not subject to certain provisions of the "Sapin 2" Law [(1)], the Company applies a determined approach to controlling the risks covered by this law. Mercialys deals with the risk of corruption in terms of not only compliance with the ethical rules that the Company wants all employees to respect, but also as an operational and financial hazard. As such, the Company conducts continuous checks and dialogue with its various departments.

The challenge is to not only deal with significant financial risks, but also the behaviors to be avoided. The scope of controls carried out to prevent corruption concerns the activities managed by Mercialys on its own behalf, the activities subcontracted by Mercialys, as well as the activities managed by Mercialys on behalf of its partners. The aspects of passive and active corruption are addressed by the control procedures put in place.

5.2.1.1 Risk categories

Mercialys' Risk Prevention Committee has identified 52 risks, which it has broken down into categories in accordance with the ESMA guidelines [(2)]. The breakdown between the eight categories retained is presented in the following table, while noting that Mercialys does not use any subcategories.

	Number of risks
Risks related to the sector	3
Risks related to business activities	12
Risks related to the financial position	2
Risks related to internal control	16
Legal and regulatory risks	8
Governance risks	5
Environmental, social and societal risks	6
Risks related to financial operations underway	0

(1) Law No. 2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernization of the economy.
(2) ESMA: European Securities and Markets Authority. ESMA31-62-1293 "Guidelines on Risk Factors under the Prospectus Regulation".

5.2.1.2 Risk rating and prioritization

To ensure the pragmatic management and monitoring of its risks, Mercialys has rated them based on their priority. This prioritization system is based on a rating that includes the two dimensions from the risk mapping matrix, *i.e.* the risk's impact and its probability of occurrence.

Mercialys reassesses the relevance of these ratings each year, incorporating the following factors in addition to the findings from the dedicated tests:

- the changes in the macroeconomic, operational and financial environment, such as the health crisis linked to Covid-19;
- the insourcing of functions by the Company; or
- the increase in inflation and rates.

Impact

This measures the potential impact of a risk for the Company if it were to occur. When it can be quantified, the impact is expressed as a percentage of net recurrent earnings (NRE) [(1)] or the Net Asset Value (NAV). When it cannot be quantified, it is assessed based on Mercialys' ability to continue rolling out its strategy and operations or in terms of reputational consequences. The impact is split into three levels: low, moderate and high.

Note that the assessment of the Company's environmental, social and societal risks is based on their materiality, after consulting with internal and external stakeholders, in line with the strategic CSR approach. The assessment of Mercialys' other risks is based on internal stakeholders. To ensure consistency between these two methodologies, the Risk Prevention Committee rates the impact of environmental, social and societal risks on the basis of their reputational consequences. The level of rating is derived directly from their positioning within the Company's materiality matrix.

	Low	Moderate	High
Change in NRE	Less than 1% of NRE	From 1% to 5% of NRE	More than 5% of NRE
Change in NAV	Less than 1% of NAV	From 1% to 5% of NAV	More than 5% of NAV
Implementation of the strategy and continuity of operations	Minor obstacles to the deployment of the strategy and operations	Moderate obstacles to the deployment of the strategy and operations	Major obstacles to the deployment of the strategy and operations
Reputation	No media impact or impact with a limited number of stakeholders	Local media impact or impact with certain stakeholders	National media impact or impact with a high number of stakeholders

Probability

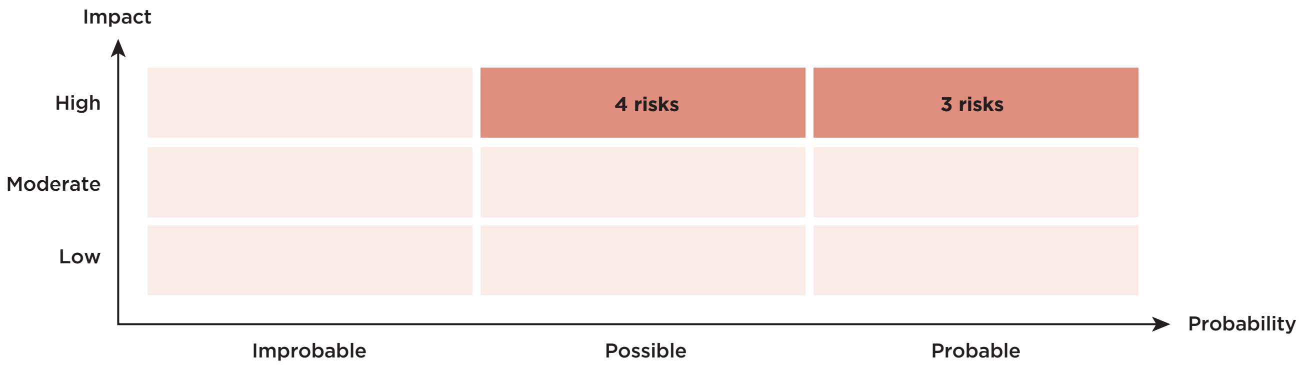
The probability is defined as the possibility of a risk occurring, at least once, over different timeframes. In other words, it assesses the plausibility of an event involving a risk occurring. The probability is split into three levels: unlikely, possible and probable.

	Unlikely	Possible	Probable
Probability of at least one occurrence of the risk	Over a timeframe of 4 to 5 years	Over a timeframe of 2 to 3 years	Over a timeframe of 1 year

(1) *Net recurrent earnings: net income attributable to owners of the parent before amortization, gains or losses on disposals net of associated fees, any asset impairment and other non-recurring effects*

The **priority risks** are those with:

- a “high” impact with a “probable” probability;
- a “high” impact with a “possible” probability;
- a “moderate” impact with a “probable” probability.



5.2.2 Summary of priority risks

Mercialys **rates net risks**, *i.e.* it assesses the impact and probability of its gross risks after potential mitigation arrangements and measures being put in place (insurance, cover, controls and procedures, policies, diversification, etc.).

Out of the 52 risks identified by Mercialys, seven risks, from three categories, are classed as priority, with the trend for the risk related to new forms of consumption revised from “upward” to “stable” in 2023:

Category	Risk	Impact	Probability	Trend
Risks related to the sector	Risk related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market	High (NAV)	Probable	Upward
	Risk related to competition on the physical retail segment	High (NRE)	Possible	Stable
	Risk related to new forms of consumption	High (NRE)	Possible	Stable
Risks related to business activities	Risk related to retailer arbitrage and reletting	High (NRE)	Probable	Upward
	Risk related to the safety and security of operations and a deterioration in the portfolio	High (reputation)	Possible	Downward
	Risk related to acquisitions and construction operations	High (NAV)	Possible	Stable
Risks related to the financial position	Risk related to interest rates, the cost of debt, liquidity and financing	High (NRE)	Probable	Upward

5.2.2.1 Risks related to the sector

A. Risk related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market

Impact: high/Probability: probable/Trend: upward

Description of the risk

The capitalization rate is a key element for calculating the appraisal value of the assets held by Mercialys. It is determined based on the rate considered to be risk-free (*i.e.* the interest rate paid by the French state on its borrowings) and the risk premiums associated with the real estate investment concerned. As part of their twice-yearly valuation campaigns, in accordance with AMF recommendations, the independent real estate appraisers responsible for valuing the Company's portfolio also base their valuations on the rates seen for recent real estate transactions on the physical retail real estate market.

The appraisal value of Mercialys' portfolio may therefore be positively/negatively impacted through the capitalization rate:

- by a significant decrease/increase in rates deemed risk-free or risk premiums;
- by the recognition of more favorable/more unfavorable rates in the context of physical real estate market transactions.

Appraisers' risk premium adjustments may also reflect changes in their perception of the sustainability of asset rental flows, based on their assumptions regarding rent changes, vacancy or even site investment costs.

The appraisal value is taken into account when calculating the Company's Net Asset Value (NAV) and loan to value (LTV). A significant deterioration in Mercialys' portfolio value would likely have an unfavorable impact on its stock price, as well as potentially on its financial rating and the appraisal of its risk profile by finance market operators and, ultimately, on the cost of its debt.

Risk management and coverage

The factors that drive up capitalization rates are linked primarily to changes in central banks' monetary policies and trends for physical real estate investments. Mercialys anticipates the potential impacts of monetary policies: it provides regular updates for Senior Management and performs simulations to assess how interest rate changes will impact the value of its portfolio. It also closely monitors real estate transactions on the market. The portfolio value's sensitivity is regularly updated, factoring in a decrease/increase in the capitalization rate and an increase/decrease in the appraised net rental income based on a wide scale.

The risk of a deterioration in the appraisal value, through unfavorable changes in the underlying assumptions, is therefore regularly tracked thanks to the monitoring methods applied and their frequency. In addition, all the assets in Mercialys' portfolio are valued by independent appraisers every six months (quarterly for the valuation of assets owned with partners or co-investors), which makes it possible to regularly adjust its value if required.

This risk is managed through the arbitrages that Mercialys carries out on a continuous basis on its portfolio of assets, in line with its market vision. The Company's arbitrage strategy is based on selling assets that have reached maturity or are potentially becoming commercially vulnerable, and investing in its leading assets in order to consolidate their dominance in their catchment areas and strengthen their valuations. In line with this approach, the Company drastically reduced the size of its portfolio in recent years, from 93 shopping centers at end-2010 to 48 at end-2023. Since 2020, it has also strengthened its specialist acquisitions and arbitrage team, by putting the Company's former Head of Asset Management in charge of it, highlighting the strategic and central nature of these areas.

Mercialys' portfolio value came to Euro 2,692.3 million excluding transfer taxes at end-December 2023, compared with Euro 2,799.8 million at end-June 2023 and Euro 2,896.9 million at end-December 2022. The portfolio value excluding transfer taxes is therefore down - 7.1% over 12 months (- 7.0% like-for-like) and - 3.8% over six months (- 3.7% like-for-like). The average appraisal capitalization rate was 6.61% at December 31, 2023, compared with 6.21% at June 30, 2023 and 5.75% at December 31, 2022.

Due to the strong correlation between the average yield rate and the discount rate in the appraisers' model, the sensitivity test based on changes in the average yield rate also shows the sensitivity to changes in the discount rate. Based on the annual appraised potential net rental income of Euro 189.8 million and the average capitalization rate of 7.05% recorded at end-December 2023, the sensitivity analysis is as follows:

Sensitivity criteria	Impact on the appraisal value excluding transfer taxes *(€M)*
- 0.5% decrease in the capitalization rate	205.5
+ 10% increase in rents	269.2
+ 0.5% increase in the capitalization rate	(178.3)
- 10% decrease in rents	(269.2)

Risk trend: upward

This risk is of major structural importance for Mercialys. Regularly selling some of its assets to reinvest part of the capital generated in its portfolio of value-enhancing projects enables it to maintain the commercial quality of its portfolio and protect its value. Asset liquidity is also needed to cover debt repayment deadlines if the financing markets slow down or stop functioning.

The slowdown in physical retail real estate market transactions observed since 2018 has an overall impact on real estate companies' ability to quickly and easily sell their assets. Mercialys recorded an upward trend for capitalization rates between 2018 and 2023. This had a relatively moderate negative impact on its portfolio's appraisal value between 2018 and 2022, and a more substantial impact in 2023, despite the excellent level of projected rents, linked in particular to the indexation mechanism. The appraisers also adjusted their risk premiums in order to take into account a risk that is considered to be higher for the rental income linked to the Casino group. This risk factor could see a positive change in the future, taking into consideration the Casino group potentially selling hypermarket operations to other operators or the restructuring process launched by the Casino group if it continues to be a tenant with Mercialys. Moreover, Mercialys has demonstrated the liquidity of its assets, on a basis at least in line with its appraisal values in the last few years, including 2020 and 2021, which were marked by the health crisis, as well as the fourth quarter of 2022 despite the increase in rates observed over the second half of the year

The real estate appraisers value Mercialys' portfolio on a half-yearly basis (excluding sites owned with investors, which are valued every quarter).

While the risk-free rate (10-year OAT) remained stable overall between end-2022 and end-2023, the short-term rates affecting the financing of real estate investors increased significantly over the year, driving up the yield rates demanded by investors and resulting in the appraisers retaining higher capitalization rates. As a result, the trend for the risk related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market is considered to be increasing.

B. Risk related to competition on the physical retail segment

Impact: high/Probability: possible/Trend: stable

Description of the risk

Mercialys, through its activity operating shopping centers, captures part of consumer spending in the catchment areas of the cities where it is present. The level of footfall at its sites is a key indicator with a positive or negative impact on the Company's economic and financial performance.

Extension, redevelopment or greenfield construction projects, on different scales, that may be launched in the medium term could have a potentially significant adverse impact on footfall for Mercialys' shopping centers, especially if these projects are located in major catchment areas for the Company. Particularly strong competition from companies already operating in these catchment areas, aiming to attract the retailers that stand out the most, could also make Mercialys' sites less attractive.

A decrease in shopping center footfall levels would translate into a drop in retailers' sales and profitability, leading to pressure on the rents charged by the Company.

Risk management and coverage

Mercialys manages this risk through two key pillars:

- a regular asset rotation policy: sales may concern sites that are considered to be located in retail areas that are more sensitive to an increase in competition. The Company is therefore gradually focusing its positioning on key areas in cities with demographic and purchasing power trends that are higher than the national average;
- a commercial strategy aiming to further strengthen the attractive positioning of its sites through: (i) medium-sized stores set up to generate additional traffic supporting the entire shopping center, (ii) a retail mix that is adapted to each catchment area, and (iii) the rollout of new shopping center uses (coworking, medical centers), with a view to embedding them more effectively within their communities, (iv) the rollout of services for retailers and consumers (particularly first- and last-mile logistics services).

Through these measures, Mercialys was able to ensure sustained growth in footfall for its shopping centers from 2014 to 2019, significantly outperforming the national index published by the French regional retail federation (Fédération des Acteurs du Commerce dans les Territoires, FACT). This positive footfall trend has been reflected in the sales trends for retailers present at the Company's sites.

The resilience of Mercialys' sites, focused on satisfying essential needs at affordable prices for as many people as possible, was also demonstrated during 2020 and 2021, which were marked by the health crisis. This is illustrated by the footfall at Mercialys sites during the open periods in 2021, which came to 86% of the normalized level from 2019, despite major operational constraints linked to the health crisis (including curfews and health pass requirements). In 2023, shopping center footfall increased by + 1.4%, while footfall in the hypermarkets anchoring these sites decreased by - 8.7%, reflecting the specific difficulties of the banners operated by the Casino group. This marked decorrelation illustrates clients' different retail journeys, with the centers benefiting from their specific attractive features. The robust trend is also reflected in the sales recorded by tenant retailers, up + 2.2% in 2023.

Risk trend: stable

Some real estate projects have had a localized impact on footfall trends at certain Mercialys sites. However, the Company has never observed any widespread increase in competition in terms of physical commercial property across its portfolio. Moreover, following a moratorium on the construction of new retail space introduced by the French government in 2020, Law no.2021-1104 of August 22, 2021 ("Climate and Resilience Act") sets out:

- the integration of measures to combat the proliferation of artificial ground cover in the principles defined by Article L. 101-2 of the French urban planning code (Code de l'urbanisme); and
- the introduction of a target for "net zero artificialization" over time.

The restrictions concerning the creation of new retail space at greenfield sites is expected to contribute to the sustainability of existing sites.

The resilience of the level of activity at Mercialys sites in 2020 and 2021, despite the health crisis, and the upturn in retailer sales in 2022 and 2023, exceeding their 2019 levels, once again prove the relevance of its competitive positioning. The fact that the shopping centers are leaders in their catchment areas means that they have relatively little exposure to retailers' rationalization of physical stores. Mercialys' current financial vacancy rate was effectively under control at end-2023, representing 2.9%, stable compared with end-2022. It also illustrates the strong positions of Mercialys' sites in their catchment areas.

The risk related to physical retail competition is therefore considered to be stable.

C. Risk related to new forms of consumption

Impact: high/Probability: possible/Trend: stable

Description of the risk

The breakdown of Mercialys' rents by business sector shows a high level of diversification. However, at December 31, 2023, two sectors account for more than 20% of contractual rents on an annualized basis – personal items and large food stores:

	December 31, 2023	December 31, 2022
Restaurants and catering	8.5%	8.3%
Health and beauty	13.0%	12.7%
Culture, gifts and sports	17.9%	17.5%
Personal items	28.9%	30.0%
Household equipment	7.7%	7.7%
Food-anchored tenants	20.8%	20.5%
Services	3.2%	3.2%
TOTAL	**100.0**	**100.0%**

The risk associated with new forms of consumption is primarily reflected in the following elements:

- a structural contraction in revenues for the personal items sector from 2008 to 2019, compounded by the Covid-19 epidemic. At end-September 2023, textiles retailers saw their sales figures stabilize compared with the same period in 2022 thanks to a clearly positive price effect according to Institut Français de la Mode. However, 2023 was marked by various French textiles retailers going into receivership or compulsory liquidation, reflecting the fragility of this segment;
- a paradigm shift in consumption affecting large retailers, with:

1. a model still dominated to a great extent by hypermarkets nationwide in the food segment,
2. in the non-food segment, a downwards trend for non-food products as a percentage of total hypermarket revenues;

- strong growth in e-commerce sales resulting from the health crisis, with this segment seeing its market share climb from 9.9% in 2019 to 13.7% in 2021. However, while the online channel is still widely used by consumers, supplementing physical retail, its penetration rate dropped back sharply in 2022 and 2023. The share of e-commerce within the French retail sector recorded a significant drop in 2022 to 12.4%. This trend continued in 2023, with e-commerce product sales down - 1.5% in the third quarter, following - 1% in the second quarter and + 1% in the first quarter [1].

The two main factors behind a downturn in consumption may affect the profitability of textiles or food retailers, resulting in pressure on Mercialys' rents or even contributing over time to an increase in its vacancy rate.

The development of e-commerce may adversely affect the accounts of "physical" retailers, which need to make significant investments in various areas, including:

- logistics;
- IT, to develop their online distribution and improve their inventory management; and
- marketing for online referencing.

Risk management and coverage

Mercialys is planning ahead to anticipate the risk related to new forms of consumption through:

- the projects carried out since 2015 to reduce the size of sections in hypermarkets, partly those focused on non-food products, coordinating this with the food operator. These projects have helped realign the hypermarkets around food products and more relevant sizes, while providing the shopping centers with access to additional space, making it possible to welcome a number of specialist retailers, restaurants, etc., helping drive growth in footfall at these sites;
- the constant adaptation of its retail mix, continuing to target:
  - a well-diversified portfolio across different sectors,
  - the identification of the most relevant retailers in each sector, particularly in terms of their price positioning.
- the development of customer knowledge, through marketing tools made available to retailers, enabling them to customize offers and provide information that is tailored to their consumption profile, with a view to building loyalty and increasing sales;
- the ramping up of its digital solution through a proprietary ecosystem comprising a marketplace (Le Shop) and first-mile and last-mile logistics services (Ocitô). This digital solution, supporting convergence between physical and digital retail, had been rolled out in 20 centers by end-2023 and is built around three core solutions:

1. a web and mobile marketplace enabling retailers in Mercialys centers to benefit from an additional channel for offering food and non-food products to consumers;
2. a logistics platform that groups together all the services for retailers in centers to facilitate the consolidation and shipping of packages with a ship-from-store model (dedicated logistics unit, provision of consumables, centralized postage franking and collection); and
3. a transport offer that covers the full range of last-mile delivery solutions, enabling more efficiency and effectiveness for retailers and consumers (home delivery within two days, click & collect, drive-through, parcel collection lockers).

Risk trend: stable

The risk related to new forms of consumption is considered to be stable.

The obsolescence of personal items retailers has been a constant feature of the retail landscape for the past decade, and the need to adapt the shopping centers is a major strategic element. This aspect became stronger between 2020 and 2023, with the successive health lockdown phases in 2020 and 2021, then the withdrawal of the retailer support measures which the French government set up in 2022, resulting in receiverships and compulsory liquidations for struggling retailers, particularly in the textiles sector. These insolvencies impacted the rental position of shopping centers in 2022 and 2023, although on a limited basis, especially within Mercialys' portfolio.

(1) Source: Fevad – e-Commerce and distance selling federation.

Similarly, while the health crisis led to the repeated closure of all "non-essential" stores, prompting some consumers to make some of their purchases online, it is difficult to assess the sustainability of this trend. The statistics do not show that e-commerce players have benefited from a massive and structural shift in consumption in 2020 and 2021, as illustrated by the rapid normalization of retailer sales in the shopping centers as soon as the various lockdown measures were lifted, followed by retailer sales growth in 2022 then 2023. The e-commerce market share gains decreased considerably in 2022, while the volumes of products sold through these channels were under pressure in 2023, as described above. There are still questions surrounding the business model of "pure players" online, while financing conditions are tightening. We have therefore seen insolvencies affecting certain operators, as well as pressures triggered by rising logistics and referencing costs, and restrictions on product returns for online orders with many retailers (end of free returns). This raises the question of the sustainability of the market share gains made by e-commerce.

In any event, Mercialys believes that it has proven competitive advantages:

1. the difficulty of obtaining authorizations in France to open large food stores supports the Company's perception that it would be possible to welcome alternative tenants in hypermarket units, after potentially reducing the space allocated;
2. the classification by the government decrees, during the three lockdown periods between 2020 and 2021, of nearly 40% of its rental base as "essential retail" shows how its shopping centers are an integral part of communities' daily lives, as illustrated by the rapid recovery in footfall and retailer sales after the lockdowns were lifted;
3. competition from e-commerce is less acute nationally, and on a structural basis particularly in the medium-sized cities where Mercialys' assets are located and where visits are recurrent, cover short times and involve limited average baskets, making delivery costs for online purchases comparatively high.

5.2.2.2 Risks related to business activities

A. Risk related to retailer arbitrage and reletting

Impact: high/Probability: probable/Trend: upward

Description of the risk

Mercialys lets space in its shopping malls and medium-sized stores primarily to major national or local retailers.

The impacts associated with these risks concern two key aspects. On the one hand, the profitability of tenant retailers. This may, from time to time, adversely affect the recovery rate or rental reversion potential. It may also have a more structural negative impact on Mercialys' rental revenues if insufficient profitability leads to store closures in the centers owned by the Company, against a backdrop of regular arbitrage by retailers concerning their physical points of sale at national level. On the other hand, if retailers leave, the vacancy rate would impact rental revenues and the ability to pass on the centers' operating expenses during the reletting period. This could last longer when key retail sectors face difficulties, as seen for more than a decade with personal items in France, as mentioned in the previous risk.

In terms of diversification, with the exception of the Casino group, no single retailer represents more than 2% of Mercialys' annual rents. Exposure to the Casino group has been scaled back significantly over the last five years. However, it still represents a significant percentage of rents, with 20.5% at end-2023. This exposure comes to 17.4% after being:

1. adjusted downwards for the 49% minority interest held by BNP Paribas REIM in SAS Hyperthetis Participations and SAS Immosiris, which together own a total of 10 hypermarkets operating under the Géant Casino banner; and
2. adjusted upwards for Mercialys' 25% minority interest in SCI AMR, which holds three Monoprix stores and two hypermarkets operating under the Géant Casino banner.

The consolidated exposure is split primarily between the hypermarket banners Géant (19.2% of rents at end-2023) and Monoprix (0.7% of rents at end-2023). If events were to affect the activities of Géant hypermarkets or more generally the activities of Casino, Mercialys' rental revenues and asset values could be impacted.

Furthermore, as part of its global restructuring, the Casino group indicated in December 2023 that it had entered exclusive discussions with Auchan Retail and Groupement Les Mousquetaires with a view to selling the Casino hypermarkets and supermarkets. The transfer of the lease rights concerning the large food stores owned by Mercialys and operated by the Casino group to these two retailers, which have more solid financial balances, would contribute towards significantly improving Mercialys' risk profile and help diversify its rental base.

Lastly, Mercialys has carried out hypermarket transformations at a number of sites since 2015, reducing their floorspace and reletting the space vacated by the food operator to benefit the shopping center. Mercialys and the food operator regularly discuss new operations of this type, in accordance with the terms of the leases in place for the parties. Under these negotiations, the hypermarket may be awarded a rent reduction, while the space vacated would make it possible to create value alongside this. If it were not possible to reach an agreement with the operator, the operator could exercise its option to vacate these units with the three-year breaks. As part of the reletting of these premises, Mercialys would then look at their breakdown between the food offering, reviewed in terms of its operator and format, while increasing the space allocated to the shopping center. Such operations, as carried out previously with the Casino group, could take place with other operators if business assets needed to be taken on.

The lease schedule for Mercialys' main tenant is presented below.

Casino group lease schedule *(main leases: hypermarkets, supermarkets and Monoprix store)*

Site	% held by Mercialys	Type	Lease start date	Lease end date	Lease characteristics
Grenoble	100%	Monoprix	02/2010	02/2022	3 - 6 - 9 - 12 commercial lease
Quimper	100%	Hypermarket	12/2014	12/2026	3 - 6 - 9 - 12 commercial lease
Aix-en-Provence	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Marseille	100%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Brest	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Nîmes	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Angers	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Lanester	100%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Niort	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Fréjus	51%	Hypermarket	06/2015	06/2027	3 - 6 - 9 - 12 commercial lease
Narbonne	51%	Hypermarket	11/2015	11/2027	3 - 6 - 9 - 12 commercial lease
Istres	51%	Hypermarket	11/2015	11/2027	3 - 6 - 9 - 12 commercial lease
Clermont-Ferrand	51%	Hypermarket	11/2015	11/2027	3 - 6 - 9 - 12 commercial lease
Annemasse	100%	Hypermarket	12/2015	12/2027	3 - 6 - 9 - 12 commercial lease
Ajaccio	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Corte	60%	Supermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Furiani	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Porto-Vecchio	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period
Toga	60%	Hypermarket	07/2018	06/2030	12-year commercial lease, 9-year firm period

Risk management and coverage

Mercialys limits the insolvency risk and the risk relating to retailer chain closures primarily by diversifying its retailer mix, which limits the impact of a cancellation at a three-year break.

Moreover, the risk linked to potential difficulties affecting the Casino group food retailers operating at the Company's sites must be put into perspective with the options available for reletting the space vacated. Demand for space for food outlets remains strong in France, in a context in which authorizations to open new physical retail stores are now very limited.

Mercialys has also put in place procedures to limit the retailer counterparty risk, including:

- a detailed analysis of achievements from a lettings perspective compared with the budget, carried out each month by the Administration and Finance Department, the Asset Management Department and the Lettings Department. The findings are presented to the Management Committee and lead to specific action plans, which are also discussed with the Board of Directors;
- an annual analysis of the occupancy cost ratio (ratio between the amount of rent including tax, the costs including marketing funds and the work charged back to the retailer and its sales including tax) for each site when assets' business plans are reviewed. Any change that differs from the rates usually recorded for activities is subject to a dedicated review of the context for the retailer and tenant. The Lettings and Asset Management teams then draw conclusions and make decisions on a case-by-case basis;
- the setting of rents on a primarily fixed basis (98.3% of Mercialys' contractual rents on an annualized basis are fixed or include a guaranteed minimum rent at December 31, 2023);
- very regular operational procedures for rent collection and monitoring, carried out jointly by the Rental Management, Asset Management, Lettings, and Administration and Finance Department teams.

In addition, Mercialys plans ahead to anticipate the reletting risk through:

- close tracking of the vacancy rate and associated reletting actions. The quality of the retailers selected is a decisive factor, focusing in particular on their financial health, the relevance of their offering in relation to the catchment area's needs, their locally differentiating features and their effective fit complementing the existing retail mix;
- the structuring of the lettings team to specialize in different geographies and formats:

1. for each geographical area, resulting in in-depth knowledge of local retailers, catchment areas and assets; and
2. for each type of space, as the needs and constraints of retailers operating medium-sized stores are significantly different from those in small stores.

The asset management team supports the lettings team and ensures the financial soundness of negotiations for instance, within the broader context of each shopping center's target profitability;

- the asset rotation strategy. Mercialys regularly analyzes the positioning of all its assets within their catchment areas, and its ability to maintain a shopping center's strong appeal within this area over the long term is one of the criteria that may result in a site being divested.

Risk trend: upward

Consumption in France is expected to remain buoyant in the long term, thanks to positive demographics and a high savings rate, which was still at a historically sustained level of 17.7% in the second quarter of 2023 according to the Banque de France (*versus* 14.9% on average over 2009-2019).

In addition, underlying demand for quality retail premises, such as those offered by Mercialys, is expected to remain resilient in the long term. The Company benefits from its sites' strong anchoring in their catchment areas, thanks to retail mixes that are aligned with day-to-day needs. This is illustrated by the fact that, during the lockdown periods, up to 40% of Mercialys' rental base was classed as "essential retail". Lastly, the French commercial property system, through lease rights, offers strong protection for landlords. These factors help to secure Mercialys' revenues.

The geopolitical and economic context in 2022 then 2023 weighed on consumer confidence, without any significant contraction in consumption over the period. The unemployment rate, which came to 7.4% at the end of the third quarter of 2023, is low, consistent with the level from 2007.

Mercialys considerably ramped up its monitoring of tenants' health between 2020 and 2023 to effectively measure the impacts of the health crisis and then the withdrawal of government support measures. These events exacerbated pre-existing profitability issues for some retailers, especially in the textiles sector, with several national retailer tenants in shopping centers going into receivership or compulsory liquidation in 2023. In addition to business disruptions, the investments to be made by retailers for their marketing and digital strategies faced with competition from online operators have negatively impacted their profitability and balance sheets. These factors could negatively impact Mercialys' future revenue profile as a result of:

- increased vacancy;
- reduced rental collection;
- a drop in variable rents, particularly for H&M;
- even pressure on minimum guaranteed rent levels.

In 2023, Mercialys achieved satisfactory performances. On the one hand, through the recovery rate (rent and charges), which appears to be largely normalized, with 96.2% at December 31, 2023. On the other hand, through a recurrent financial vacancy rate that remains effectively under control, with 2.9% at end-2023. Lastly, through the positive trend for variable rents in 2023, highlighting the solid performance by the retailers concerned. However, in an uncertain economic environment, with consequences for retailers that could have an impact in 2024, and while waiting for the consequences of the Casino group's restructuring to become clear for Mercialys, as a landlord of large food stores, the risk is considered to be increasing.

B. Risk related to the safety and security of operations and a deterioration in the portfolio

Impact: high/Probability: possible/Trend: downward

Description of the risk

As a real estate company, the risk relating to the safety and security of operations and a deterioration in the portfolio may take various forms, including:

- operation of its centers (fire, theft, terrorist attack, assault, etc.);
- work carried out at its centers (fall, injury, etc.);
- activities of certain tenants which may affect soil or underground water quality and building structures through roof installations, resulting in an impairment of the assets due to pollution or related deterioration;
- extreme weather conditions or the presence of parasites (termites, dry rot, etc.) which may damage the structure of buildings;
- a health crisis, such as the one linked to Covid-19, which may result in health and safety-related expenses and investments in shopping centers, or lead to partial or total site closures.

If it were to occur, this risk could result in very significant legal and reputational consequences for the Company.

Risk management and coverage

Several types of action are taken to manage this risk:

- safety and security procedures are put in place and regularly reviewed across all the centers, coordinating operations with Mercialys' Property Manager. The providers associated with these procedures are audited each year by the Property Manager. If the Property Manager considers that the results are not satisfactory, corrective actions are put in place and contracts may be terminated. Mercialys also conducts safety and security audits and ensures that the corrective measures are put in place by the Property Manager, when required;
- crisis management procedures are available and tested on a regular basis. The Property Manager's teams also raise retailers' awareness of these issues;
- the Property Manager ensures the regulatory compliance of tenant activities;
- coordinating operations with Mercialys, the Property Manager ensures that:
  - preventive maintenance measures are rolled out for buildings under multi-year work plans, and
  - work is carried out following specific events (*e.g.* weather events) in order to guarantee public safety and security.
- Mercialys' shopping centers are regularly audited by its insurers' "fire prevention" engineers, in line with annual priorities, notably determined based on the significance of the assets. All sites are audited at least once every five years. The reports from the insurers' fire prevention engineers are provided after each on-site appraisal, accompanied by recommendations, which are followed up on by Mercialys' teams, coordinating efforts with its insurers;
- in exceptional circumstances, such as social movements (*e.g.* "yellow vests" and farmers), or the Covid-19 pandemic, Mercialys also takes strong measures to ensure the health and safety of its visitors, retailers and employees, both directly and working with the property manager's teams;
- lastly, Mercialys has cover through its various insurance policies, calibrated based on the cost of rebuilding assets and the operating losses that could be sustained depending on the various scenarios considered.

Risk trend: downward

Public safety and security at Mercialys' shopping centers are part of the Company's core responsibilities, and it takes all the steps required to ensure the highest level of safety and security for visitors. The Company remains vigilant in the context of possible acts of terrorism in France, particularly with the Vigipirate Plan status raised to "attack emergency" status in October 2023. The Company also reinforces its capabilities for managing crisis situations at its sites through exchanges with the national security forces (RAID, GIGN, BRI).

As part of the fight against the Covid-19 epidemic, Mercialys put in place strict health measures to ensure the health and safety of its customers, traders and staff. At end-2023, there was no longer an acute health crisis situation.

On a more structural level, the portfolio's regular maintenance makes it possible to ensure the long-term viability of operations. The cover offered by the insurance policies in place is considered to be effectively calibrated in relation to the potential damages for the Company.

In this context, the trend associated with this risk is considered to be decreasing.

C. Risk related to acquisitions and construction operations

Impact: high/Probability: possible/Trend: stable

Description of the risk

Mercialys implements a dynamic asset rotation strategy as part of its growth model. Assets that are considered to have insufficient geographic exposure and growth potential, as well as those deemed to have reached their optimum value, are sold. This enables the Company to finance its development pipeline or acquisitions of assets.

Since its initial public offering in 2005, Mercialys has not built any greenfield sites. Mercialys' project pipeline primarily includes redevelopments of existing spaces and extensions. The potential demolition and construction operations relating to these projects are carried out under different types of contracts: direct basis, delegated project management, property development contract, etc. These major operations involve different levels of legal responsibility and financial risks. These include possible exposure to budget overruns on work or the impact of delays with delivering work.

In addition, Mercialys may acquire assets on the market. In this respect, the Company may be exposed to the consequences of incomplete diligence measures at the time of the acquisition, resulting in tax or financial consequences for instance.

Lastly, for both projects and acquisitions, Mercialys is exposed to the construction risk once the 10-year warranty period has expired. If applicable, this risk concerns the need to carry out costly work to bring the asset into line with standards or to refurbish it and ensure that it can operate under good conditions. Operating losses may represent an additional cost within this framework.

Risk management and coverage

As a principal for projects managed under delegated project management contracts, Mercialys carries out regular audits and controls to ensure:

- budgetary and financial monitoring: in addition to everyday management by the Asset Management and Delegated Project Management teams through regular project meetings, ex-post audits are conducted on the projects delivered the previous year to ensure that all cost overruns are effectively justified (request by the principal, program changes or unexpected constraints). Costings are drawn up by independent economists for the most significant projects;
- operational and technical monitoring: joint meetings between the Asset Management and Delegated Project Management teams take place regularly to ensure that projects are moving forward correctly and the specifications are being met;
- monitoring of compliance for health and safety risks: while Mercialys has no direct liability in the event of worksite incidents, there is an image-related risk associated with a financial impact. This risk is managed by both Mercialys and the Delegated Project Management team through the appointment of a health and safety coordinator. The latter is appointed to coordinate the activities of the various companies from a safety perspective. Note that the presence of this coordinator does not discharge the project manager from its legal responsibilities. Mercialys ensures that its teams regularly visit the projects underway at worksites. In the event of an incident, the Delegated Project Management team is alerted directly and the information is transmitted to Mercialys.

During acquisition procedures, Mercialys conducts audits on the assets or the companies holding the assets, covering real estate, tax, accounting and legal aspects, in order to limit the overvaluation risk for the purchase price. These audits are carried out by external advisors (*e.g.* legal advisors, tax experts, notaries), and coordinated by the Company's in-house teams (Corporate Legal, Real Estate Legal, Administration and Finance Department, and Asset Management).

Lastly, once the 10-year warranties have expired for sites that have been acquired or are under development, Mercialys ensures that the assets are properly maintained throughout their life through multi-year work plans. This vigilance makes it possible to:

- ensure the safety and security of shopping center operations; and
- ensure the balanced distribution of the capital expenditure needed to ensure their long-term viability.

Risk trend: stable

At the end of 2023, Mercialys had a Euro 429-million development project pipeline for 2028 and beyond. Its scale and flexibility offer Mercialys the prospect of quick and sequenced building starts in line with opportunities that may arise at the various sites, and particularly the trends for requirements in their respective catchment areas.

Given the context linked to the health crisis, Mercialys suspended its developments to a great extent between 2020 and 2021. The period from 2022 to 2023 was marked by a significant increase in interest rates, potentially impacting the yield on projects, as well as uncertainty concerning changes in values, leading to potential pressure on the Loan To Value ratio. Over this period, the Company worked to renew its development pipeline, notably taking part in calls for projects, to incorporate projects that would be launched with target yields at least 250 basis points higher than the Company's refinancing costs, focusing on:

- sites owned by the Company;
- plots requiring agreements with joint owners or joint operators at sites where Mercialys already operates.

Mercialys also takes part in calls for projects organized by local municipalities, offering its mixed real estate expertise.

The Company has all the specific legal expertise for setting up projects. Alongside this, it works with renowned legal and tax advisors to support its development and acquisition projects. In 2020, the Company also strengthened its in-house technical skills, setting up a Technical Department capable of conducting critical reviews of maintenance and construction procedures. Lastly, partnerships with leading developers are put in place to help manage this risk.

In view of these procedures, the risk related to acquisitions and construction operations is considered to be stable.

5.2.2.3 Risks related to the financial position

A. Risk related to interest rates, the cost of debt, liquidity and financing

Impact: high/Probability: probable/Trend: upward

Description of the risk

The historically low interest rate environment seen over the last decade gave way in 2022 and 2023 to a rapid rise in rates, resulting from the geopolitical context and the ECB's restrictive policy to tackle inflation. If this trend continued, this would potentially lead to an increase in the Company's financing costs:

- either through the cost of existing debt, relating to its variable components;
- or through possible refinancing operations.

Mercialys' bond spreads widened significantly compared with the levels observed for the financial instruments of leading French real estate companies in 2022, with a significant spread maintained in 2023 as well. In addition to various technical factors linked to the secondary market's limited liquidity for the Company's bonds, this change may reflect a perception, among investors, of a risk associated with the concentration of rental exposure around the Casino group and the financial issues facing this group.

This increase in the cost of credit conditions could also impact the acquisition or development operations of the Company, which will continue to demand high standards for the returns on its investments.

Mercialys' financial position at end-2022 appears to be healthy in terms of both liquidity and debt conditions, with the following elements:

Financial debt *(in millions of euros)*	**12/31/2023**	**12/31/2022**
Cash	118.2	216.1
Gross financial debt (1)	(1,184.7)	(1,258.3)
Net financial debt	(1,063.6)	(1,040.2)

(1) Including change in the fair value of financial debt, net book value of bond issue costs and premiums, and fair value of bond-backed derivatives.

At December 31, 2023, Mercialys' drawn debt totaled Euro 1,192 million, with the following breakdown:

- a bond for a nominal total of Euro 300 million, with a fixed coupon of 1.80%, maturing in February 2026;
- a bond issue with Euro 200 million outstanding, with a fixed coupon of 4.625%, maturing in July 2027;
- a private bond placement for a nominal total of Euro 150 million, with a fixed coupon of 2.00%, maturing in November 2027;
- a bond issue for a nominal amount of Euro 500 million, with a fixed coupon of 2.50%, maturing in February 2029;
- Euro 42 million of outstanding commercial paper, with a rate of around 4%.

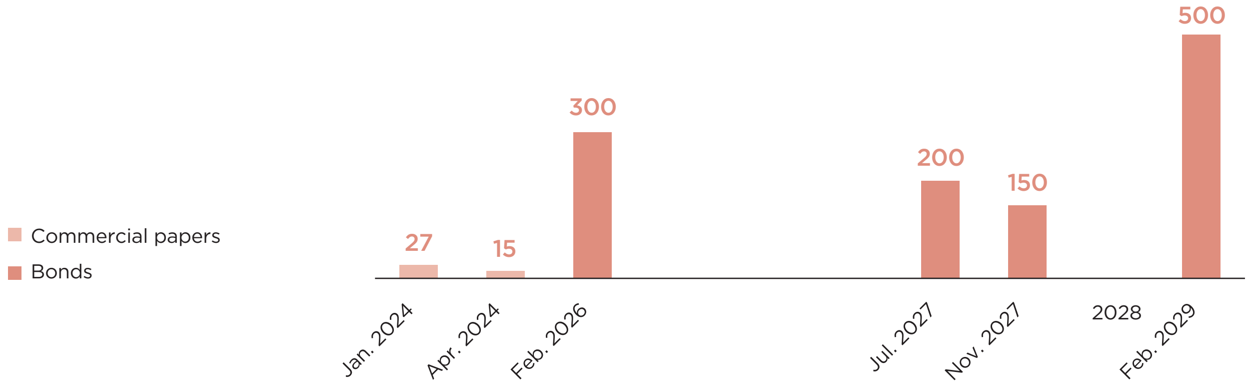
The average maturity of drawn debt was 3.8 years at December 31, 2023, reflecting a mechanical decrease compared with December 31, 2022 (4.5 years).

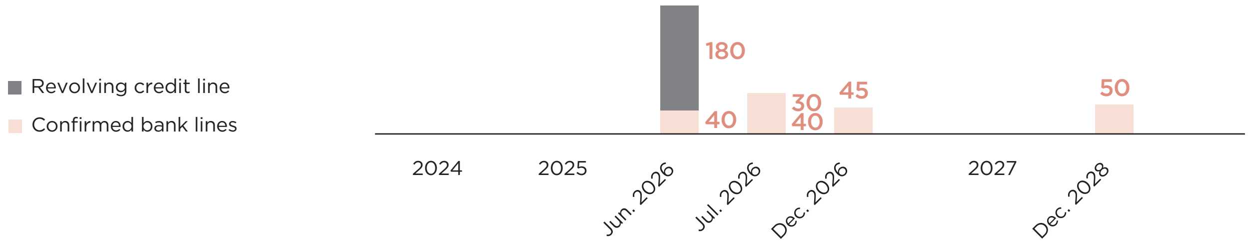
Mercialys also has Euro 385 million of undrawn financial resources, enabling it to benefit from a satisfactory level of liquidity:

- a Euro 180 million revolving bank credit facility, maturing in December 2024. The EURIBOR margin is 155 basis points (for a BBB rating); if undrawn, this facility is subject to payment of a non-use fee representing 40% of the margin;
- five confirmed bilateral bank facilities for a total of Euro 205 million, maturing between June 2026 and December 2028. The EURIBOR margins are 155 basis points or lower (for a BBB rating) or fixed rate; if undrawn, these facilities are subject to payment of a non-use fee representing up to 46% of the margins.

In addition, Mercialys has a Euro 500 million commercial paper program, set up during the second half of 2012, with Euro 42 million used (outstanding at December 31, 2023).

The chart below shows Mercialys' bond debt maturity schedule and undrawn financial resources at December 31, 2023:





Mercialys' financial position also shows that it is respecting its contractual covenants (commitments).

The Loan To Value (LTV) ratio is significantly lower than the limits set (LTV < 50% or < 55% depending on the different credit lines).

Loan to Value (i*n millions of euros)*	**12/31/2023**	**12/31/2022**
Net financial debt	(1,063.6)	(1,040.2)
Appraisal value excluding transfer taxes [(1)]	2,737.4	2,949.6
Loan to value (LTV)	38.9%	35.3%

(1) Including the market value of investments in associates for Euro 45.1 million for 2023 and Euro 52.7 million for 2022, since the value of the portfolio held by associates is not included in the appraisal value.

The Interest Coverage Ratio (ICR) is 5.1x, significantly higher than the minimum level set (ICR >2x).

Interest Coverage Ratio *(in millions of euros)*	**12/31/2023**	**12/31/2022**
EBITDA	149.4	144.2
Net finance costs	(29.2)	(24.5)
Interest Coverage Ratio (ICR)	5.1x	5.9x

Risk management and coverage

As part of the management of the cost of its debt, Mercialys actively manages its interest rate hedging policy, with support from external advisors, with a view to:

- maintaining an optimal hedging rate and keeping the debt structure in line with its bank commitments. Following the early unwinding of the fixed/floating rate swaps, the fixed-rate debt position came to 96% at December 31, 2023, with 100% expected for end-2024, compared with the 66% required by the banking conditions. In connection with its Standard & Poor's financial rating (currently BBB/stable outlook), Mercialys adopts a cautious strategy by preserving significant leeway on its EBITDA/net finance cost ratio (ICR), which was 5.1x at December 31, 2023, compared with the level of over 2x required by the bank covenant;
- limiting the risk on hedging instruments. Mercialys has defined a list of instruments that it can put in place in view of their associated risk profiles and hedging accounting constraints;

- anticipating the impacts of changes in interest rates. This is achieved by:
  - monitoring and keeping Senior Management regularly informed of changes in FED/ECB monetary policies and financial market developments,
  - carrying out regular sensitivity tests on interest rates in relation to the cost of debt and scenarios defined by the Finance Department concerning changes in the Company's rate hedging policy.

The interest rate risk management arrangements also include provisions to:

- limit the choice of banking counterparties. Mercialys only deals with major banks;
- be able to react quickly in the event of significant changes in interest rates through the regular mark-to-market modeling of Mercialys' entire portfolio, particularly with external modeling tools. As an external valuer, the company Forex provides regular reports on the entire portfolio and the counterparty risk. Tests are carried out quarterly, with the fair-value modeling of debt based on interest rates.

The risk of an increase in interest rates must be analyzed in connection with the hedging policy put in place by Mercialys through derivative financial instruments. With nearly 100% of the drawn debt at end-2023 hedged through to the final bond maturity of February 2029, the sensitivity of the Company's pre-tax income to a change in rates is limited, representing less than 0.5% of 2023 net recurrent earnings:

Sensitivity criteria	**Impact on pre-tax income** *(in thousands of euros)*
Impact of a + 1% change in interest rates	(496)
Impact of a - 1% change in interest rates	408

Risk trend: upward

This risk is of major structural importance for Mercialys, due to the real estate sector's capital intensity. Its trend is estimated to be increasing, although the potential for it occurring in the short term is limited for the Company as there are no bond maturities due before February 2026.

The Company's ability to carry out sales at values that are at least in line with the appraisals, the effectively managed impacts of the health crisis on household consumption and retailer defaults and, more generally, on the shopping centers' business model helped reassure the Company's financial stakeholders between 2021 and 2023, following a considerably more marked deterioration in the context in terms of perception in 2020. Mercialys was able to carry out a major refinancing operation during the first half of 2022, including a bond issue for a nominal total of Euro 500 million, and the early redemption for a combined total of Euro 570 million on two bond issues. In 2023, the Company was able to extend the maturity of 78% of its undrawn financing facilities. The Company's liquidity position therefore seems to be aligned with its requirements.

However, the major inflationary pressures seen globally contributed to a sharp rise in rates in 2022 and 2023. This weighed on the cost of existing variable-rate debt and the refinancing operations that could be considered.

In addition, Mercialys' bond spreads may be volatile depending on the news concerning its largest tenant, *i.e.* the Casino group. This situation is potentially resulting in less favorable credit conditions, in relative terms, than for other shopping center market operators and more generally other companies with a similar scale or similar balance sheet positions.

In any event, Mercialys monitors the liquidity situation closely and has debt hedging in place that can adapt to possible changes in interest rates, with this dynamic management of its financial policy actively contributing to Mercialys' effective control over this risk.

5.2.3 Legal risks

In line with its activity to hold real estate assets in which shopping centers are or will be operated, Mercialys is required to comply with not only the tax rules linked to its SIIC status, but also the common law rules concerning the awarding of building permits, as well as many other specific or general regulations governing:

- urban planning for commercial property;
- public health;
- the environment;
- safety; and
- commercial leases.

Any significant changes to the regulations that are applicable to the Company may affect its operating results or its prospects for development or growth.

In addition, as is usually the case for shopping center owners, the Company cannot guarantee that all its tenants, particularly at sites that it has acquired recently, are compliant with all the regulations applicable, particularly in terms of public health, the environment, safety, commercial planning and operating permits. Any irregularities could result in Mercialys, as the property owner, being subject to penalties, which could adversely affect its results and financial position.

5.2.3.1 Risks related to regulations concerning commercial leases

Mercialys is subject to regulations concerning commercial leases as part of its business. French legislation on commercial leases is very strict with regard to the lessor. Certain contractual clauses in these leases relating to the term, termination, renewal and rent indexation are subject to public policy in France, and owners have only limited leeway to adjust rents according to market conditions for instance.

The parties set the initial rent at their discretion when entering into the lease agreement. Unless the lease includes a yearly indexation clause, the rent can only be adjusted every three years to bring it into line with the rental value, but without exceeding the change in the quarterly index applicable since the most recent rental adjustment.

Shopping center leases often include a variable rent clause. This provision sets the rent based on the tenant's sales, with a minimum guaranteed rent, in order to limit the risk for Mercialys in economic recession periods. This turnover-based indexation therefore avoids the regulatory rules for setting or adjusting rents. The adjustment of the minimum guaranteed rent for a commercial lease based on changes in the ILC (commercial rent index) or ILAT (tertiary activities rent index) must therefore be included in the terms of the contract.

French Law no. 2014-626 of June 18, 2014 concerning the craft and retail sectors and microenterprises (the "Pinel Act"), and Decree no. 2014-1317 of November 3, 2014 changed some of the provisions relating to commercial leases.

The public policy changes have been incorporated into the commercial leases entered into or renewed by Mercialys since these new provisions came into effect.

Changes to the regulations governing commercial leases could therefore have a negative impact on the valuation of the portfolio, as well as the Company's earnings, business and financial position.

5.2.3.2 Risks related to regulations concerning urban development and shopping center construction, safety and operations

Mercialys' activities are subject to urban planning regulations and particularly the system of authorizations for commercial operations. In addition to administrative penalties for failing to comply with these requirements (such as formal notice from the local prefectural authorities, subject to a daily fine, to bring the site concerned into line with the authorization given, or a decision to close illegally operating sites to the public until the situation is resolved, also subject to a daily fine), criminal penalties may also be applied.

Furthermore, as establishments open to the public, certain buildings and shopping centers are subject to fire safety regulations. The city mayor therefore only authorizes sites to open after receiving a favorable report from the fire safety commission following a site visit. In addition, the safety commission performs inspections every two years to check compliance with safety standards, and issues a formal report. If regulations are breached, the city mayor or local prefectural authorities may decide to close the site.

Any regulatory change concerning urban planning or safety requirements for establishments open to the public that increases the restrictions or constraints for shopping center developments could limit Mercialys' outlook and possibilities for growth. Likewise, any easing of commercial urban planning regulations could depress the value of the Company's real estate assets.

The Company and its suppliers and subcontractors are also required to comply with various regulations which, if modified, could have significant financial consequences. Tougher building codes, safety regulations or criteria for obtaining planning permission and building permits (commercial licenses) could also have a negative impact on Mercialys' profitability and operating profit by increasing operating expenses and maintenance and improvement costs, as well as the administrative costs inherent in the shopping center business.

5.2.3.3 Risks related to the constraints resulting from the tax system applicable for listed real estate investment trusts (SIIC), possible changes to the conditions for this status or even the loss of this status

Mercialys has had SIIC tax status since November 1, 2005 and is therefore exempt from corporate income tax on most of its business activities. Eligibility for this tax status is notably dependent on compliance with the requirement to redistribute a large part of its profits and could be called into question if these conditions were not met.

Under the amended French Finance Act of 2006, eligibility for SIIC tax status is also dependent on limiting to 60% the portion of the Company's capital or voting rights held by one or more entities acting in concert, with this condition assessed continuously over the fiscal year. As of January 1, 2010, Mercialys could be liable to corporate income tax under French law if it exceeds this threshold in a given fiscal year.

The loss of SIIC tax status and the corresponding tax savings, or any substantial changes in the provisions applicable for SIIC real estate investment trusts, could of course significantly affect the Company's business, earnings and financial position.

50
assets in the portfolio

2nd place
SBF 120 ranking of feminization
of ruling bodies

€429 M
worth of projects

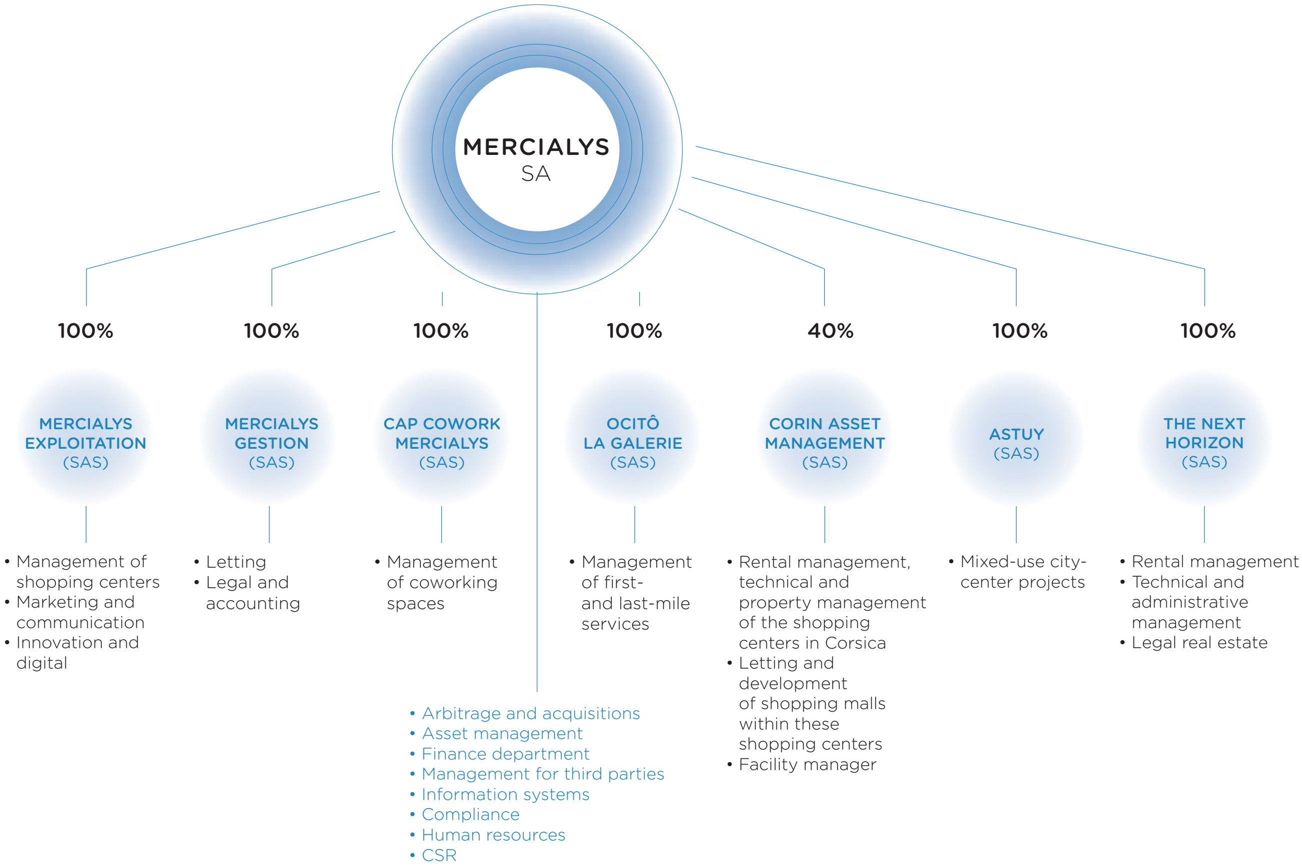
6

ORGANIZATION OF THE MERCIALYS GROUP

6.1 Operational organization

Mercialys' operational organization is briefly described in Chapter 4, p. 227 *et seq.*, and Chapter 5, p. 319 *et seq.*

The organization chart below shows the operational structure of the Mercialys group.



6.2 Agreements with related parties

In an effort to strengthen the Company's governance, the Board of Directors of Mercialys decided at its meeting of February 11, 2015 to authorize the introduction of a procedure for agreements entered into between Mercialys group companies and related parties (see § 4.1.8.1, p. 264). At its meeting of December 12, 2019, the Board of Directors updated the charter relating to agreements between Mercialys group companies and related parties in order to include a procedure for determining and evaluating ongoing agreements entered into by Mercialys, a requirement of the "Pacte" law of May 22, 2019. The Board of Directors regularly reviews this charter.

It should be noted that the Casino group is no longer a related party since the resignation of La Forézienne de Participations as director on April 28, 2022. At the end of 2023, and following the bringing back in-house of functions between 2019 and 2022, the only contractual relationships between Mercialys and the Casino group correspond to the leases granted by Mercialys to various companies in this group, the use of the Casino group's delegated project management *via* a framework agreement and a trademark license. The role of facility manager on the Mercialys portfolio and management of expenses on certain assets is performed by Sudeco, which is no longer part of the Casino group, having been acquired by the Crédit Agricole Group on March 31, 2023.

Transactions with related parties are shown in Note 24 of § 3.1.2 to the consolidated financial statements, p. 191 *et seq.*

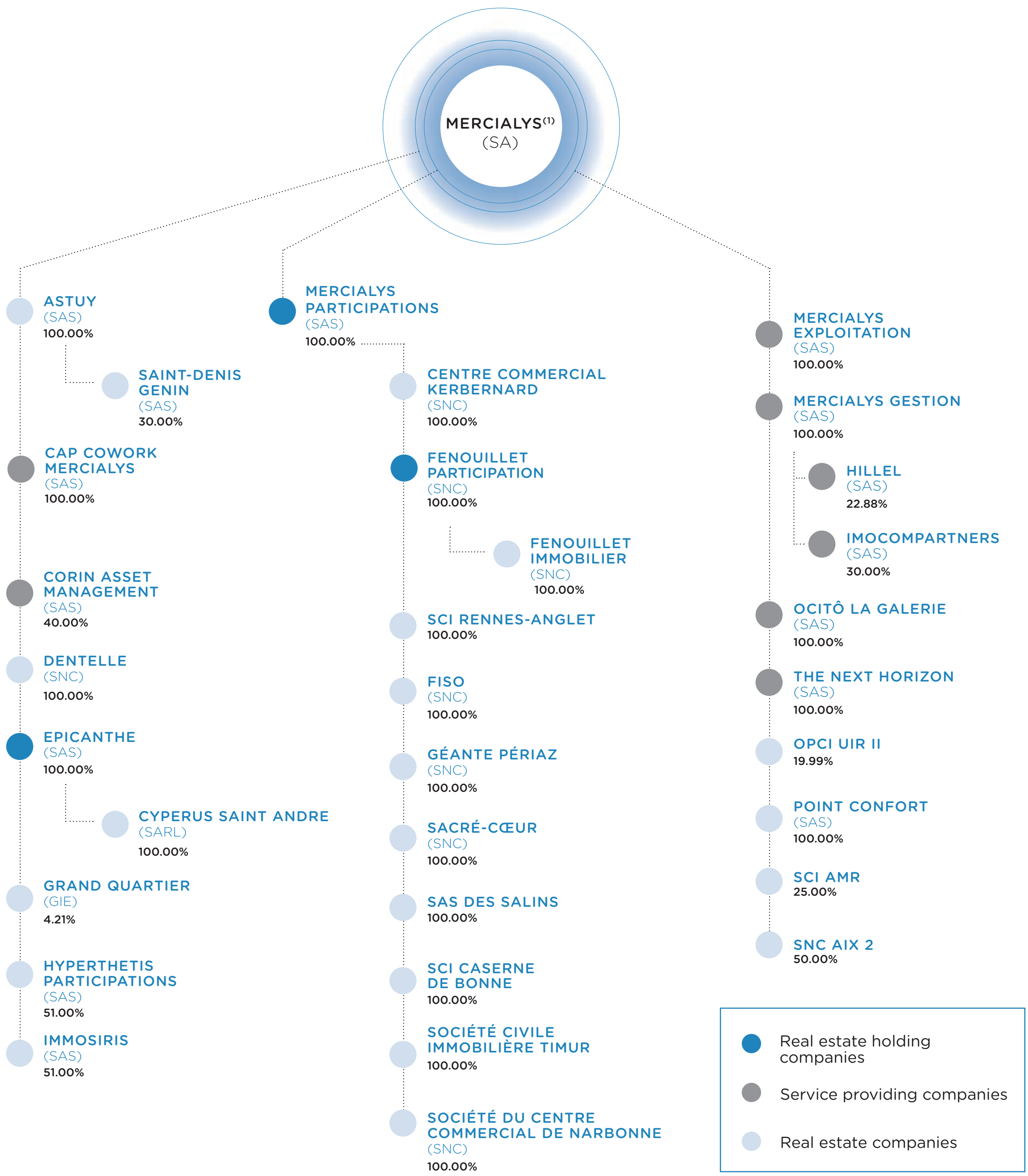
A table summarizing the regulated agreements that continued or were entered into during the 2023 fiscal year is available in the Appendix on p. 351.

The other agreements relate to standard transactions entered into on normal terms and conditions, as defined in Article L. 225-39 of the French Commercial Code.

6.3 Subsidiaries and shareholdings - Mercialys group organization chart

The organization chart below presents the structure of the Mercialys group. The table of subsidiaries and equity investments can be found in § 3.2.2, Note 26, p. 218 and 219. In addition to revenue generated and net income for the fiscal year, the table also shows, for each company, shareholders' equity, the Net Asset Value of the securities and dividends received.

MERCIALYS GROUP ORGANIZATION CHART AT DECEMBER 31, 2023



(1) *Direct and indirect ownership.*
The percentages shown correspond to the percentages of Mercialys group's capital ownership.

6.3.1 Subsidiaries

6.3.1.1 Service providers

A. Mercialys Gestion, SAS

This subsidiary is responsible for the management of large shopping centers, the letting of shopping centers and the development of casual leasing.

The company reported revenues, excluding taxes, of Euro 17.4 million for the fiscal year ended December 31, 2023, compared with Euro 15.6 million for 2022. Net income for the 2023 fiscal year was a profit of Euro 59,000, compared with a loss of Euro 108,000 at December 31, 2022.

B. Mercialys Exploitation, SAS

This subsidiary is responsible for the commercial operation of shopping centers.

The company reported revenues, excluding taxes, of Euro 7.8 million for the fiscal year ended December 31, 2023, compared with Euro 5.5 million at December 31, 2022. Net income for the 2023 fiscal year was a profit of Euro 208,000, compared with a loss of Euro 221,000 at December 31, 2022.

C. Cap Cowork Mercialys, SAS

This subsidiary operates spaces (coworking spaces, letting of offices and private or shared workspaces required for the coworking activity, meeting and reception rooms) and provides services associated with and to users of the coworking activity, as well as a company domiciliation business.

The company reported revenues, excluding taxes, of Euro 421,000 for the fiscal year ended December 31, 2023, compared with Euro 333,000 for 2022. Net income for the 2023 fiscal year was a loss of Euro 201,000, compared with a loss of Euro 278,000 at December 31, 2022.

D. Ocitô La Galerie, SAS

This subsidiary is in charge of connecting customers with partner retailers through any digital medium (website, mobile application, etc.), and the operation of digital platforms (Internet, applications, etc.) intended to connect these partner retailers and customers in order to market products and services to be collected or delivered in stores or to have them delivered to their homes or predefined locations.

The company reported revenues, excluding taxes, of Euro 18,000 for the fiscal year ended on December 31, 2023, compared with Euro 9,000 for 2022. Net income for the 2023 fiscal year was a loss of Euro 705,000, compared to a loss of Euro 557,000 at December 31, 2022.

E. The Next Horizon, SAS

This corporate purpose of this subsidiary, which was incorporated on May 31, 2021 and began operating in 2023, is rental management, property administration and technical assistance. The company reported revenues, excluding taxes, of Euro 5,552,000 for the fiscal year ended December 31, 2023, compared with Euro 0 in 2022. Net income for the 2023 fiscal year was a profit of Euro 286,000, compared with a loss of Euro 1,407,000 at December 31, 2022.

6.3.1.2 Real estate companies

A. Dentelle, SNC

Dentelle owns various parcels of land in the communes of Puy-en-Velay and Vals-Près-le-Puy (Haute-Loire), on which a retail park has been built.

The company reported revenues, excluding taxes, of Euro 484,000 for the fiscal year ended December 31, 2023, compared with Euro 321,000 at December 31, 2022. Net income for the 2023 fiscal year was a profit of Euro 405,000, compared with a profit of Euro 1,519,000 at December 31, 2022.

B. Fiso, SNC

This subsidiary leases the real estate assets it owns in the shopping centers in Istres and Angers and a coworking space in Angers. It also owns a stake in OPCI UIR II.

The company reported revenues, excluding taxes, of Euro 1.9 million for the fiscal year ended December 31, 2023, compared with Euro 2.1 million for 2022. Net income for the 2023 fiscal year was a profit of Euro 848,000, compared with Euro 1,639,000 at December 31, 2022.

C. Géante Périaz, SNC

Géante Périaz owns properties attached to a complex in Seynod (Haute-Savoie).

The company reported revenues, excluding taxes, of Euro 1.4 million for the fiscal year ended December 31, 2023, compared with Euro 1.2 million for 2022. Net income for the 2023 fiscal year was a profit of Euro 663,000, compared with a profit of Euro 528,000 at December 31, 2022.

D. Hyperthetis Participations, SAS

Hyperthetis Participations is 51%-owned by Mercialys and 49% by OPCI SPF2 Hyperthe, and owns nine hypermarkets: Aix-en-Provence, Angers, Brest, Nîmes, Niort, Fréjus, Istres, Narbonne and Vals-près-le-Puy.

The company reported revenues, excluding taxes, of Euro 16.5 million for the fiscal year ended December 31, 2023, compared with Euro 15.7 million at December 31, 2022. Net income for the 2023 fiscal year was a loss of Euro 13.7 million, compared with a profit of Euro 11.4 million at December 31, 2022.

An agreement was signed between the shareholders of Hyperthetis Participations to organize the Company's governance.

The partners have a reciprocal call option if one of them no longer benefits from the exemption regime set out in Article 208 C of the French General Tax Code, either temporarily or permanently. Upon the exercise of this option, the shareholder who no longer benefits from the regime will not be obliged to compensate the company for any prejudice suffered by it due to the loss of the tax exemption regime. However, if the reciprocal option is not exercised, the shareholder that no longer benefits from the regime must compensate the company for any prejudice suffered by it because of the loss of this exemption regime.

Each partner has a right of first refusal and then a tag-along right.

Hyperthetis Participations and Mercialys have entered into a service agreement with a brand licensing agreement.

E. Immosiris, SAS

This company is 51% owned by Mercialys and 49% by OPCI Real Estate Access Fund, managed by BNP Paribas REIM France, and owns the shopping center in Clermont-Ferrand, as well as the adjacent hypermarket.

The company reported revenues, excluding taxes, of Euro 7.4 million for the fiscal year ended December 31, 2023, compared with Euro 6.8 million at December 31, 2022. Net income for the 2023 fiscal year was a loss of Euro 3.9 million, compared with a profit of Euro 2.3 million at December 31, 2022. An agreement was signed between the shareholders of Immosiris to organize the company's governance. The agreement provides for a lock-up period for the Company's shares, which ended on April 30, 2023.

Mercialys has a liquidity clause on all the securities held by Real Estate Access Fund. This option may be exercised only in the event of a change of manager or change of control in Real Estate Access Fund, or in the event of the entry by a competitor into the capital of Real Estate Access Fund, or new investors.

Additionally, the partners have a reciprocal call option if one of them no longer benefits from the exemption regime set out in Article 208 C of the French General Tax Code, either temporarily or permanently. Upon the exercise of this option, the shareholder who no longer benefits from the regime will not be obliged to compensate the company for any prejudice suffered by it due to the loss of the tax exemption regime. However, if the reciprocal option is not exercised, the shareholder that no longer benefits from the regime must compensate the company for any prejudice suffered by it because of the loss of this exemption regime.

Each partner has a right of first refusal and then a tag-along right.

Furthermore, a service agreement and an asset management agreement were signed by Immosiris and Mercialys.

F. Point Confort, SAS

This subsidiary is the owner of an extension to the Aurillac shopping center.

It also holds stakes in Fiso SNC, Société du Centre Commercial de Narbonne SNC, SNC Dentelle, SNC Géante Périaz, Société Civile Immobilière Timur, SCI Caserne de Bonne, SNC Kerbernard, SNC Fenouillet Participation, SNC Sacré-Cœur, SCI Rennes-Anglet and OPCI UIR II.

The company reported revenues, excluding taxes, of Euro 297,000 for the fiscal year ended December 31, 2023, compared with Euro 338,000 for 2022. Net income for the 2023 fiscal year was a loss of Euro 384,000, compared with a profit of Euro 63,000 at December 31, 2022.

G. SAS des Salins

SAS des Salins owns the shopping center extension at the Fréjus site and five retail units in the Carcassonne industrial estate.

The company reported revenues of Euro 1.2 million for the fiscal year ended December 31, 2023, compared with Euro 1.3 million for 2022. Net income for the 2023 fiscal year was a profit of Euro 512,000, compared with a profit of Euro 999,000 at December 31, 2022.

H. SCI Caserne de Bonne

This subsidiary owns the city-center shopping center "La Caserne de Bonne" in Grenoble, comprising retail stores, 1,100 sq.m. of offices and 300 parking spaces as well as a coworking space.

The company reported revenues, excluding taxes, of Euro 4.5 million for the fiscal year ended December 31, 2023, compared with Euro 5.1 million for 2022. Net income for the 2023 fiscal year was a loss of Euro 2.0 million, compared with a profit of Euro 1.2 million at December 31, 2022.

I. Société Civile Immobilière Timur

Société Civile Immobilière Timur owns the parking lots at the Sainte-Marie Duparc shopping center in Reunion Island, as well as a retail complex.

The company reported revenues, excluding taxes, of Euro 5.2 million for the fiscal year ended December 31, 2023, compared with Euro 5.1 million for 2022. Net income for the 2023 fiscal year was a profit of Euro 4.4 million, compared with a profit of Euro 4.1 million at December 31, 2022.

J. Société du Centre Commercial de Narbonne, SNC

This subsidiary leases the property it owns in the shopping center of the Narbonne shopping center.

The company reported revenues, excluding taxes, of Euro 1 million for the fiscal year ended December 31, 2023, compared with Euro 1 million for 2022. Net income for the 2023 fiscal year was a profit of Euro 547,000, compared with a profit of Euro 751,000 at December 31, 2022.

K. Centre Commercial Kerbernard, SNC

This company owns most of the retail units at the Géant Casino shopping center in Brest, together with the parking lots.

The company reported revenues, excluding taxes, of Euro 4.3 million for the fiscal year ended December 31, 2023, compared with Euro 4.0 million for 2022. Net income for the 2023 fiscal year was a profit of Euro 3 million, compared with a profit of Euro 2.8 million at December 31, 2022.

L. Astuy, SAS

Astuy aims to integrate real estate development projects. It owns 30% of SAS Saint-Denis Genin.

Net income at December 31, 2023 was a loss of Euro 42,000, compared with a loss of Euro 9,000 at December 31, 2022.

M. Fenouillet Immobilier, SNC

The company Fenouillet Immobilier owns the extension of the Toulouse Fenouillet shopping center, as well as a coworking space.

Fenouillet Immobilier reported revenues of Euro 6.4 million for the fiscal year ended December 31, 2023, compared with Euro 6 million at December 31, 2022. Net income at December 31, 2023 was a loss of Euro 1,014,000, compared with a profit of Euro 1,558,000 for 2022.

N. Sacré-Cœur, SNC

Sacré-Cœur owns the extension to the Cap Sacré-Cœur shopping center, located in the municipality of Le Port, in Reunion Island.

The company reported revenues, excluding taxes, of Euro 4,002,000 for the fiscal year ended December 31, 2023, compared with Euro 3,870,000 at December 31, 2022. Net income for the 2023 fiscal year was a profit of Euro 1,613,000, compared with a profit of Euro 2,252,000 at December 31, 2022.

O. Cyperus Saint André, SARL

This company owns an eight-hectare plot in Reunion Island. The company did not generate any revenues in the fiscal year ended December 31, 2023, nor that ended December 31, 2022. Net income at December 31, 2023 was a loss of Euro 215,000, compared with a loss of Euro 130,000 at December 31, 2022.

P. SCI Rennes-Anglet

SCI Rennes-Anglet essentially owns and operates assets in the commune of Anglet. It was initially 30% owned by Mercialys and 70% owned by L'Immobilière Groupe Casino. In 2019, SCI Rennes-Anglet sold the hypermarkets in Rennes and Anglet and therefore only held standalone units in Anglet.

In 2022, under the terms of the shareholders' agreement signed on July 13, 2018 between Mercialys and L'Immobilière Groupe Casino, Mercialys acquired 70% of this company, previously owned by L'Immobilière Groupe Casino.

The company reported revenues, excluding taxes, of Euro 435,000 for the fiscal year ended December 31, 2023, compared with Euro 413,000 for 2022. Net income for the 2023 fiscal year was a profit of Euro 124,000, compared with a profit of Euro 21,000 at December 31, 2022.

6.3.1.3 Real estate holding companies

A. Mercialys Participations, SAS

The SAS Mercialys Participations owns nine real estate companies, and also a stake in OPCI UIR II. The company did not generate any revenues in the fiscal year ended December 31, 2023. Net income for the 2023 fiscal year was a loss of Euro 16.4 million, compared with a profit of Euro 23 million for 2022.

The company has opted for the status of listed real estate investment company (SIIC).

B. Epicanthe, SAS

SAS Epicanthe holds all of the shares in SARL Cyperus Saint André, which owns an eight-hectare site in Saint-André de La Réunion.

The company reported a loss of Euro 453,000 for the fiscal year ended December 31, 2023, compared with a loss of Euro 134,000 at December 31, 2022.

C. Fenouillet Participation, SNC

The company Fenouillet Participation holds 100% of the company Fenouillet Immobilier, which owns the extension of the shopping center delivered in 2016.

Fenouillet Participation ended the 2023 fiscal year with a loss of Euro 1,926,000, compared with a profit of Euro 2,596,000 at December 31, 2022.

6.3.2 Equity investments

A. SNC Aix 2

SNC Aix 2 is equally owned by Mercialys and the company Jas de Bouffan.

This company owns the extension to the shopping center in Aix-en-Provence.

The company reported revenues, excluding taxes, of Euro 1.6 million for the fiscal year ended December 31, 2023, compared with Euro 1.5 million for 2022. Net income for the 2023 fiscal year was a profit of Euro 152,000, compared with a profit of Euro 78,000 at December 31, 2022.

B. SCI AMR

In April 2013, Mercialys formed a partnership with Amundi when it set up SCI AMR, 43.4% owned by Mercialys and 56.6% by OPCIMMO (a collective investment scheme specializing in real estate and open to the general public, managed by Amundi). Mercialys sold or transferred four shopping centers to SCI AMR: Paris Saint-Didier, Montauban, Valence 2 and Angoulême. SCI AMR also acquired the Niort and Albertville sites, sold by Mercialys, on December 29, 2016. Following this transaction, and the entry of two SCPIs (real estate investment trusts) into the capital of SCI AMR, Mercialys' holding was reduced to 39.9%.

An agreement was signed between the partners of SCI AMR to organize the governance of the company. On December 29, 2016, the partners signed an amendment to the original agreement specifically to:

- include the two new assets, Niort and Albertville;
- incorporate both SCPIs;
- but also to extend the term of the SCI, initially set at ten years.

On December 23, 2020, the partners signed a new shareholders' agreement, following the acquisition by SCI AMR of the Monoprix sites in Chaville, Marcq-en-Baroeul and Puteaux, as well as the hypermarkets in Besançon and Gassin from Mercialys. On the same date, SCI AMR sold the Montauban and Valence 2 sites to Mercialys. As part of the financing of these transactions, a non-proportional capital increase of SCI AMR was carried out by its partners, resulting in a dilution of Mercialys' stake in the vehicle from 39.9% to 25.0%.

Mercialys also has an asset management mandate, a letting mandate and a mandate for the exclusive communication of mutual interests.

The company reported revenues, excluding taxes, of Euro 25.6 million for the fiscal year ended December 31, 2023, compared with Euro 24.2 million for 2022. Net income for the 2023 fiscal year was a loss of Euro 16.9 million, compared with a profit of Euro 7.9 million at December 31, 2022.

C. Corin Asset Management, SAS

Corin Asset Management is jointly owned by Mercialys and Corin, which owns 60% of capital. It provides rental, technical and property management services to the five Corsican shopping centers, of which Mercialys acquired 60% of the undivided property rights in December 2006 and January 2007. It is also responsible for letting and developing the shopping arcades in these centers and manages the co-ownership contract between Corin and Mercialys.

There is a right of first refusal in the event of the sale of shares to third parties other than the partners and the companies in their group, proportional to each shareholder's equity interest, irrespective of the shares offered.

3 mandates were entered into between Corin Asset Management and the group of owners of five shopping centers in Corsica (of which Mercialys holds 60% of the undivided property rights):

- a rental management and expense management mandate;
- a technical and administrative management mandate; and
- an asset management and letting mandate.

The company reported revenues, excluding taxes, of Euro 1 million for the fiscal year ended December 31, 2023, compared with Euro 1.1 million for 2022. Net income for the 2023 fiscal year was a loss of Euro 60,000, compared to a loss of Euro 44,000 at December 31, 2022.

D. OPCI UIR II

In July 2011, Mercialys and Union Investment, a German fund manager highly active on the real estate market, created an OPCI (OPCI UIR II). Its purpose is to accommodate mature commercial assets according to the opportunities offered by the market. This same year, it acquired the shopping center of the Bordeaux Pessac shopping center (33).

Mercialys, which holds 19.99% of this OPCI, and Union Investment have entered into a shareholders' agreement which provides that Mercialys has a put option in the event of acquisition by the OPCI of new assets or dilution of its shares. The partners have preferential subscription rights in the event of a partial or total transfer of the shares of one or more of the partners. The shareholders' agreement also provides for a total or proportional exit right as well as drag-along right.

An asset management mandate, a letting mandate and an exclusive communication of mutual interest mandate exist between Mercialys and UIR II.

During the fiscal year ended December 31, 2023, the OPCI UIR II generated revenues, excluding taxes (real estate income recognized), of Euro 0.5 million. The result for the fiscal year was a loss of Euro 111,000.

In the 2nd half of 2021, a preliminary sales agreement was signed on the Bordeaux Pessac shopping center, with the disposal to be finalized during the first half of 2022. The OPCI was dissolved on February 13, 2023, with approval from the French Financial Markets Authority (AMF) granted on March 21, 2023.

E. Saint-Denis Genin, SAS

This company, incorporated on December 13, 2019, is involved, within the framework of a property transaction to be carried out on land located in Saint-Denis (93) – Boulevard Anatole France, square Pierre-de-Geyter and rue Genin, in:

(i) the acquisition of all real estate assets and rights and the execution of all demolition, construction, extension, restructuring, development, improvement, renovation, maintenance or other work;

(ii) managing real estate programs and real estate development for all types of buildings, whatever their nature or purpose;

(iii) developing all types of land and fitting out all types of real estate complexes; and

(iv) letting and selling (individually or in blocks) all property assets and rights, whether off-plan or completed, and in the event of a sale, managing by any means the financial proceeds of such sale or sales.

It is 30% owned by SAS Astuy.

Net income for the 2023 fiscal year was zero, unchanged from December 31, 2022.

F. Hillel, SAS

In July 2023, the Mercialys group acquired a 22.88% stake in Hillel (DEPUR group), a company specializing in the conceptualization and execution of major Food & Beverage & Entertainment projects. Net income at the end of June 2023 was a loss of Euro 36,000.

G. ImocomPartners, SAS

In December 2023, the Mercialys group obtained approval from the French Financial Markets Authority (AMF) to acquire a 30% stake in the portfolio management company ImocomPartners. This company manages the ImocomPark OPPCI, whose shares are mainly reserved for institutional investors and family offices. This fund, which matures in 2032, holds a portfolio of 33 retail parks in France with a gross leasable area of more than 385,000 sq.m, let to nearly 400 tenants.

The remaining 70% of the share capital will be acquired by Mercialys in the 1st half of 2025 at the end of an interim period during which the current managers will support the development of the company. The price of this second tranche will be adjusted according to the performance of the portfolio management company and the underlying fund. This second stage will be subject to prior authorization from the AMF.

At the end of September 2023, the company generated revenues, excluding taxes, of Euro 4.7 million and net income of Euro 1.2 million.

6.4 Statutory Auditors' special report on regulated agreements

General Meeting for approval of the financial statements for the fiscal year ended on March 12, 2024

To the General Meeting of Mercialys,

As Statutory Auditors of your company, we hereby present our report on regulated agreements.

It is our responsibility, on the basis of the information provided to us, to communicate to you the characteristics, essential terms and conditions, as well as the reasons for the Company's interest in the agreements of which we have been advised, or which we have discovered during our assignment, without commenting on their usefulness or validity, or identifying the existence of other such agreements. It is your responsibility, according to Article R. 225-31 of the French Commercial Code, to assess the benefits of these agreements in view of their approval.

In addition, we are required, where applicable, to provide you with the information specified in Article R. 225-31 of the French Commercial Code concerning the performance, during the past fiscal year, of agreements already approved by the General Meeting.

We carried out the procedures which we considered necessary with regard to the professional guidelines issued by the French National Association of Statutory Auditors (CNCC) relating to this type of undertaking. These procedures consisted in verifying that the information communicated to us matched the basic documents from which they originate.

Agreements submitted for approval to the General Meeting

We hereby inform you that we have not been informed of any agreement authorized and/or entered into during the past fiscal year to be submitted for approval at the General Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

Agreements already approved by the General Meeting

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed that implementation of the following agreements, already approved by the General Meeting during prior fiscal years, continued during the past fiscal year.

With Hyperthetis Participations, a subsidiary of your company

Persons concerned

Mr. Vincent Ravat, Chief Executive Officer and Director of your company, representative of your company in its capacity as Chairperson of Hyperthetis Participations, and Ms. Elizabeth Blaise, Deputy Chief Executive Officer, representative of your company in its capacity as Chairperson of Hyperthetis Participations.

Contractual agreement serving as a memorandum of understanding on the disposal of real estate assets and an agreement to provide assistance in the disposal of real estate assets

Nature and purpose

On October 20, 2022, your Board of Directors authorized the signing of a contractual agreement serving as (i) a memorandum of understanding on the disposal of real estate assets and (ii) an agreement to provide assistance in the disposal of real estate assets between OPCI SPF2 Hyperthe (BNP Paribas REIM France), Hyperthetis Participations (principal), Mercialys Gestion (agent) and your company. This agreement was signed on December 14, 2022.

The deed provided for various terms and time frames for the completion of the memorandum of understanding and the agreement, subject to the sale of assets or the signing of preliminary sales agreements on May 31, 2023. As this condition was not met, the deed expired on May 31, 2023.

This agreement is part of the disposal of assets held by Hyperthetis Participations.

Your company holds 51% of the share capital of Hyperthetis Participations, with OPCI SPF2 Hyperthe holding the remainder.

Terms and conditions

This agreement ended on May 31, 2023 and did not give rise to the payment of fees by your company in respect of 2023.

Paris-La Défense and Lyon, March 12, 2024

The Statutory Auditors

KPMG SA	**ERNST & YOUNG et Autres**
Régis Chemouny	Sylvain Lauria

Appendix: Summary table of current regulated agreements

The table below summarizes the regulated agreements in force, as described in the Statutory Auditors' Special Report in accordance with Article R. 225-31 of the French Commercial Code, namely the agreements entered into and authorized during previous fiscal years and which continued during the 2023 fiscal year. No new regulated agreements were signed during the 2023 fiscal year.

Nature of the agreement	Date of Board meeting	Date signed	Date of General Meeting and resolution	Expiry	Financial conditions in 2023	Interest for the Company
With OPCI SPF2 Hyperthe (BNP Paribas REIM France) and the Mercialys companies, Hyperthetis Participations and Mercialys Gestion						
Contractual agreement serving as a memorandum of understanding on the disposal of real estate assets and an agreement to provide assistance in the disposal of real estate assets	10/20/2022	12/14/2022	04/27/2023 No. 15	05/31/2023	No fees payable by Mercialys	Process for the conditional sale of the assets of Hyperthetis Participations under the terms of agreements with OPCI SPF2 Hyperthe (BNP Paribas REIM France)

€1.17
NRE per share

9.9%
Yield on 2023 year-end share price

99.4%
free float

7

STOCK MARKET INFORMATION AND SHARE CAPITAL

7.1 Stock market information

7.1.1 Market for Mercialys shares

Mercialys shares have been listed on the Euronext Paris stock exchange (ISIN code: FR0010241638 – Ticker symbol: MERY) since October 12, 2005. Mercialys belonged to compartment A until January 29, 2021, before moving to compartment B. Its shares were eligible for the "classic" Deferred Settlement Service (SRD) from February 26, 2008 to December 29, 2020, the date on which they became eligible for the "long-only" SRD.

Mercialys is part of the SBF 120 index as well as various indices specific to the real estate sector (EPRA, IEIF) and indices taking into account the characteristics of Socially Responsible Investment (Gaïa index in particular).

Over the years, the Company has also issued 6 bonds, the latest of which was dated February 28, 2022.

At the end of December 2023, 4 loans were outstanding.

Date of issue	Date of maturity	Residual nominal amount	Coupon	ISIN code	Listing
November 3, 2017	November 3, 2027	150.0 €M	2.000%	FR0013293362	Paris (Euronext)
February 27, 2018	February 27, 2026	300.0€M	1.800%	FR0013320249	Paris (Euronext)
July 7, 2020	July 7, 2027	200.0€M	4.625%	FR0013522091	Paris (Euronext)
February 28, 2022	February 28, 2029	500.0€M	2.500%	FR0014008JQ4	Paris (Euronext)

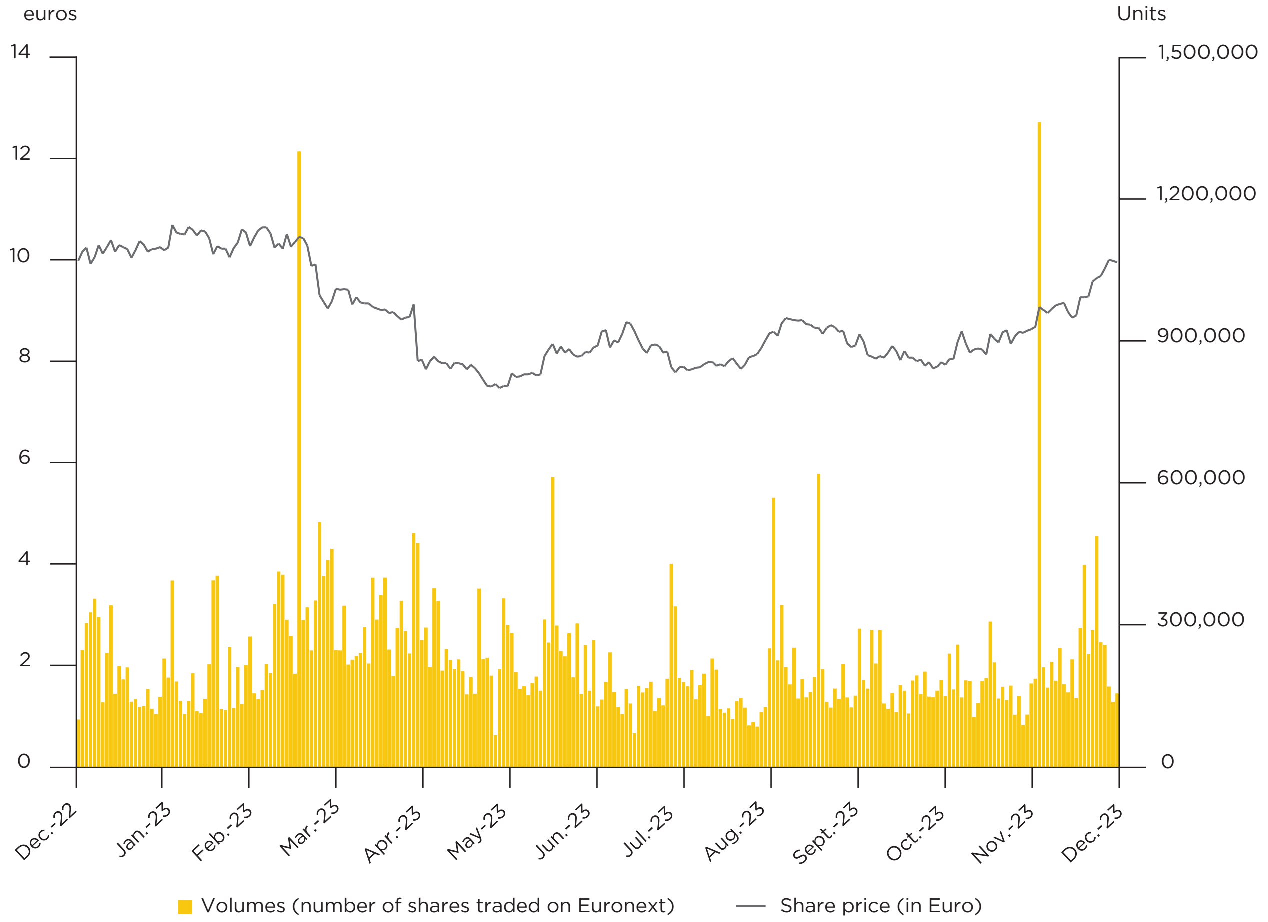
Mercialys is rated BBB/outlook stable by Standard & Poor's.

TRADED VOLUMES AND SHARE PRICE EVOLUTION OVER THE PAST 18 MONTHS (1)

	Extreme prices *(in euros)*		Number of shares traded *(in thousands)*	Capital traded *(in millions of euros)*
	Highest	Lowest		
2022				
July	8.825	7.605	5,346	44,615
August	9.270	7.850	5,028	42,905
September	8.415	6.870	7,650	59,862
October	9.005	7.550	5,659	46,486
November	9.690	8.635	5,315	49,431
December	10.030	9.075	7,677	73,986
2023				
January	10.440	9.815	4,374	44,585
February	10.790	9.960	3,857	40,034
March	10.740	8.920	7,886	78,957
April	9.570	8.685	5,297	48,035
May	8.240	7.415	5,376	42,235
June	8.350	7.435	5,311	42,593
July	8.775	7.710	3,603	29,714
August	8.685	7.765	3,738	30,244
September	8.925	8.255	4,293	37,159
October	8.600	7.780	3,811	30,737
November	9.065	8.005	4,812	41,322
December	10.050	8.785	4,398	41,096

(1) Source: Euronext Paris.

SHARE PRICE AND NUMBER OF SECURITIES TRADED IN 2023



STOCK MARKET PERFORMANCE OVER THE LAST 5 YEARS

	2019	2020	2021	2022	2023
Price *(in euros)* (1)					
Highest	13.82	12.64	11.07	10.42	10.79
Lowest	10.09	3.89	6.71	6.87	7.415
December 31 (closing price)	12.33	7.22	8.57	9.77	9.945
Market capitalization at December 31 *(in millions of euros)*	**1,135**	**665**	**805**	**917**	**934**

(1) Source: Euronext Paris.

7.1.2 Share buyback program

7.1.2.1 Current share buyback program

The Ordinary General Meeting of April 27, 2023 authorized the Board of Directors to purchase or arrange for the purchase of Company shares in accordance with the provisions of Articles L. 22-10-62 *et seq.* of the French Commercial Code, Articles 241-1 to 241-7 of the General Regulation of the French Financial Markets Authority (AMF), and European regulations on market abuse, specifically Regulations (EU) 596/2014 of April 16, 2014 and 2016/1952 of March 8, 2016.

Objectives of the share buyback program:

The objectives of the share buyback program authorized by the General Meeting of April 27, 2023 are:

- to maintain liquidity and stimulate the market for the Company's shares through an investment services provider acting independently in the name and on behalf of the Company, in connection with a liquidity agreement compliant with a Code of Ethics recognized by the French Financial Markets Authority (AMF);
- to implement any Company stock option plan, under the provisions of Articles L. 225-177 *et seq.* and L. 22-10-56 *et seq.* of the French Commercial Code, any savings plan in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code or any allocation of bonus shares under the provisions of Articles L. 22-10-59, L. 22-10-60 and L. 225-197-1 *et seq.* of the French Commercial Code, or any other scheme for payment in shares;
- to deliver these shares when the rights attached to negotiable securities conferring a right to shares are exercised by reimbursement, conversion, exchange, the presentation of a warrant or debt security convertible or exchangeable into shares of the Company, or by any other means that confers a right to shares of the Company;
- to keep them with a view to subsequently using them as payment or exchange in connection with, or following, any external growth transaction;
- to cancel all or part of them in order to optimize net earnings per share in connection with a share capital reduction in the manner specified by law;
- to conduct any further market practice authorized by the French financial markets authority and generally to carry out any transaction compliant with applicable regulations.

Buyback terms and conditions:

The acquisition, sale, transfer or exchange of these shares may be carried out, on one or more occasions, by any means, in particular, by trading on the regulated market, through multilateral trading facilities or over-the-counter (OTC), including by block transaction. These means include the use of any derivative financial instrument traded on a regulated market or over the counter and the implementation of options strategies in the manner authorized by the competent market authorities, provided that such means do not contribute to a significant increase in share volatility. The shares may also be loaned, pursuant to Articles L. 211-22 *et seq.* of the French Monetary and Financial Code.

In the event of a public offer relating to the shares or marketable securities issued by the Company, the Company may only use this authorization to meet its commitments regarding the delivery of securities, particularly in the context of bonus share plans or strategic transactions undertaken and announced before the launch of the public offer.

Maximum buyback price:

The purchase price of the shares shall not exceed Euro 16 (sixteen) (excluding acquisition costs) per share with a par value of Euro 1 (one) each.

Maximum share of capital:

This authorization may be implemented up to a maximum number of shares representing 10% of the Company's share capital as at the date of the General Meeting of April 27, 2023, on the understanding that when the Company's shares are purchased under a liquidity agreement, the number of these shares taken into account to calculate the 10% threshold mentioned above shall correspond to said number of purchased shares, after deducting the number of shares resold under the liquidity agreement during the authorization period. However, the number of shares purchased by the Company to be kept and subsequently used as payment or exchange in connection with an external growth transaction may not exceed 5% of the share capital. Purchases made by the Company may not, under any circumstances, result in the Company holding at any time whatsoever, more than 10% of the shares making up its share capital.

7.1.2.2 Transactions carried out in 2023

A. Liquidity agreement

In an effort to increase the liquidity of the Group's shares and ensure share price stability, as well as to avoid large fluctuations in the Company's share price unwarranted by market trends, the Company entered into a liquidity agreement with Oddo Corporate Finance on February 20, 2006. This agreement complies with the French Financial Markets Association's (AMAFI) Code of Ethics approved by the French Financial Markets Authority (AMF) on October 1, 2008. The Company allocated Euro 1.6 million to a liquidity account to implement this liquidity agreement.

The Company added Euro 800,000 to the liquidity account on January 20, 2009, a further Euro 3 million on March 9, 2009, and Euro 6 million on May 25, 2009, bringing the total sum allocated to Euro 11.4 million. On December 5, 2011, the Company decided to make a partial withdrawal of Euro 3.4 million, reducing the amount allocated to the liquidity agreement from Euro 11.4 million to Euro 8 million.

On September 9, 2019, the Company entered into a new liquidity agreement, effective retroactively from January 2, 2019, with Oddo BHF SCA. This new liquidity agreement, established following changes in regulations relating to liquidity agreements and in accordance with the French Financial Markets Authority (AMF) Decision No. 2018-01 of July 2, 2018, replaces the previous agreement signed on February 14, 2006. For the implementation of the new agreement, the Company allocated 345,930 shares and Euro 2,389,808.95 to the liquidity account. The fixed amount paid under this agreement, which includes trading costs, amounted to Euro 42,000 excluding taxes for the 2023 fiscal year.

During the 2023 fiscal year, 4,176,307 Mercialys shares were purchased at an average price of Euro 8.90 each, and 4,186,581 Mercialys shares were sold at an average price of Euro 8.96 each. At December 31, 2023, the liquidity account contained 276,615 shares and Euro 3,786,986.04.

B. Other transactions

On September 4, 2023, the Company appointed Oddo BHF SCA to buy back its shares in order to cover any bonus share plans, with effect from September 4, 2023 to September 7, 2023 inclusive and covering 123,000 shares.

Thus, in 2023, the Company acquired, through this investment service provider, acting independently in the name and on behalf of the Company, 123,000 shares at an average price of Euro 8.825.

No shares were canceled during the 24-month period from January 1, 2022 to December 31, 2023.

C. Summary of transactions

The table below summarizes the transactions carried out by the Company on treasury shares between January 1, 2023 and December 31, 2023 and indicates the number of treasury shares held by the Company:

	Number of shares	% of capital
Number of shares held at December 31, 2022	**600,230**	**0.64**
Number of shares purchased under the liquidity agreement	4,176,307	
Number of shares sold under the liquidity agreement	(4,186,581)	
Number of shares purchased	123,000	
Number of shares canceled	0	
Number of bonus shares	(104,567)	
Number of shares held at December 31, 2023	**608,389**	**0.65**

The Company's position at December 31, 2023 was as follows:

	12/31/2023
Number of treasury shares in portfolio	608,389
Percentage of share capital held directly or indirectly as treasury shares	0.65%
Number of shares canceled during the last 24 months	0
Book value of portfolio *(€M)*	5.3
Market value of the portfolio *(€M)* (1)	6.1

(1) Value calculated in millions of euros on the basis of the closing price on December 31, 2023, i.e. Euro 9.945.

Mercialys has no open positions in derivatives. The 608,389 treasury shares held at December 31, 2023 were allocated as follows:

- 276,615 shares for use in connection with the liquidity agreement;
- 313,774 shares for use in any savings plan or bonus share plans for executive corporate officers and employees of the Company and related companies.

7.1.2.3 Description of the Company's share buyback program submitted for shareholder approval

At the Ordinary General Meeting of April 25, 2024, shareholders will be asked to renew the Board of Directors' authorization to purchase or arrange for the purchase of Company shares pursuant to Articles L. 22-10-62 *et seq.* of the French Commercial Code, Articles 241-1 to 241-7 of the General Regulation of the French Financial Markets Authority (AMF), and European regulations on market abuse, specifically Regulations (EU) 596/2014 of April 16, 2014 and 2016/1052 of March 8, 2016.

Objectives of the share buyback program:

The objectives of the share buyback program that will be submitted to the General Meeting of April 25, 2024 are:

- to maintain liquidity and stimulate the market for the Company's shares through an investment services provider acting independently in the name and on behalf of the Company, in connection with a liquidity agreement compliant with a Code of Ethics recognized by the French Financial Markets Authority (AMF);
- to implement any savings plan in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code or any bonus share plans pursuant to the provisions of Articles L. 22-10-59, L. 22-10-60 and L. 225-197-1 *et seq.* of the French Commercial Code or any other share-based compensation scheme;
- to deliver them upon the exercise of rights attached to securities giving access to the Company's share capital;
- to keep them with a view to subsequently using them as payment or exchange in connection with, or following, any external growth transaction;
- to cancel all or part of them in order to optimize net earnings per share in connection with a share capital reduction in the manner specified by law;
- to conduct any further market practice authorized by the French financial markets authority and generally to carry out any transaction compliant with applicable regulations.

Buyback terms and conditions:

The acquisition, sale, transfer or exchange of these shares may be carried out, on one or more occasions, by any means, in particular, by trading on the regulated market, through multilateral trading facilities or over-the-counter (OTC), including by block transaction. These means include the use of any derivative financial instrument and the implementation of options strategies in accordance with the conditions authorized by the relevant market authorities.

In the event of a public offer relating to shares, securities or marketable securities issued by the Company, the Company may only use this authorization to satisfy its commitments to deliver securities, in the context of bonus share plans committed to and announced before the launch of the public offer.

Maximum buyback price:

The purchase price of the shares shall not exceed Euro 16 (sixteen) (excluding acquisition costs) per share, with a par value of Euro 1 (one) each.

Maximum share of capital:

This authorization may be implemented up to a maximum number of shares representing 10% of the Company's share capital, taking into account transactions affecting it subsequent to the date of this General Meeting, *i.e.* 9,388,650 shares based on the share capital at December 31, 2023, for a maximum amount of Euro 150.2 million. When the Company's shares are purchased under a liquidity agreement, the number of these shares taken into account when calculating the 10% threshold mentioned above will correspond to the number of these shares purchased, net of the number of shares resold under the liquidity agreement during the authorization period. However, the number of shares acquired by the Company with a view to retaining them and subsequently delivering them as payment or exchange as part of a merger, spin-off or contribution transaction may not exceed 5% of the share capital. Purchases made by the Company may not, under any circumstances, result in the Company holding at any time whatsoever, more than 10% of the shares making up its share capital.

Duration of the buyback program:

The authorization granted to the Board of Directors is valid for a period of eighteen months. It terminates and replaces the authorization previously granted by the 16th resolution of the General Meeting of April 27, 2023.

Cancelation of shares:

The Ordinary and Extraordinary General Meeting of Shareholders held on April 27, 2023 renewed the authorization granted to the Board of Directors to reduce the Company's share capital through the cancelation of treasury shares. This authorization, granted for a period of 26 months, is valid until June 26, 2025.

7.1.3 Dividend distribution policy

On November 24, 2005, the Company elected to be taxed under the regime applicable to *listed real estate investment trusts* (REITs).

As a REIT, Mercialys is exempt from corporate tax on its rental revenues and on capital gains generated from the sale of real estate assets or some investments in real estate companies. In return for this tax exemption, REITs must distribute to their shareholders at least 95% of the tax-exempt profits generated from property leasing and subletting transactions. Similarly, REITs must distribute at least 70% of the tax-exempt profits generated from the sale of real estate assets or investments in real estate companies. Dividends from subsidiaries that are subject to corporate tax and are covered by this tax regime must be paid out in full.

At December 31, 2023, the net income generated by Mercialys, the parent company, amounted to Euro 17.8 million, of which Euro 12.4 million in tax-exempt income and Euro 5.4 million in taxable income.

A dividend of Euro 0.99 per share for the 2023 fiscal year will be proposed at the General Meeting of April 25, 2024, for a total amount of Euro 92.6 million based on the number of shares outstanding at December 31, 2023, without taking into account the cancelation of dividends on treasury shares on the payment date. The proposed dividend corresponds to 85% of the recurring net income for 2023 and offers a yield of 9.9% on the closing price at December 31, 2023.

This dividend proposal comprises the distribution obligation under REIT status concerning tax-exempt profits from:

- the leasing or subletting of properties (including dividends paid by subsidiaries subject to the REIT regime), *i.e.* Euro 0.86 per share;
- the distribution of tax-exempt income recorded in the Company's balance sheet in the amount of Euro 0.13 per share.

The payment of the dividend of Euro 0.99 per share would take place on May 2, 2024 (ex-dividend date being April 29, 2024), subject to approval by the Annual General Meeting on April 25, 2024.

Dividends taken from the tax-exempt profits of REITs do not qualify for the 40% allowance provided for in Article 158-3, paragraph 2, of the French General Tax Code. Only dividends taken from the non-tax-exempt profits of REITs are eligible for this allowance.

Furthermore, social security contributions (17.2%) on dividends paid to individuals fiscally domiciled in France are withheld by the paying institution. In addition, since January 1, 2018, an income tax prepayment (12.8%) has also been withheld on these dividends by the paying institution.

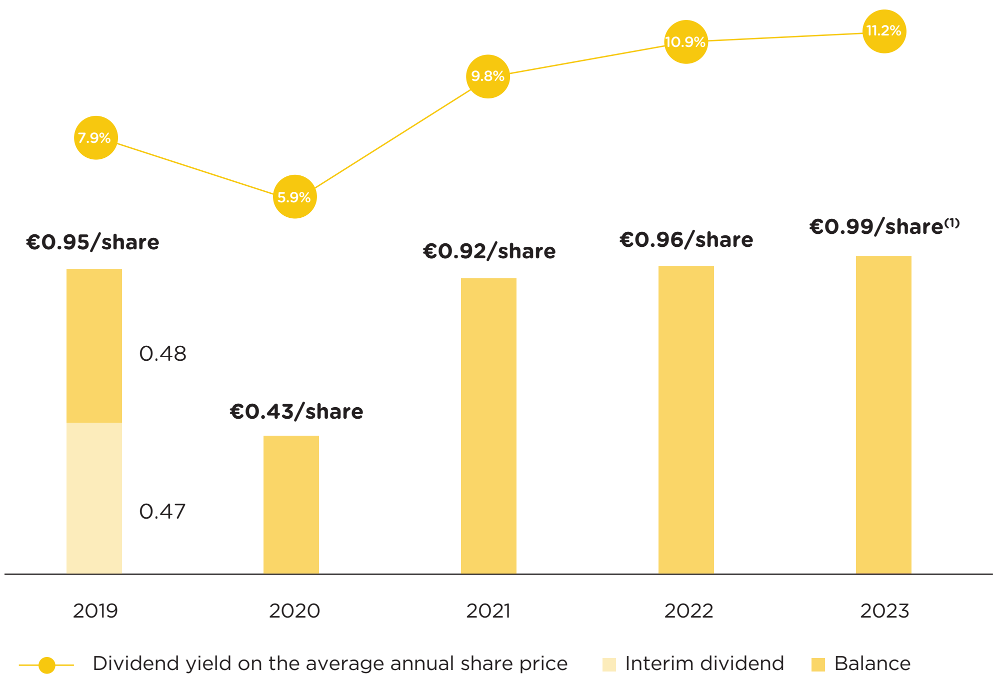
The following table shows dividends paid over the last five fiscal years:

Fiscal year ended	Dividend per share	Dividend distributed eligible for the 40% allowance (1)	Dividend distributed not eligible for the 40% allowance
December 31, 2018	1.12€	None	1.12€
December 31, 2019	0.95€	None	0.95€
December 31, 2020	0.43€ (2)	None	0.43€
December 31, 2021	0.92€	None	0.92€
December 31, 2022	0.96€	None	0.96€

(1) Pursuant to Article 158-3, paragraph 2, of the French General Tax Code for individuals.
(2) The General Meeting of April 22, 2021 decided to propose to each shareholder an option for the full dividend for the 2020 fiscal year to be paid in cash or in new Company shares.

Dividends not claimed within five years of their payment date are forfeited and handed over to the French Treasury, pursuant to Articles L. 1126-1 and L. 1126-2 of the French Public Property Code.

DIVIDEND PAYMENT AND YIELD HISTORY



(1) Subject to approval by the Annual General Meeting of April 25, 2024.

7.1.4 Communication policy

Mercialys has set up organized and efficient financial reporting in order to reflect its resolute determination for transparency concerning its business activity and its earnings, and to raise awareness about its business.

The team in charge of financial reporting and investor relations is able to respond to requests for information and documentation from all existing or potential individual or institutional investors.

The Mercialys' website (www.mercialys.com) presents the Group's activities and organization, together with all relevant financial and extra-financial data, in both French and English.

The website also hosts all the Company's published documentation, including the information required by Articles 221-1 *et seq.* of the General Regulations of the French Financial Markets Authority (AMF).

This information is kept for at least five years (ten years for Registration Documents/Universal Registration Documents and half-year financial reports) after their issue date.

The Company's quarterly rental revenues and full-year and half-year results are detailed in press releases issued in French and English.

These press releases, published online on the Company's website and sent through the usual regulatory channels (wire services), are also distributed by email to all investors listed in the Mercialys Customer Relationship Management (CRM) database, and to any interested party. Requests may be submitted directly *via* the "Contact" page on the website, or by writing to the Financial Communication and Investor Relations Department at the following address:

16-18, rue du Quatre-Septembre – 75002 Paris

Email: finance@mercialys.com

Mercialys also holds at least one financial information meeting and one conference call each year to discuss the Company's earnings and strategy. These meetings are translated in the meeting room into English, when they are held in person, and broadcast by telephone and *via* the Internet in French and English.

Mercialys also participates actively in road shows and industry and thematic conferences, during which it meets with a large number of the Company's current and potential shareholders and bondholders.

During these events, Mercialys gives them direct access to Senior Management and certain members of the Management Committee.

In addition, Mercialys' Management also met, in person or by telephone, with a growing number of investors from various parts of the world who have opted for direct access to the Company.

The list of information published or made public by Mercialys in 2023 is as follows:

Nature of the information	Publication date
Activity and results	
Press release on 2022 annual results	02/14/2023
Press release on Q1 2023 activity	04/20/2023
Press release on the acquisition of a stake in the DEPUR group	07/19/2023
Press release on share purchases from September 4, 2023 to September 7, 2023	09/11/2023
Press release on 2023 half-year results	07/27/2023
Press release on the acquisition of a stake in ImocomPartners	09/12/2023
Press release on Q3 2023 activity	10/17/2023
Ordinary and Extraordinary General Meeting of April 27, 2023	
2023 Universal Registration Document	03/15/2023
Meeting notice for the Ordinary and Extraordinary General Meeting published in the BALO of March 20, 2023	03/22/2023
2023 meeting brochure	03/23/2023
Number of outstanding shares and voting rights at March 20, 2023	03/23/2023
Press release on the availability of preparatory documents for the Ordinary and Extraordinary General Meeting*	04/06/2023
Statutory Auditors' fees (extract from URD 2023)	04/06/2023
Postal or proxy voting form	04/06/2023
Description of the share buyback program (extract from URD 2023)	04/06/2023
Amount of compensation paid to the highest-paid employees, as certified by the Statutory Auditors	04/06/2023
Note on external references used within the context of the compensation policy for executives	04/06/2023
Compensation for executives (in accordance with the AFEP-MEDEF Corporate Governance Code)	04/06/2023
Meeting notice for the Ordinary and Extraordinary General Meeting published in the BALO of April 7, 2023	04/07/2023
Meeting notice for the Ordinary and Extraordinary General Meeting published in Affiches Parisiennes on April 7, 2023	04/07/2023
Presentation of the General Meeting of April 27, 2023	04/27/2023
Minutes and votes of the Ordinary and Extraordinary General Meeting of April 27, 2023	04/27/2023
Company	
Press release on the Transparency Awards: Mercialys ranked No. 1 in the SBF 120 in terms of financial communication	06/29/2023
Press release on environmental performance, Mercialys ranked "Regional and industry Top ESG performer" by Sustainalitics	03/15/2023
Press release on GRESB annual ranking: Mercialys moves up to 2nd place and maintains its outstanding rating	10/04/2023
Press release on the feminization of ruling bodies in the SBF 120 companies: Mercialys ranks 2nd	12/19/2023
Shares	
Press release on the number of outstanding shares and voting rights at December 31, 2023*	01/04/2023
Press release on the half-year review of the liquidity agreement at December 31, 2023*	01/13/2023
Press release on the number of outstanding shares and voting rights at January 31, 2023*	02/06/2023
Press release on the number of outstanding shares and voting rights at February 28, 2023*	03/02/2023
Press release on the number of outstanding shares and voting rights at March 31, 2023*	04/04/2023
Press release on the number of outstanding shares and voting rights at April 30, 2023*	05/10/2023
Press release on the number of outstanding shares and voting rights at May 31, 2023*	06/09/2023
Press release on the number of outstanding shares and voting rights at June 30, 2023*	07/12/2023
Press release on the half-year review of the liquidity agreement at June 30, 2023*	07/24/2023
Press release on the number of outstanding shares and voting rights at July 31, 2023*	08/01/2023
Press release on the number of outstanding shares and voting rights at August 31, 2023*	09/04/2023
Press release on the number of outstanding shares and voting rights at September 30, 2023*	10/02/2023
Press release on the number of outstanding shares and voting rights at October 31, 2023*	11/09/2023
Press release on the number of outstanding shares and voting rights at November 30, 2023*	12/06/2023
Press release on the number of outstanding shares and voting rights at December 31, 2023*	01/09/2024

Nature of the information	Publication date
Other regulated information	
Press release on compensation for executives dated February 24, 2023	02/24/2023
Press release on the availability of the 2022 Universal Registration Document*	03/14/2023
Filing and online publication of the 2022 Universal Registration Document*	03/15/2023
Online publication of the CSR chapter of the 2022 Universal Registration Document	03/15/2023
Online publication of the chapter of the 2022 Universal Registration Document on the compensation and benefits of directors and corporate officers	03/15/2023
Online publication of the fees paid to Statutory Auditors for 2022	03/15/2023
Online publication of the report on internal control and corporate governance	03/15/2023
Online publication of the list of information published or made public by Mercialys in 2022	03/15/2023
Online publication of the 2022 Integrated report	03/15/2023
Press release on the availability of the 2023 Half-Year Financial Report	07/26/2023
Online publication of the 2023 Half-Year Financial Report*	07/23/2023

* *Regulated information within the meaning of Article 221-1 of the General Regulation of the French Financial Markets Authority (AMF).*

7.1.5 2024 Financial calendar

The Mercialys financial calendar is as follows. It is also available on the Company website at www.mercialys.com.

AGENDA FINANCIER 2024				
APRIL 18, 2024 (after market close)	APRIL 25, 2024 (after market close)	JULY 24, 2024 (after market close)	JULY 25, 2024	OCTOBER 17, 2024 (after market close)
First-quarter activity	**Annual General Meeting**	**First-half results**	**Financial information meeting**	**Activity at end-September**
Embargo period[1] from March 30, 2024 before market open to April 18, 2024 after market close		*Embargo period[1] from July 09, 2024 before market open to July 24, 2024 after market close*		*Embargo period[1] from October 2, 2024 before market open to October 17, 2024 after market close*

(1) *Period during which the Company will not provide financial analysts or investors with new information regarding its ongoing business transactions and earnings.*

7.2 Share capital and shareholdings

7.2.1 Amount of and changes in share capital over the last five years

On May 21, 2021, the Company's share capital was increased by Euro 1,837,332 through the creation of 1,837,332 shares with a par value of Euro 1 each. This increase results from the exercise by Company shareholders of the option to receive the dividend allocated in respect of the 2020 fiscal year in Company shares.

As such, the share capital, which amounted to Euro 92,049,169 at December 31, 2020, divided into 92,049,169 shares with a par value of Euro 1 each, all of the same class, was increased on May 21, 2021 to Euro 93,886,501, divided into 93,886,501 shares with a par value of Euro 1 each, all of the same class and fully paid up.

The share capital remained unchanged at February 29, 2024.

CHANGES IN/HISTORY OF SHARE CAPITAL OVER THE LAST FIVE YEARS

		Amount of changes in share capital *(in euros)*				
	Number of shares created	**Nominal**	**Premium (1)**	**Successive amounts of share capital** *(in euros)*	**Number of shares in issue**	**Par value per share** *(in euros)*
2019	-	-	-	92,049,169	92,049,169	1
2020	-	-	-	92,049,169	92,049,169	1
2021	1,837,332	1	15,268,228.92	93,886,501	93,886,501	1
2022	-	-	-	93,886,501	93,886,501	1
2023	**-**	**-**	**-**	**93,886,501**	**93,886,501**	**1**

(1) At the time of the capital increase, before any deductions authorized by the General Meeting.

7.2.2 Authorized share capital not issued – Authorizations granted to the Board of Directors

The Board of Directors has been granted the following authorizations to issue securities giving access to the share capital, by the General Meeting of Shareholders on April 27, 2023:

Operation	Resolution	Maximum amount	Term	Expiry
a) Capital increase with PSR (1) through the issue of shares or securities granting access to the share capital or debt securities	18th resolution GM 04/27/2023	46.5€M (2) (3)	26 months	06/26/2025
b) Capital increase without PSR (1) through the issue of shares or securities granting access to the share capital or debt securities, *via* public offering	19th resolution GM 04/27/2023	9.3€M (2) (3)	26 months	06/26/2025
c) Capital increase without PSR (1) through the issue of shares or securities granting access to the share capital or to debt securities through an offer referred to in Article L. 411-2, 1° of the French Monetary and Financial Code	20th resolution GM 04/27/2023	9.3€M (2) (3)	26 months	06/26/2025
d) Increase in the number of shares to be issued in the event of a capital increase with or without PSR (1)	21st resolution GM 04/27/2023	15% of the original issue (2) (3)	26 months	06/26/2025
e) Capital increase through the incorporation of reserves, profits, premiums or other amounts that may be capitalized	22nd resolution GM 04/27/2023	46€M	26 months	06/26/2025
f) Issue of shares or securities granting access to the share capital in the event of a public offer for the shares of another listed company, without PSR (1)	23rd resolution GM 04/27/2023	9.3€M (2) (3)	26 months	06/26/2025
g) Capital increase through the issue of shares or securities granting access to the share capital in exchange for contributions in kind granted to the Company and comprising capital securities or securities granting access to the share capital, without PSR (1)	24th resolution GM 04/27/2023	9.3€M (3)	26 months	06/26/2025
h) Capital increase reserved for employees subscribed to a savings plan of the Company or any of its affiliates without PSR (1)	26th resolution GM 04/27/2023	2% of the total number of shares as of the day of the authorization (*i.e.* 1,877,730 shares)	26 months	06/26/2025
i) Bonus share plans to the Company's salaried employees and to the Company's executive corporate officers, and to the salaried employees of its affiliates	27th resolution GM 04/27/2023	1% of the total number of shares on the day of the authorization (*i.e.* 938,865 shares) of which 0.5% for executive corporate officers (*i.e.* 469,432 shares)	26 months	06/26/2025

(1) PSR: preferential subscription rights.

(2) The total nominal amount of debt securities that may be issued on the basis of this authorization may not exceed Euro 200 million or the equivalent value in any other currency, or in any monetary unit established by reference to multiple currencies.

(3) The total nominal amount of debt securities that may be issued on the basis of authorizations granted by the 18th, 19th, 20th, 21st, 23rd and 24th resolutions of the General Meeting of April 27, 2023 may not exceed Euro 200 million or its equivalent in any other currency or in any monetary unit established by reference to several currencies. The total nominal amount of capital increases that may be carried out immediately and/or in the future on the basis of authorizations granted by the 18th, 19th, 20th, 21st, 23rd and 24th resolutions of the General Meeting of April 27, 2023 may not exceed Euro 46.5 million or its equivalent on the same date in any other currency, it being specified that the total amount of capital increases that may be carried out, immediately and/or in the future, without preferential subscription rights, may not exceed Euro 9.3 million, not including, for each amount, the nominal amount of the additional shares to be issued to preserve the rights of the holders of securities granting access to the share capital in accordance with the law.

None of the authorizations granted were used during the 2023 fiscal year, with the exception of those relating to bonus share plans.

Pursuant to the authorization granted by the General Meeting of April 27, 2023, the Board of Directors has allocated 198,740 bonus shares, subject to the satisfaction of service and/or performance conditions (see § 7.2.5.3, p. 370 *et seq.*).

The Board of Directors is also authorized to reduce the share capital by canceling treasury shares representing up to 10% of the existing share capital at the date of cancellation (*i.e.* adjusted to take account of transactions affecting the share capital), per 24-month period. No use has been made of this authorization, which was granted for a period of 26 months from April 27, 2023, *i.e.* until June 26, 2025.

7.2.3 Allocation of share capital and voting rights

Article 28-III of the Company's articles of association includes the following provisions regarding voting rights:

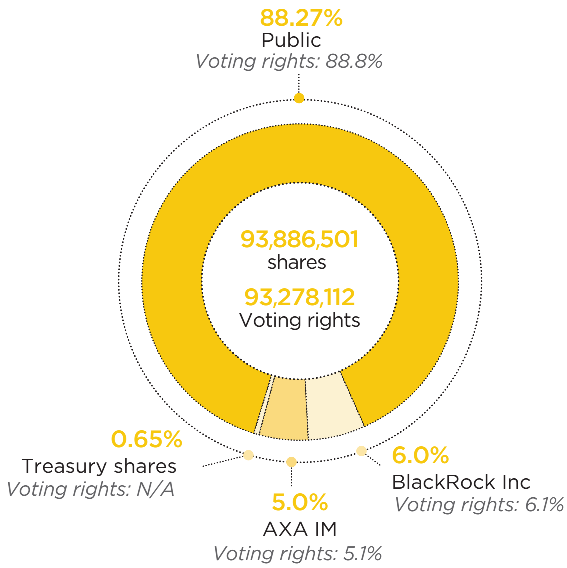
"All shareholders are entitled to the same number of votes as the shares they own or represent, without any limitation, the sole exception being the cases provided for by law and the articles of association."

In addition, the Extraordinary General Meeting of May 5, 2015 reinstated the principle of "one share, one vote." Pursuant to the option provided for by Article L. 225-123, paragraph 3 of the French Commercial Code, double voting rights are not attributed to fully paid-up shares for which proof is provided of registration for two years in the name of the same shareholder.

"The vote or proxy issued by an intermediary who is neither declared as an intermediary registered as a holder of securities on behalf of a third party not domiciled in France, nor has revealed the identity of the owners of the securities in respect of which such intermediary is registered, in accordance with applicable regulations, shall not be taken into consideration."

At December 31, 2023, the number of voting rights at the General Meeting totaled 93,278,112, associated with 93,886,501 shares with voting rights. The number of voting rights is different from the number of shares comprising the share capital because the Company holds a certain number of treasury shares.

BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AT DECEMBER 31, 2023



The breakdown of the share capital and voting rights at the end of the last three fiscal years, including shareholders holding more than 5% of the share capital and voting rights, is presented below.

HISTORICAL BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

	12/31/2021			12/31/2022			12/31/2023				
	Number of shares	% of capital	% of exercisable voting rights*	Number of shares	% of capital	% of exercisable voting rights*	Number of shares	% of capital	Number of theoretical voting rights	Number of exercisable voting rights	% of exercisable voting rights*
Former majority shareholders	**15,742,911**	**16.77**	**16.86**	-	-	-	-	-	-	-	-
o/w Casino group	15,742,585	16.77	16.86	-	-	-	-	-	-	-	-
o/w other shareholders (1)	326	NA	NA	-	-	-	-	-	-	-	-
Generali group	**7,373,745**	**7.85**	**7.90**	-	-	-	-	-	-	-	-
BlackRock Inc. (2)	-	-	-	-	-	-	**5,666,317 (3)**	**6.04% (3)**	**5,666,317 (3)**	**5,666,317 (3)**	**6.07**
Axa Investment Managers (4)	-	-	-	-	-	-	**4,734,821 (5)**	**5.04% (5)**	**4,734,821 (5)**	**4,734,821 (5)**	**5.08**
Treasury shares (6)	**491,593**	**0.52**	**0**	**600,230**	**0.64**	**0**	**608,389**	**0.65**	**608,389**	**0**	**0**
Public	**70,278,252**	**74.85**	**75.25**	**93,286,271**	**99.36**	**100**	**82,876,974**	**88.27**	**82,876,974**	**82,876,974**	**88.85**
o/w bearer shares	69,649,071	74.18	74.57	92,608,268	98.64	99.27	82,077,340	87.42	82,077,340	82,077,340	87.99
o/w registered shares	629,181	0.67	0.67	678,003	0.72	0.73	799,634	0.85	799,634	799,634	0.86
TOTAL	**93,886,501**	**100**	**100**	**93,886,501**	**100**	**100**	**93,886,501**	**100**	**93,886,501**	**93,278,112**	**100**

* *Percentage of voting rights exercisable at General Meetings in relation to theoretical voting rights (treasury shares held by Mercialys are deprived of voting rights).*
(1) *Controlling shareholders of Casino, Guichard-Perrachon, including Foncière Euris.*
(2) *Acting on behalf of clients and funds under management.*
(3) *Information as of December 19, 2023 based on the statutory threshold crossing declaration dated December 20, 2023.*
(4) *Acting on behalf of funds managed by it.*
(5) *Information as of December 15, 2023 based on the declaration of 223C2090 threshold crossing dated December 19, 2023.*
(6) *Shares acquired under the share buyback program and, in particular, the liquidity agreement (see § 7.1.2, p. 356 et seq.).*

All declarations of threshold crossings made to the French Financial Markets Authority (AMF) can be found in § 7.2.3.1, B, p. 368 *et seq.*

7.2.3.1 Threshold crossings

A. Crossing of statutory thresholds

Article 11, paragraph II of the Company's articles of association includes the following provisions regarding the disclosure of threshold crossings:

"In addition to the statutory obligation to inform the Company when certain percentages of share capital and associated voting rights are reached, any individual or legal entity (including any intermediary holding shares belonging to persons domiciled outside France), either alone or in concert with other individuals or legal entities, who comes to hold or ceases to hold, through any means, 1% of the share capital or voting rights or any multiple thereof shall disclose to the Company, within five trading days of the crossing of either of these thresholds, by registered letter with acknowledgment of receipt, the number of shares or voting rights that it holds.

In order to determine these thresholds, consideration is made of shares assimilated to owned shares and the voting rights attached thereto pursuant to the provisions of Articles L. 233-7 and L. 233-9 of the French Commercial Code.

In each declaration referred to above, the person making said declaration must certify that the declaration covers all of the securities held or possessed as defined by the previous article. The following must also be specified: the shareholders' identity as well as that of the natural persons or legal entities acting together with said shareholder, the number of shares or voting rights they hold directly or indirectly, alone or with other parties, the date and the source of the threshold crossing, and, when applicable, the information referred to in the third paragraph of Article L. 233-7-1 of the French Commercial Code.

These disclosure obligations do not apply to shareholders holding more than 50% of the voting rights, either alone or in concert.

If such shareholdings are not disclosed, the voting rights associated with the shares that exceed the disclosure threshold shall be suspended at General Meetings if, during such a Meeting, the failure to disclose is established, and if one or more shareholders jointly holding at least 5% of the share capital or voting rights request it. Similarly, voting rights that have not been properly disclosed may not be exercised.

The voting rights will be suspended at all General Meetings of Shareholders held within two years of the date on which the failure to disclose to the Company was rectified."

B. Crossing of legal thresholds

During the period from January 1, 2023 to February 29, 2024, the following threshold crossings were declared to the French Financial Markets Authority (AMF):

Declaring party	AMF declaration number	Date of declaration	Date of crossing	Legal threshold	Direction of crossing	% of capital	% of voting rights
BlackRock Inc., acting on behalf of clients and funds under management	223C0473	03/21/2023	03/20/2023	5% of share capital and voting rights	Up	5.04%	5.04%
BlackRock Inc., acting on behalf of clients and funds under management	223C0516	03/29/2023	03/28/2023	5% of share capital and voting rights	Down	4.94%	4.94%
BlackRock Inc., acting on behalf of clients and funds under management	223C0530	04/03/2023	03/31/2023	5% of share capital and voting rights	Up	5.06%	5.06%
Axa Investment Managers, acting on behalf of the funds it manages	223C1084	07/11/2023	07/07/2023	5% of share capital and voting rights	Up	5.04%	5.04%
Axa Real Estate Investment Managers SGP S.A.	223C1084	07/11/2023	07/07/2023	5% of share capital and voting rights	Up	5.04%	5.04%
Axa Real Estate Investment Managers SGP S.A.	223C1868	11/16/2023	11/14/2023	5% of share capital and voting rights	Down	4.91%	4.91%
Axa Investment Managers, acting on behalf of the funds it manages	223C2055	12/14/2023	12/12/2023	5% of share capital and voting rights	Down	4.95%	4.95%
Axa Investment Managers, acting on behalf of the funds it manages	223C2090	12/19/2023	12/15/2023	5% of share capital and voting rights	Up	5.04%	5.04%
Axa Real Estate Investment Managers SGP S.A.	224C0054	01/10/2024	01/08/2024	5% of share capital and voting rights	Up	5.05%	5.05%
Axa Real Estate Investment Managers SGP S.A.	224C0073	01/11/2024	01/10/2024	5% of share capital and voting rights	Down	4.99%	4.99%
Axa Real Estate Investment Managers SGP S.A.	224C0094	01/16/2024	01/12/2024	5% of share capital and voting rights	Up	5.12%	5.12%

The declarations were made on the basis of the information provided by the Company, pursuant to the provisions of Article L. 233-8 of the French Commercial Code and Article 223-16 of the General Regulations of the French Financial Markets Authority (AMF), at the date of declaration of the crossing of the threshold. The total number of voting rights published monthly is calculated, in accordance with Article 223-11 of the General Regulations of the French Financial Markets Authority (AMF), *i.e.* based on all shares potentially carrying voting rights, including shares for which voting rights are withdrawn (treasury shares).

7.2.3.2 Shareholders' agreements

To the Company's knowledge, there were no shareholder agreements in effect at February 29, 2024.

To the Company's knowledge, more broadly, there is no agreement whose existence may lead to a change of ownership.

7.2.3.3 Shares held by directors and officers

At December 31, 2023, shares held directly by Mercialys directors and officers represented 0.162% of the share capital and voting rights at the General Meeting.

More specifically, at December 31, 2023:

- the shares held by Éric Le Gentil, Chairman of the Board of Directors, represented 0.031% of the share capital and voting rights at the General Meeting;
- the shares held by Vincent Ravat, Chief Executive Officer, represented 0.067% of the share capital and voting rights at the General Meeting;
- the shares held by Elizabeth Blaise, Deputy Chief Executive Officer, represented 0.036% of the share capital and voting rights at the General Meeting.

7.2.3.4 Declarations by executives

The transactions mentioned in Article L. 621-18-2 of the French Monetary and Financial Code carried out in 2023 and having been the subject of a declaration are as follows:

Date of declaration	Persons concerned	Financial instrument	Type of transaction	Volume	Unit price *(in euros)*
05/16/2023	Vincent Ravat, Chief Executive Officer	Shares	Vesting (1)	49,674	8.965
05/16/2023	Elizabeth Blaise, Deputy Chief Executive Officer	Shares	Vesting (1)	29,253	8.965
12/06/2023	Victoire Boissier, Director	Shares	Vesting	3,000	9.0181
12/27/2023	Jean-Louis Constanza, Director	Shares	Vesting	3,200	9.885

(1) Vesting of shares within the context of bonus share plans.

7.2.3.5 Employee shareholding

At December 31, 2023, employees held 42,813 shares representing 0.05% of the share capital and voting rights. These registered shares are the result of a bonus share issue authorized by an Extraordinary General Meeting held after August 6, 2015 (Macron law), as no Mercialys shares are held in connection with a Company savings plan or any mutual funds.

7.2.3.6 Pledged shares

To the best of the Company's knowledge, there were pledges on 649 Mercialys registered shares at December 31, 2023.

7.2.4 Securities not representing share capital

None.

7.2.5 Stock options, stock warrants and bonus share plans

7.2.5.1 Stock options

No stock option plan relating to the Company's shares was in effect in 2023.

7.2.5.2 Stock warrants

No stock warrant plan relating to the Company's shares was in effect in 2023.

7.2.5.3 Bonus share plans

Using the authorization granted by the Extraordinary General Meeting, the Board of Directors has set up bonus share plans for existing shares, without dilutive impact on the share capital.

Details of the various plans in effect as at December 31, 2023 are presented in the table below:

Date of the General Meeting	Date of the Board of Directors' meeting/ Date of award	Vesting date of bonus shares awarded	Date after which shares may be sold	Number of shares awarded by the Board of Directors	Number of canceled share rights	Outstanding number of shares to be awarded at year-end
04/22/2021	04/22/2021	04/22/2024 (1)	04/23/2026	95,112	0	95,112
04/22/2021	04/22/2021	04/22/2024 (1)	04/23/2026	49,074	19,974	29,100
04/22/2021	04/28/2022	04/28/2025 (2)	04/29/2027	120,437	0	120,437
04/22/2021	04/28/2022	04/28/2025 (2)	04/29/2027	60,000	1,500	58,500
04/22/2021	04/28/2022	04/28/2024 (3)	04/29/2024	13,500	3,800	9,700
04/27/2023	04/27/2023	04/27/2026 (4)	04/28/2028	120,240	0	120,240
04/27/2023	04/27/2023	04/27/2026 (4)	04/28/2028	63,000	1,500	61,500
04/27/2023	04/27/2023	04/27/2025 (3)	04/28/2025	15,500	2,700	12,800
TOTAL				**536,863**	**29,474**	**507,389**

(1) Bonus shares become vested only if the beneficiary is still working for the Company on the vesting date, and subject to the fulfillment of three performance criteria:
(i) the relative performance of Mercialys shares, including dividends (relative TSR) compared to the performance of a specific panel of comparable companies at January 1, 2021, measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation;
(ii) FFO growth measured as the 3-year annual average (CAGR) between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation; and
(iii) the rate of certification of the portfolio as a percentage of its value, for 33.33% of the initial allocation.

(2) Bonus shares become vested only if the beneficiary is still working for the Company on the vesting date, without exception, and subject to the fulfillment of three performance criteria:
(i) the relative performance of Mercialys shares, including dividends (relative TSR) compared to the performance of a specific panel of comparable companies at January 1, 2022, measured between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation,
(ii) FFO growth measured as the 3-year annual average (CAGR) between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation, and
(iii) the 3-year reduction in carbon intensity per square meter on scopes 1 & 2 on the current scope of the portfolio, using the market-based method, measured between January 1, 2022 and December 31, 2024, for the remaining 33.33% of the initial allocation.

(3) Bonus shares become vested only if the beneficiary is still working for the Company on the vesting date.

(4) Bonus shares become vested only if the beneficiary is still working for the Company on the vesting date, and subject to the fulfillment of three performance criteria:
(i) the relative performance of Mercialys shares, including dividends (relative TSR) compared to the performance of a specific panel of comparable companies at January 1, 2023, measured between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation;
(ii) FFO growth measured as the 3-year annual average (CAGR) between January 1, 2023 and December 31, 2025, for 33.33% of the initial allocation; and
(iii) the 3-year reduction in carbon intensity per square meter on scopes 1 & 2 on the current scope of the portfolio, using the market-based method, measured between January 1, 2023 and December 31, 2025, for the remaining 33.33% of the initial allocation.

During the 2023 fiscal year, two bonus share plans implemented on April 23, 2020 and one bonus share plan implemented on April 22, 2021 resulted in the vesting of shares under the following conditions:

Date of the General Meeting	Date of the Board of Directors' meeting/ Date of award	Vesting date of bonus shares awarded	Date after which shares may be sold	Number of shares awarded by the Board of Directors	Number of canceled share rights	Number of shares vested in fiscal year 2023
04/25/2019	04/23/2020	04/23/2023 (1)	04/24/2025	137,779	58,852	78,927
04/25/2019	04/23/2020	04/23/2023 (1)	04/24/2025	44,904	28,064	16,840
04/22/2021	04/22/2021	04/22/2023 (2)	04/23/2023	11,800	3,000	8,800
TOTAL				**194,483**	**89,916**	**104,567**

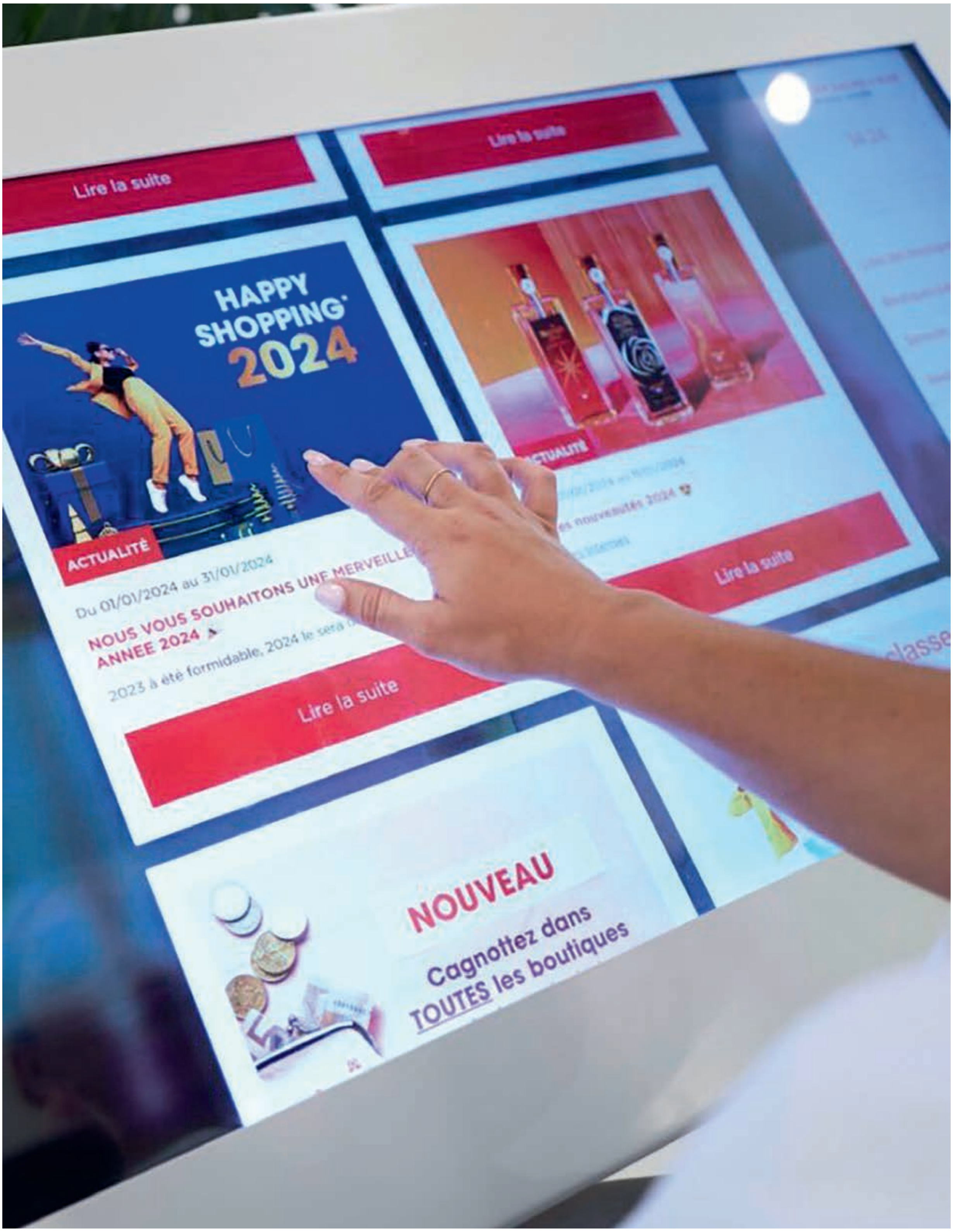
(1) Bonus shares become vested only if the beneficiary is still working for the Company on the vesting date, and subject to the fulfillment of three performance criteria:

(i) the relative performance of Mercialys shares, including dividends (relative TSR) compared to the performance of the companies in the EPRA/ NAREIT Eurozone Index at January 1, 2020, measured between January 1, 2020 and December 31, 2022, for 35% of the initial allocation;

(ii) the CDP (Carbon Disclosure Project) rating for 20% of the initial allocation; and

(iii) FFO growth measured as the three-year annual average (CAGR) between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial allocation:

(2) Bonus shares become vested only if the beneficiary is still working for the Company on the vesting date.



€93.0 M
in dividends paid for 2023

+2.2%
growth in retailer sales

€17.10
NAV per share (NDV)

8

GENERAL MEETING

8.1 Agenda of the Ordinary General Meeting

- Presentation of the climate strategy (without resolution submitted to shareholder vote);
- Approval of the separate financial statements for the fiscal year ended on December 31, 2023 (1st resolution);
- Approval of the consolidated financial statements for the fiscal year ended on December 31, 2023 (2nd resolution);
- Appropriation of net income for the fiscal year – Setting the dividend (3rd resolution);
- Renewal of the directorships of Victoire Boissier, Dominique Dudan, Jean-Louis Constanza and Vincent Ravat (4th to 7th resolutions);
- Approval of the information referred to in Article L. 22-10-9 I of the French Commercial Code relating to compensation paid during or awarded in respect of fiscal year 2023 to the corporate officers (8th resolution);
- Approval of the total compensation and benefits of any kind paid during or awarded in respect of fiscal year 2023 to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer (9th to 11th resolutions);
- Approval of the compensation policy for corporate officers (12th to 15th resolutions);
- Approval of the Statutory Auditors' special report on regulated agreements referred to in Articles L. 225-38 *et seq.* of the French Commercial Code (16th resolution);
- Authorization for the Company to purchase treasury shares (17th resolution);
- Powers for completion of formalities (18th resolution).

8.2 Board of Directors' report and draft resolutions within the remit of the Ordinary General Meeting

Resolutions 1 and 2 – Approval of the financial statements for the fiscal year

EXPLANATORY STATEMENT

Pursuant to the 1st and 2nd resolutions, the shareholders are invited to approve the Company's separate financial statements and then its consolidated financial statements to December 31, 2023, as well as the transactions reflected in these financial statements:

- the annual financial statements show a net income of Euro 17,785,637.27; and
- the consolidated financial statements show a net income attributable to owners of the parent of Euro 53,373,000.

The financial statements for the fiscal year do not take account of the non-deductible expenses referred to in Article 39-4 of the French General Tax Code.

These financial statements were certified without qualification by the Statutory Auditors (see Statutory Auditors' reports in § 3.2.3, p. 220 *et seq.*, and § 3.1.3, p. 193 *et seq.*).

FIRST RESOLUTION

Approval of the separate financial statements for the fiscal year ended on December 31, 2023

The General Meeting, having reviewed the Reports of the Board of Directors and the Statutory Auditors, approves the separate financial statements for the fiscal year ended on December 31, 2023 as they are presented to it, together with all the transactions reflected or mentioned in these reports, showing a profit of Euro 17,785,637.27.

The General Meeting acknowledges that the financial statements for the past fiscal year do not take account of the non-deductible expenses referred to in Article 39-4 of the French General Tax Code.

SECOND RESOLUTION

Approval of the consolidated financial statements for the fiscal year ended on December 31, 2023

The General Meeting, having reviewed the Reports of the Board of Directors and Statutory Auditors, approves the consolidated financial statements for the fiscal year ended on December 31, 2023, as they are presented to it, together with all of the transactions reflected or mentioned in these reports, showing a consolidated net income attributable to owners of the parent, of Euro 53,373,000.

Resolution 3 – Appropriation of the net income for the fiscal year – Setting the dividend

EXPLANATORY STATEMENT

By the 3rd resolution, the Board of Directors proposes that you approve the distribution of a dividend of Euro 0.99 per share.

The ex-dividend date will be April 29, 2024 and the dividend will be paid on May 2, 2024.

THIRD RESOLUTION

Appropriation of the net income for the fiscal year – Setting the dividend

The General Meeting, having reviewed the Board of Directors' Report, resolves to allocate the net income for the fiscal year ended December 31, 2023 as follows:

Net income for the year		17,785,637.27€
Retained earnings	(+)	213,646,685.23€
Distributable income	**(=)**	**231,432,322.50€**
Dividend*	(-)	92,947,635.99€
Appropriation to "Retained earnings"	(=)	138,484,686.51€

* *Based on 93,886,501 shares, including treasury shares, as of December 31, 2023.*

Each share will accordingly receive a dividend of Euro 0.99. The ex-dividend date will be April 29, 2024 and its payment will take place on May 2, 2024.

In the event of a change in the number of shares eligible for dividends between December 31, 2023 and the ex-dividend date, the total amount of the dividend will be adjusted accordingly. The amount allocated to "Retained earnings" will then be determined on the basis of the dividend actually paid.

The amount of the dividend corresponding to the treasury shares held on the ex-dividend date will be allocated to the "Retained earnings" account.

The distribution under the exempt sector represents 100% of the amount of the dividend.

Distributions of dividends from exempt profits of listed real estate investment companies (SIIC) do not qualify for the 40% deduction mentioned in Article 158, 3.2° of the French General Tax Code. Only distributions of dividends from the non-exempt profits of SIICs are eligible for this reduction.

The General Meeting notes that the dividends distributed in respect of the last three fiscal years were as follows:

Fiscal year	Dividend per share	Dividend distributed eligible for the 40% allowance	Dividend distributed not eligible for the 40% allowance
December 31, 2022	0.96€	None	0.96€
December 31, 2021	0.92€	None	0.92€
December 31, 2020	0.43€	None	0.43€

Resolutions 4 to 7 - Renewal of the directorships of four directors

EXPLANATORY STATEMENT

The Board of Directors is currently composed of nine directors.

Following the recommendation of the Appointments, Compensation and Governance Committee, the Board proposes that you renew the directorships of four directors:

- Victoire Boissier, Independent Director (4th resolution);
- Dominique Dudan, Independent Director (5th resolution);
- Jean-Louis Constanza, Independent Director (6th resolution);
- Vincent Ravat, Director and Chief Executive Officer (7th resolution).

These directorships would be for a three-year term, with the exception of that of Victoire Boissier, which would be for two years. The Board ensures that directorships are staggered so as to avoid all coming up for renewal at the same time.

Presentations of these four directors are provided in § 4.1.1.2, B p. 235, 236, 241, 242, 244 and 245 of the 2023 Universal Registration Document.

If you approve these proposals, the Board will continue to comprise 9 directors, 5 of whom are women and 4 of whom are men. Élisabeth Cunin will lose her capacity as independent director within the meaning of the AFEP-MEDEF Code on June 6, 2024. Independent directors will therefore make up 67% of the Board.

FOURTH RESOLUTION

Renewal of the directorship of Victoire Boissier

The General Meeting, having reviewed the Board of Directors' Report, resolves to reappoint Victoire Boissier as director for a period of two years, *i.e.* until the end of the Ordinary General Meeting called in 2026 to approve the financial statements for the fiscal year ended December 31, 2025.

FIFTH RESOLUTION

Renewal of the directorship of Dominique Dudan

The General Meeting, having reviewed the Board of Directors' Report, resolves to reappoint Dominique Dudan as director for a period of three years, *i.e.* until the end of the Ordinary General Meeting called in 2027 to approve the financial statements for the fiscal year ended December 31, 2026.

SIXTH RESOLUTION

Renewal of the directorship of Jean-Louis Constanza

The General Meeting, having reviewed the Board of Directors' Report, resolves to renew the directorship of Jean-Louis Constanza for a period of three years, *i.e.* until the end of the Ordinary General Meeting called in 2027 to approve the financial statements for the fiscal year ended December 31, 2026.

SEVENTH RESOLUTION

Renewal of the directorship of Vincent Ravat

The General Meeting, having reviewed the Board of Directors' Report, resolves to renew the directorship of Vincent Ravat for a period of three years, *i.e.* until the end of the Ordinary General Meeting called in 2027 to approve the financial statements for the fiscal year ended December 31, 2026.

Resolution 8 – Approval of the information relating to compensation paid to corporate officers during or awarded in respect of fiscal year 2023

EXPLANATORY STATEMENT

Under the 8th resolution, pursuant to Article L. 22-10-34 I of the French Commercial Code, the Board of Directors asks you to approve all the information referred to in Article L. 22-10-9 I of the French Commercial Code regarding the compensation paid to the Company's corporate officers during the fiscal year ended on December 31, 2023 or awarded in respect of the same fiscal year for their office.

All information relating to the 2023 compensation policy for corporate officers is presented in the corporate governance section of the 2023 Universal Registration Document (see § 4.2, p. 268 *et seq.*).

EIGHTH RESOLUTION

Approval of the information referred to in Article L. 22-10-9 I of the French Commercial Code relating to compensation paid to corporate officers during or awarded in respect of the fiscal year ended on December 31, 2023

The General Meeting, having reviewed the Board of Directors' Corporate Governance Report, approves, pursuant to Article L. 22-10-34 I of the French Commercial Code, the information mentioned in the Article L. 22-10-9 I of the French Commercial Code, presented in the 2023 Universal Registration Document in § 4.2.

Resolutions 9 to 11 – Approval of the total compensation and benefits of any kind paid during or awarded in respect of fiscal year 2023 to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer

EXPLANATORY STATEMENT

Under the 9th to 11th resolutions, pursuant to Article L. 22-10-34 II of the French Commercial Code, the Board of Directors asks you to approve the fixed components of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended December 31, 2023 to executive corporate officers

These components were determined in accordance with the compensation policy approved by the General Meeting of April 27, 2023. Further details are provided in the 2023 Universal Registration Document:

- for Éric Le Gentil, Chairman of the Board of Directors, in § 4.2.2.2, B p. 278 *et seq.*, and in Appendix 1 to Chapter 8, p. 381;
- for Vincent Ravat, Chief Executive Officer, in § 4.2.2.4, B p. 284 *et seq.*, and in Appendix 2 to Chapter 8, p. 382 and 383;
- for Elizabeth Blaise, Deputy Chief Executive Officer, in § 4.2.2.6, B p. 298 *et seq.*, and in Appendix 3 to Chapter 8, p. 384 and 385.

NINTH RESOLUTION

Approval of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2023 to Éric Le Gentil, Chairman of the Board of Directors

The General Meeting, pursuant to Article L. 22-10-34 II of the French Commercial Code, having reviewed the Board of Directors' Corporate Governance Report, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2023 to Éric Le Gentil, by virtue of his office as Chairman of the Board of Directors, as presented in the 2023 Universal Registration Document in § 4.2.2.2, B.

TENTH RESOLUTION

Approval of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2023 to Vincent Ravat, Chief Executive Officer

The General Meeting, pursuant to Article L. 22-10-34 II of the French Commercial Code, having reviewed the Board of Directors' Corporate Governance Report, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2023 to Vincent Ravat, by virtue of his office as Chief Executive Officer, as presented in the 2023 Universal Registration Document in § 4.2.2.4, B.

ELEVENTH RESOLUTION

Approval of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2023 to Elizabeth Blaise, Deputy Chief Executive Officer

The General Meeting, pursuant to Article L. 22-10-34 II of the French Commercial Code, having reviewed the Board of Directors' Corporate Governance Report, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2023 to Elizabeth Blaise, by virtue of her office as Deputy Chief Executive Officer, as presented in the 2023 Universal Registration Document in § 4.2.2.6, B.

Resolutions 12 to 15 – Approval of the compensation policy for corporate officers

EXPLANATORY STATEMENT

Pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for corporate officers must be submitted to the General Meeting for approval at least each year. On the recommendation of the Appointments, Compensation and Governance Committee, the Board of Directors, at its meeting of February 14, 2024, approved this policy, which you are asked to approve in the 12th to 15th resolutions.

All the elements relating to this policy are presented in the 2023 Universal Registration Document:

- for the directors, in § 4.2.1.1, p. 268, and § 4.2.1.3, p. 271;
- for Éric Le Gentil, Chairman of the Board of Directors, in § 4.2.2.3, p. 280;
- for Vincent Ravat, Chief Executive Officer, in § 4.2.2.5, p. 289 *et seq.*;
- for Elizabeth Blaise, Deputy Chief Executive Officer, in § 4.2.2.7, p. 304 *et seq*.

TWELFTH RESOLUTION

Approval of the compensation policy for directors

The General Meeting, pursuant to the provisions of Article L. 22-10-8 II of the French Commercial Code, having reviewed the Board of Directors' Corporate Governance Report, approves the compensation policy for directors, by virtue of their offices, as presented in the 2023 Universal Registration Document, in § 4.2.1.1 and 4.2.1.3.

THIRTEENTH RESOLUTION

Approval of the compensation policy for Éric Le Gentil, Chairman of the Board of Directors

The General Meeting, pursuant to the provisions of Article L. 22-10-8 II of the French Commercial Code, having reviewed the Board of Directors' Corporate Governance Report, approves the compensation policy for Éric Le Gentil, by virtue of his office as Chairman of the Board of Directors, as presented in the 2023 Universal Registration Document, in § 4.2.2.3.

FOURTEENTH RESOLUTION

Approval of the compensation policy for Vincent Ravat, Chief Executive Officer

The General Meeting, pursuant to the provisions of Article L. 22-10-8 II of the French Commercial Code, having reviewed the Board of Directors' Corporate Governance Report, approves the compensation policy for Vincent Ravat, by virtue of his office as Chief Executive Officer, as presented in the 2023 Universal Registration Document, in § 4.2.2.5

FIFTEENTH RESOLUTION

Approval of the compensation policy for Elizabeth Blaise, Deputy Chief Executive Officer

The General Meeting, pursuant to the provisions of Article L. 22-10-8 II of the French Commercial Code, having reviewed the Board of Directors' Corporate Governance Report, approves the compensation policy for Elizabeth Blaise, by virtue of her office as Deputy Chief Executive Officer, as presented in the 2023 Universal Registration Document, in § 4.2.2.7.

Resolution 16 – Statutory Auditors' special report on regulated agreements

EXPLANATORY STATEMENT

Under the 16th resolution, the Board of Directors asks you to approve the regulated agreements entered into or performed by the Company during the fiscal year ended on December 31, 2023 and mentioned in the Statutory Auditors' Special Report (see p. 350). During the 2023 fiscal year, no new regulated agreements or commitments were entered into.

SIXTEENTH RESOLUTION

Approval of the Statutory Auditors' Special Report on regulated agreements covered by Articles L. 225-38 *et seq.* of the French Commercial Code

The General Meeting, having reviewed the Statutory Auditors' Special Report on the agreements covered by Articles L. 225-38 and L. 225-40 of the French Commercial Code, approves said Report in all its provisions. It takes note of the conclusions of this Report, which does not include any new agreements entered into during the fiscal year ended on December 31, 2023.

Resolution 17 – Purchase by the Company of treasury shares

EXPLANATORY STATEMENT

As every year, the Board of Directors asks you to renew the authorization given to the Company to purchase treasury shares under a buyback program.

Details of the objectives of the share buyback program are provided below in the 17th resolution and in the description of the share buyback program presented in § 7.1.2.3, p. 357 *et seq.* of the 2023 Universal Registration Document.

In the event of a public offer relating to the shares or securities issued by the Company, the Company may only use this authorization to meet its commitments regarding the delivery of securities, particularly in the context of bonus share award plans undertaken and announced before the launch of the tender offer.

In 2023, treasury share transactions were as follows:

- purchase of 4,176,307 shares; and
- sale of 4,186,581 shares.

At December 31, 2023, the Company held 608,389 shares, *i.e.* 0.65% of the share capital, of which:

- 331,774 shares for use in any stock option plan, any savings plan or any bonus share plan; and
- 276,615 shares under the liquidity agreement.

Authorization would be granted within the following limits:

Authorization ceiling

- 10% of the share capital;
- Maximum buyback price: Euro 16 per share (excluding acquisition costs);
- Indicative maximum budget, based on the share capital and treasury shares held at December 31, 2023: Euro 150.2 million, corresponding to 9,388,650 shares.

Term of the authorization

Eighteen months

SEVENTEENTH RESOLUTION

Authorization for the Company to purchase its treasury shares

The General Meeting, having reviewed the Board of Directors' Report, authorizes the Board of Directors to purchase or arrange for the purchase of Company shares in accordance with the provisions of Articles L. 22-10-62 *et seq.* of the French Commercial Code, Articles 241-1 to 241-7 of the General Regulation of the French Financial Markets Authority (AMF), and Regulation (EU) 596/2014 of April 16, 2014 and its Delegated Regulation (EU) 2016/1052 of March 8, 2016, so as:

- to maintain liquidity and stimulate the market for the Company's securities through an investment services provider acting independently in the name and on behalf of the Company, within the framework of a liquidity agreement compliant with a Code of Ethics recognized by the French Financial Markets Authority (AMF);

- to implement any savings plan in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code or any bonus share plans pursuant to the provisions of Articles L. 22-10-59, L. 22-10-60 and L. 225-197-1 *et seq.* of the French Commercial Code or any other share-based compensation scheme;
- to deliver them upon exercise of rights attached to marketable securities giving access to the Company's share capital;
- to keep them with a view to subsequently using them as payment or exchange in connection with, or following, any external growth transaction;
- to cancel all or part of them in order to optimize net earnings per share in connection with a share capital reduction in the manner specified by law;
- to conduct any further market practice authorized by the French Financial Markets Authority and generally to carry out any transaction compliant with applicable regulations.

The acquisition, disposal, transfer or exchange of these shares may be carried out, on one or more occasions, by any means and in particular by trading on the regulated market, multilateral trading facilities or over the counter (OTC), including by block transaction or systematic insourcing. These means include the use of any derivative financial instrument and the implementation of options strategies, in accordance with the conditions authorized by the relevant market authorities.

The purchase price of the shares shall not exceed Euro sixteen (16) (excluding acquisition costs) per share, with a par value of Euro one (1) each.

This authorization can be implemented up to a maximum number of shares representing 10% of the Company's share capital, taking into account transactions affecting it subsequent to the date of this General Meeting, *i.e.* 9,388,650 shares based on the share capital at December 31, 2023, for a maximum amount of Euro 150.2 million. When the Company's shares are purchased under a liquidity agreement, the number of these shares taken into account when calculating the 10% threshold mentioned above will correspond to the number of these shares purchased, net of the number of shares resold under the liquidity agreement during the authorization period. However, the number of shares acquired by the Company with a view to retaining them and subsequently delivering them in payment or exchange as part of a merger, spin-off or contribution may not exceed 5% of the share capital. Purchases made by the Company may not, under any circumstances, result in the Company holding, at any time whatsoever, more than 10% of the shares comprising its share capital.

The authorization granted to the Board of Directors is given for a period of eighteen months. It cancels, for the unused portion, the previous authorization of the same nature granted by the General Meeting of April 27, 2023, in its 16th resolution.

In the event of a public offer relating to the shares or marketable securities issued by the Company, the Company may only use this authorization to meet its commitments regarding the delivery of securities, particularly in the context of bonus share plans or strategic transactions undertaken and announced before the launch of the public offer.

Consequently, all powers are granted to the Board of Directors, with the option to delegate, to:

- implement this authorization;
- place all stock market orders;
- enter into any agreements with a view, in particular, to keeping registers of share purchases and sales;
- allocate or reallocate the shares acquired to the various objectives in accordance with applicable legal and regulatory conditions;
- complete all other formalities with the French Financial Markets Authority (AMF) and, in general, do whatever is necessary.

Resolution 18 – Powers for formalities

EXPLANATORY STATEMENT

The 18th resolution is a standard resolution that permits the performance of legal publication and formalities.

EIGHTEENTH RESOLUTION

Powers for completion of formalities

The General Meeting grants full powers to the holders of an original, an excerpt or a copy of the minutes of this General Meeting to carry out all prescribed deposits, publications or formalities.

APPENDIX 1: INFORMATION ON THE COMPENSATION AWARDED OR PAID TO THE CHAIRMAN OF THE BOARD OF DIRECTORS, ÉRIC LE GENTIL, DURING OR IN RESPECT OF FISCAL YEAR 2023

Compensation components put to the vote	Amounts paid during fiscal year 2023	Amounts awarded in respect of fiscal year 2023 or accounting valuation	Presentation
Fixed compensation	**€225,000**	**€225,000**	All details are presented in § 4.2.2.2, p. 278 *et seq*.
Annual variable compensation	**Not applicable**	**Not applicable**	
Multi-annual variable compensation	**Not applicable**	**Not applicable**	
Exceptional compensation	**Not applicable**	**Not applicable**	
Stock options, performance shares or any other long-term benefits	**Not applicable**	**Not applicable**	No award was made in the past fiscal year.
Compensation allocated on account of the directorship	**€40,000**	**€44,000**	Éric Le Gentil receives compensation in respect of his position as a director. The gross amount of compensation linked to his directorship in 2023 was set at Euro 16,000, comprising an annual fixed component of Euro 5,000 and an annual variable component of Euro 11,000, awarded on the basis of attendance at Board meetings. As a member of the Strategy and Transformation Committee and the Appointments, Compensation and Governance Committee, Éric Le Gentil received, as did the other members of these Committees, additional compensation comprising a gross annual fixed component of Euro 8,000 and a gross annual variable component of Euro 20,000 in 2023. Detailed information relating to compensation in respect of the directorship is presented in § 4.2.1.1 and 4.2.1.2, p. 268 *et seq.*
Benefits of all kinds	**€3,969**	**€3,969**	In 2023, the Chairman of the Board of Directors benefited from contributions to the Mercialys insurance and healthcare plan.
Severance pay	**Not applicable**	**Not applicable**	The Company is not bound by an obligation to pay a severance allowance to the Chairman of the Board of Directors for the termination of his duties.
Supplementary pension	**Not applicable**	**Not applicable**	

APPENDIX 2: INFORMATION ON THE COMPENSATION AWARDED OR PAID TO THE CHIEF EXECUTIVE OFFICER, VINCENT RAVAT, DURING OR IN RESPECT OF FISCAL YEAR 2023

Compensation components put to the vote	Amounts paid during fiscal year 2023	Amounts awarded in respect of fiscal year 2023 or accounting valuation	Presentation
Fixed compensation	**€430,000**	**€430,000**	All details are presented in § 4.2.2.4, p. 280 *et seq.*

Annual variable compensation	**€510,195**	**€442,470**	The General Meeting of April 27, 2023, in its 12th resolution, approved the method for determining the variable compensation of the Chief Executive Officer for fiscal year 2023.
			The amount of the variable portion, expressed as a percentage, breaks down as follows:
			• **quantifiable objectives** (100% of the total variable compensation):
			  • for FFO growth: 200% achieved representing Euro 120,400,
			  • for the EBITDA margin on a like-for-like basis: 175% achieved representing Euro 105,350,
			  • for the operational launch of new pipeline projects: 0% achieved representing Euro 0,
			  • for the continued rotation and consolidation of the portfolio through arbitrage: 0% achieved representing Euro 0,
			  • for the total financial vacancy rate: 200% achieved representing Euro 60,200,
			  • in respect of the "greening" of financing and meeting the CSR objectives associated with changes in bank line margins: 200% achieved, representing Euro 60,200,
			  • in respect of the achievement on a linearized basis of the major objectives of the Company's 4 Fair Impacts strategy on the global strategic trajectory by 2030: 160% achieved, representing Euro 96,320.
			The annual variable compensation may represent 70% of the fixed annual compensation if the defined objectives are achieved and may equal up to 140% of fixed annual compensation if these objectives are exceeded.
			Full details relating to the variable compensation are presented in § 4.2.2.4, B, 3. p. 285 *et seq.*

Multi-annual variable compensation	**Not applicable**	**Not applicable**	Vincent Ravat does not receive multi-annual variable compensation in cash.
Exceptional compensation	**Not applicable**	**Not applicable**	Vincent Ravat did not receive any exceptional compensation during or in respect of fiscal year 2023, in accordance with the compensation policy as described in § 4.2.2.4, p. 280 *et seq.*
Stock options, performance shares or any other long-term benefits	**49,674 bonus shares valued at Euro 162,931** (IFRS book value)	**58,679 bonus shares valued at Euro 299,850** (IFRS book value)	49,674 shares valued at Euro 162,931 vested to Vincent Ravat during fiscal year 2023, as a result of the plan set up in 2020. The number of shares granted is based on the performance conditions associated with this plan, for which the achievement rate was 73.75%. Pursuant to the authorization granted by the Extraordinary General Meeting of April 27, 2023 (27th resolution), the Board of Directors on April 27, 2023 decided to allocate 58,679 shares to Vincent Ravat, which may be increased to 75,109 shares if the performance criteria are exceeded. The vesting of the bonus shares on April 27, 2026 is subject to: (i) her still being a corporate officer in the Company on the vesting date, and (ii) the achievement of three performance criteria. Details relating to the bonus shares awarded during fiscal year 2023 are described in § 4.2.2.4, B, 4. p. 287 *et seq.*

Compensation components put to the vote	Amounts paid during fiscal year 2023	Amounts awarded in respect of fiscal year 2023 or accounting valuation	Presentation
Compensation allocated on account of the directorship	**€13,575**	**€30,000**	Appointed a director of the Company in 2022, Vincent Ravat receives compensation in this respect. The amount of compensation linked to his directorship is made up of an annual fixed component of Euro 5,000 and an annual variable component of Euro 11,000, awarded on the basis of attendance at Board meetings. The amount of compensation linked to his position as a member of the Strategy and Transformation Committee is made up of an annual fixed component of Euro 4,000 and an annual variable component of Euro 10,000, awarded on the basis of attendance at Committee meetings. Detailed information relating to compensation in respect of the directorship is presented in § 4.2.1.1 and 4.2.1.2, p. 268 *et seq.*
Benefits of all kinds	**€45,838**	**€45,838**	The Chief Executive Officer is a member of the insurance plan in force within the Company for all employees and benefits from the social security regime for company executives. He also has a company car. Details of the benefits of all kinds are provided in § 4.2.2.4, B, 2, p. 284 et seq.
Severance pay	**Not applicable**	**Not applicable**	No commitment to pay a severance allowance to the Chief Executive Officer for the termination of his duties.
Supplementary pension	**Not applicable**	**Not applicable**	The Chief Executive Officer does not benefit from any additional pension plan. He is a member of the mandatory group supplementary pension plan (ARRCO and AGIRC) and the pension plan in force within the Company for all employees. He also benefits from senior executive unemployment insurance.

APPENDIX 3: INFORMATION ON THE COMPENSATION PAID OR AWARDED TO THE DEPUTY CHIEF EXECUTIVE OFFICER, ELIZABETH BLAISE, DURING OR IN RESPECT OF FISCAL YEAR 2023

Compensation components put to the vote	Amounts paid during fiscal year 2023	Amounts awarded in respect of fiscal year 2023 or accounting valuation	Presentation
Fixed compensation	**€318,000**	**€318,000**	All details are presented in § 4.2.2.6, p. 294 *et seq.*
Annual variable compensation	**€279,665**	**€314,645**	The General Meeting of April 27, 2023, in its 13th resolution, approved the method for determining the variable compensation of the Deputy Chief Executive Officer in respect of fiscal year 2023. The amount of the variable component for her directorship, as a percentage, is broken down as follows: • **quantifiable objectives** (100% of the total variable compensation): • for FFO growth: 200% achieved representing Euro 69,960, • for the EBITDA margin on a like-for-like basis: 175% achieved representing Euro 61,215, • in respect of the "greening" of financing and meeting the CSR objectives associated with changes in bank line margins: 200% achieved, representing Euro 34,980, • for the rate of non-rebillable expenses: 200% achieved representing Euro 34,980, • for the total financial vacancy rate: 200% achieved representing Euro 34,980, • for the normalization of the recovery rate of rental income and charges: 129% achieved representing Euro 22,562, • in respect of the achievement on a linearized basis of the major objectives of the Company's 4 Fair Impacts strategy on the global strategic trajectory by 2030: 160% achieved, representing Euro 55,968, The annual variable compensation may represent 55% of the fixed annual compensation if the defined objectives are achieved and may reach up to 110% of fixed annual compensation if these objectives are exceeded. Full details relating to the variable compensation are presented in § 4.2.2.6, B, 3. p. 299 *et seq.*
Multi-annual variable compensation	**Not applicable**	**Not applicable**	Elizabeth Blaise does not receive multi-annual variable compensation in cash.
Exceptional compensation	**Not applicable**	**Not applicable**	Elizabeth Blaise did not receive any exceptional compensation paid in 2023 or due in respect of fiscal year 2023, in accordance with the compensation policy as described in § 4.2.2.6, p. 294 *et seq.*

Compensation components put to the vote	Amounts paid during fiscal year 2023	Amounts awarded in respect of fiscal year 2023 or accounting valuation	Presentation
Stock options, performance shares or any other long-term benefits	**29,253 bonus shares valued at Euro 95,950** (IFRS book value)	**34,716 shares valued at Euro 177,399** (IFRS book value)	29,253 shares valued at Euro 95,950 vested to Elizabeth Blaise during fiscal year 2023, as a result of the plan set up in 2019. The number of shares granted is based on the performance conditions associated with this plan, for which the achievement rate was 73.75%. Pursuant to the authorization granted by the Extraordinary General Meeting of April 27, 2023 (27th resolution), the Board of Directors on April 27, 2023 decided to allocate 34,716 shares to Elizabeth Blaise, which may be increased to 45,131 shares if the performance criteria are exceeded. The vesting of the bonus shares on April 27, 2026 is subject to: (i) her still being a corporate officer in the Company on the vesting date, and (ii) the achievement of three performance criteria. Details relating to the bonus shares awarded in fiscal year 2023 are described in § 4.2.2.6, B, 4. p. 300 *et seq.*
Benefits of all kinds	**€39,420**	**€39,420**	The Deputy Chief Executive Officer is a member of the insurance plan in force within the Company for all employees and benefits from the social security regime for company executives. She does not receive any other benefit of any kind. Details of the benefits of all kinds are provided in § 4.2.2.4, B, 2, p. 298 *et seq*.
Severance pay	**Not applicable**	**Not applicable**	No commitment to pay a severance allowance to the Deputy Chief Executive Officer for the termination of her duties.
Supplementary pension	**Not applicable**	**Not applicable**	The Deputy Chief Executive Officer does not benefit from any additional pension plan. She is a member of the mandatory group supplementary pension plan (ARRCO and AGIRC) and the pension plan in force within the Company for all employees. She also benefits from senior executive unemployment insurance.

85%
large regional shopping centers
(in value including transfer taxes)

10.7%
retailer occupancy
cost ratio

1.0 M
customer members
of the loyalty program

9

ADDITIONAL INFORMATION

9.1 Information about the Company

9.1.1 History of the Company

1999	Incorporation of Mercialys under the name Patounor, a subsidiary of L'Immobilière Groupe Casino.
2005	Mercialys begins operations. Contributions: • by the Casino group of 146 real estate assets: large specialty stores and shopping centers located on sites anchored by Casino group food-anchored tenants, as well as cafeterias and a few sites with supermarket franchises or convenience stores mini-markets leased to third parties; • by SCI Vendôme Commerces, a subsidiary of AXA, of a shopping center. IPO in Paris, as part of a capital increase by way of a public offering. Decision to opt for the tax regime applicable to listed real estate investment companies (SIIC).
2006	Launch of the "L'Esprit Voisin" multi-year program with a view to renovating, restructuring, amalgamating and creating value on a hundred or so sites operated jointly with the Casino group.
2007	Contribution by the Casino group of four shopping centers on Reunion Island.
2009	Contribution by the Casino group of 25 assets: three shopping centers; • seven shopping center extensions at an advanced stage of development (CDEC and PC obtained), "turnkey" programs delivered to Mercialys by Casino; • 10 hypermarket store units (reserve and/or sale) to be converted into shopping center extensions by Mercialys; • five hypermarket or supermarket premises in jointly-owned complexes in urban areas requiring the consolidation of properties before major restructuring work and the implementation of projects. Reduction of the Casino group's stake in Mercialys to 51%.
2012	Reduction of the Casino group's stake in Mercialys to 40%.
2013	Continuation of the asset disposal program initiated in 2012 with the aim of refocusing the portfolio around the assets that best fit its strategy. Following numerous successful sales, Mercialys' portfolio comprised 91 assets as at December 31, 2013, including 62 shopping centers of which 23% had a unit size greater than 20,000 sq.m.
2015	Acquisition of ten large food stores (LFS) to be transformed, either at 100% or at 51% *via* subsidiaries held with BNPP REIM France. Continued development of the innovative local real estate model by establishing a city-center retail segment: acquisition from Monoprix of five sites to be transformed.
2016	Delivery of the extension of the Espaces Fenouillet shopping center in Toulouse, the largest project carried out for Mercialys to date.
2018	Inauguration of the Port site extension-renovation project on Reunion Island. Delivery of three large food store transformation projects at the Annecy, Besançon and Brest sites.
2019	Separation of the functions of Chairman of the Board of Directors and Chief Executive Officer of the Company. Inauguration of the first health center (Furiani). Delivery of two trial coworking sites (Angers and Grenoble). Food delivery tests from one shopping center's restaurants (Angers). Delivery of interior and exterior fittings to promote customer comfort, with potential for redeployment at many other sites (Toulouse).
2020	Closure of "non-essential" businesses due to the COVID-19 pandemic. Continued investments aimed at developing the coworking activity and the deployment of Ocitô marketplace, enabling points of sale in the shopping centers of the Company's assets to develop a local e-commerce activity, even beyond their catchment area, through delivery services (express delivery, shipping).

2021	Closure of shopping centers according to their surface area and then “non-essential” businesses due to the COVID-19 pandemic. Deployment of the strategy based on four major areas: • development of services (particularly digital); • use of all spaces; • implementation of the development pipeline; and • implementation of targeted and accretive acquisition opportunities. Reduction of the Casino group’s stake in Mercialys to 17%.
2022	Disposal by Casino group of its remaining stake in Mercialys. In an economic context marked by a sharp rise in interest rates and inflation, strengthening of the balance sheet and liquidity through a structured refinancing operation, based on a bond issue of Euro 500 million and the buyback of two bond issues for a cumulative amount of Euro 570 million. At the same time, the Company’s operational performance remained solid, illustrated by sustained organic growth achieved on the basis of a stable tenant occupancy cost ratio, demonstrating the balance of the business model.

9.1.2 General information

9.1.2.1 Company name - trade name

The name of the Company is Mercialys.

9.1.2.2 Place of registration and registration number, legal entity identifier (LEI)

The Company is entered in the Paris Trade and Companies Register under number 424 064 707. The Company's LEI (Legal Entity Identifier) number is: 969500081CGAXB7YS433.

9.1.2.3 Date and term of incorporation of the Company

The Company was formed on August 19, 1999 for a duration expiring on December 31, 2097, except in the event of early dissolution or extension.

9.1.2.4 Head office, telephone number, legal form and applicable legislation, website

The Company's head office is located at 16-18 rue du Quatre-Septembre, 75002 Paris (France) – Tel: +33 (0)1 82 82 75 95.

The Company is a *société anonyme* (limited liability company under French law) with a Board of Directors and subject to the provisions of the French Commercial Code.

The Company's website can be accessed at the following address: mercialys.com. The information on this website does not form part of this Universal Registration Document, unless incorporated by reference.

9.1.2.5 Regulations specific to the Company's activities

A. Rules on asset ownership

1. Acquisition/construction

The acquisition and/or construction of Mercialys' shopping centers and other real estate assets require(s) the acquisition of the land on which these buildings are subsequently built or the, direct or indirect, purchase of existing assets from third-party companies.

2. Construction leases

Certain sites were built under "construction leases" in cases where landowners did not wish to sell their land outright but preferred simply to grant the right to use the land. A construction lease can run for a term of from 18 to 99 years and confers upon the lessee temporary property rights to the land and the building(s) which the latter undertakes to construct in accordance with a defined program.

The parties are free to fix the rent between them on entering into the contract. For the entire term of the construction lease, the lessee pays the lessor the agreed rent and all charges, taxes and levies on the land as well as the buildings. The lessee is free to let the constructions and collect rental income as if they were the full owner of the site.

At expiry of the construction lease, unless there is a specific clause to the contrary, the lessor is automatically transferred title to the constructions erected by the lessee on its land (shopping centers and large specialty stores). The buildings revert to the lessor and the lessee is generally not entitled to compensation, unless agreed otherwise between the parties.

As the construction lease leads to the temporary transfer of title to the land and erected constructions, it should be published, just as any amendments thereto (rider, disposal, contributions, termination) at the land registry in the jurisdiction of the assets.

3. Long-term ground leases

In other cases, the shopping centers and large specialty stores were built under long-term ground leases, which give the beneficiary, as consideration for an agreed modest rent, the right to construct and rent such assets for a period of 18 to 99 years.

Long-term ground leases are rather similar in content to construction leases, but also afford an alternative to the latter where the shopping center is already in place and no construction work is necessary.

Like all leases lasting over 12 years, long-term ground leases must be registered in the land registry in the locale of the property.

4. Property finance leases

A site can also be acquired through a property finance lease. Property finance leasing is essentially a financing technique comprising both a lease and an option to purchase the leased property before or at the end of the lease. Under the terms of a property finance lease, the owner of the real estate asset (the crédit-bailleur, or lessor) grants the right of its use to a company (the crédit-preneur, or lessee). At the end of an irrevocable lease period, the lessee can acquire ownership of the real estate asset:

- for a fixed price, which is set when the lease is first signed; and
- taking into account rents paid over the lease period.

Upon expiration of the lease period, the lessee has three options: (i) to acquire the real estate asset for a price agreed at the outset (typically, one euro or the value of the bare land); (ii) to return the right of use to the owner; or (iii) to commit to a new lease period with the agreement of the lessor.

Real estate finance leases, like any lease, must be registered with the land registry when they exceed 12 years.

5. Joint-ownership and division by volume

Shopping centers and large specialty stores, whether acquired directly or through a construction lease, a long-term ground lease and/or a property finance lease, are regularly subject to specific regulations governing their legal structures *i.e.* "joint-ownership" or "division by volume," usually applied due to the setting where these shopping centers or large specialty stores are located or built.

Joint-ownership

The joint-ownership regime, regulated by the law of July 10, 1965, amended by the order of October 30, 2019 and the decree of March 17, 1967, applies to shopping centers where the ownership of food-anchored tenants, large specialty stores and shopping centers is shared between different owners. Each joint-owner has title to one or several lots, with exclusive rights to that private portion, plus an ownership share in the common areas. The structure as a whole is governed by rules set out in the "joint-ownership rules of procedure." On their private lot, the owner enjoys all the powers of ownership attached to real estate property. The owner can also freely use the common areas, provided such use does not infringe on the rights of other joint-owners.

Shares in common areas, which are attributed based on the fractions of the Company's site(s), surface area and location, are taken into account when calculating the number of voting rights held by the owner at joint-ownership meetings and their respective share for the maintenance and costs of said areas.

Joint-owners have laid down joint-ownership rules of procedure for determining the uses and conditions of use for both private and common areas, and for the management of common areas. The joint-ownership rules of procedure are registered in the land registry.

All joint-owners are represented by the joint-ownership association whose executive body is the facility manager. The facility manager's mission is to call joint-owners meetings, draw up the forecast budget required for building maintenance and repair, and act in all instances on behalf of the joint-ownership association to safeguard their interests. Joint-ownership meetings are called annually by the facility manager, mainly to approve the forecast budget. A meeting can also be called to approve works or to take special decisions jointly. Day-to-day operational decisions are passed by simple majority of joint-owners present or represented at meetings, while management decisions require an absolute majority.

Division by volume

Other real estate assets are subject to regulations governing what is known as "division by volume." This concept arises from the practice and necessity of organizing complexes where the following are generally found:

- public works, such as roads, railway lines, metro lines; and
- private projects of a different nature, such as offices, homes, and shopping centers.

Division by volume dispenses with the conventional notion of sole ownership and is based on the separation of the land, above-ground space and below-ground space, resulting in the creation of a three-dimensional volume. The property volume can be schematically defined as a right of ownership, distinct from the ground, involving a three-dimensional, homogeneous portion of above-ground space and below-ground space, corresponding to a building either erected or to be erected, geometric or not, but determined according to measured height and floor plans. These details defining the lots are set out clearly in the description of the division, which further delineates the volumes and their components. Height measurements make it possible:

- to divide elements that are traditionally shared such as walls, piping and the property tax base; and
- to apportion the relative ownership rights to several precisely determined volumes, with easements, if applicable, benefiting other volumes.

The notion of division by volume differs from joint-ownership mainly because it contains no common areas jointly-owned by several volume owners, with shares of such areas attached to each volume. With no common areas attached to different volumes, access to or through each volume is determined according to the established easements of right of way or of access. Depending on their situation, each volume will either benefit from or be subjected to such easements.

For division by volume, the relationships between owners, easements, urban planning constraints and operating rules for the volume division are laid down in a document entitled "État descriptif de division en volumes" ("Division description"). The management of the property complex and compliance with the rules laid down in the description of the division into volumes are ensured by a free owners association (ASL) or a free urban land association (AFUL) specially formed between the owners of the volumes, which are its members.

Unlike a joint-ownership association, procedural rules for the ASL and AFUL are determined freely by the owners when drafting their articles of association.

The division description, like any joint-ownership rules, is registered in the land registry.

B. Commercial urban planning regulations

Following on from the reform of the commercial operating permit system introduced by the law on the modernization of the economy (law No. 2008-776 of August 4, 2008, or LME), which increased the thresholds from 300 to 1,000 sq.m., law No. 2014-626 of June 18, 2014 concerning the craft and retail sectors and micro-enterprises (the Pinel law) thoroughly overhauled this system, with the result that the commercial operating permit is now integrated into the building permit.

According to the practical arrangements laid down by Decree No. 2015-165 of February 12, 2015 relating to commercial development, a commercial developer whose project requires a building permit will simultaneously apply both for the commercial operating permit and the building permit from a "one stop shop" in the person of the local mayor.

A rejection by the Departmental or National Commercial Development Commission (CDAC or CNAC, as the case may be) will, as a result, prevent the building permit from being issued. For projects that do not need a building permit, the applicant will file a CDAC application with the local prefecture (county), as under previous legislation.

Customer collection points (drives) now also require a commercial operating permit (*Autorisation d'Exploitation Commerciale* or AEC in French), pursuant to the ALUR law No. 2014-366 of March 24, 2014 on housing and urban redevelopment. The lifespan of AECs was modified by Decree No. 2016-1728 of December 15, 2016. As a general rule, it lasts for 3 years and covers:

- 5 years for projects with a sales area of more than 2,500 sq.m.; and
- 7 years for projects larger than 6,000 sq.m.

Following this reform, building permits are now valid for 3 years, rather than 2.

In terms of sanctions, the Pinel law has extended the scope of Article L. 752-23 of the French Commercial Code to permanent collection points.

Furthermore, the French Housing, Development and Digital law (ELAN) of November 23, 2018 stipulates the content of commercial operating applications, as well as the penalties applicable in the event of failure to honor the commitments entered into in the commercial operating applications (AEC). AEC applications are now assessed against the project's contribution to preserving the commercial fabric of the city center, an assessment of the project's GHG emissions, and checks to ensure there is no wasteland in the city center or the outskirts that the project could be sited on.

If an area is being illegally operated and the situation is not resolved within three months, a fine of Euro 150 per day and per square meter is issued; a fine of Euro 15,000 applies if the offense is repeated.

Finally, the ELAN law gives local prefectural authorities the option to suspend processing of an AEC outside sectors identified in the city center, within which a local regeneration operation is scheduled.

Lastly, the "Climate and Resilience" law of August 22, 2021 establishes the integration of the fight against the artificialization of soils among the principles referred to in Article L. 101-2 of the French Urban Planning Code, and the establishment of a "Zero Net Artificialization" objective.

C. Public health regulations

The Company has an obligation to detect asbestos and, if necessary, to remove it in accordance with Articles R. 1334-14 to R. 1334-29-9 of the French Public Health Code. As at January 1, 2013, pursuant to the orders of December 28, 2012, when damaged materials likely to present a risk are identified, the property owner or occupier must commission either a periodic inspection of the materials, or the monitoring of ambient dust levels, or works to isolate or remove the asbestos. The local prefecture must also be informed, and precautionary measures must be taken while waiting for works to be completed.

D. Regulations on accessibility for people with disabilities

In terms of the accessibility of its centers for people with disabilities, the Company is required to comply with the law of February 11, 2005 concerning equal opportunities, participation and citizenship of people with disabilities on the basis of:

- taking account of all forms of disability, not only motor disabilities but also sensory (visual and hearing), cognitive and psychological disabilities, and all difficulties relating to mobility;
- a commitment to look after the entire mobility chain, which includes the built environment, roads, facilities and external pathways.

Under Article 41 of the law of February 11, 2005, existing facilities open to the public must allow people with disabilities to access and move around the building and receive information made available by means suited to various disabilities. The order of March 21, 2007 sets out the requirements for the application of Articles R. 111-19-8 and R. 111-19-11 of the French Construction and Housing Code, relating to the accessibility of existing public buildings and amenities for people with disabilities. It also states that these measures must be implemented by January 1, 2015. Decree No. 2009-500 of April 30, 2009 relating to the accessibility of public buildings and buildings used as dwellings sets out the required time frames for accessibility assessments. These compulsory assessments determine the accessibility level of the building, identify the works to be carried out to meet the standards and estimate the cost of these works.

To complete this accessibility framework, the following legislation has extended the deadline beyond 2015 for implementation of the works to make public buildings accessible, based on the submission of the "ADAP" (*Agendas d'Accessibilité Programmée*) accessibility timetables: law No. 2014-789 of July 10, 2014 – law No. 2015-988 of August 5, 2015 – order No. 2014-1090 of September 26, 2014 – decree No. 2014-1327 of November 5, 2014.

These timetables have been submitted for the Company's entire operational scope.

The Company is also subject to the safety regulations for public buildings (order of June 25, 1980, as amended by the order of September 24, 2009), which sets out the fundamental design and operation principles for a building to ensure the safe evacuation of people with disabilities. Its purpose is to take account of the inability of some members of the public to evacuate or be evacuated quickly, and to meet the requirements of Article R. 123-4 of the French Construction and Housing Code.

Details of the measures taken to support the employment and integration of workers with disabilities within Mercialys and at shopping centers owned by the Company are provided in Chapter 2, § 2.5.2, p. 104.

E. Environmental protection regulations

If the sites owned by the Company are located in a municipality covered by preventive plans concerning technological, natural or mining risks, or are located in a geologically unstable area ranked above 1, or within a Secteur d'Information sur les Sols area requiring soil tests to be conducted, the Company is required – under Article L. 125-5 of the French Environmental Code and decree No. 2005-134 of February 15, 2005 – to inform its tenants and to include the report on the pollution risks in the commercial lease.

Certain sites may also be subject to the rules governing Facilities Classified for the Protection of the Environment *(Installations Classées pour la Protection de l'Environnement* – ICPE). A classified facility (as defined by the law of July 19, 1976) is a facility or activity that could cause a danger or nuisance to the neighboring area with regard to health, safety, public health or the environment.

The operator of such a classified facility must inform the local authorities of any significant renovation or transformation planned for the facility. Under the ICPE regime governing the facility (Declaration – Controlled Declaration – Registration – Authorization), the operator is required to submit a comprehensive operating report every five or ten years as specified by the order of July 17, 2000. In addition, where the classified facility finally ceases to operate, its operator must inform the local authorities at least one month prior to the end of operations and must restore the site to a state that eliminates all of the dangers or nuisances described in Article L. 511-1 of the French Environmental Code.

The Company currently has installed equipment and material in some of its buildings for cooling and/or combustion, vital for the comfort of its customers, which in some cases are subject to the ICPE regulations.

The measures implemented to prevent environmental risks are detailed in § 2.1, p. 80 *et seq.*, § 2.2 p. 86 *et seq.* and § 2.4, p. 97 *et seq.*

The Company must also comply with water regulations and in particular the obligation to ensure the treatment of wastewater, pursuant to the Public Health Code and the General Local Authorities Code. All the sites are connected to the public sanitation network. The Company must also comply with the rainwater management obligation (the Water law of January 1992). According to Article L. 225-102-1 of the French Commercial Code, the Company is also obliged to disclose, in its management report, how it takes into account the social and environmental consequences of its activity. The latter must be checked by an independent third party pursuant to decree No. 2012-557 of April 24, 2012.

F. Safety regulations

As establishments open to the public, the Company's shopping centers and certain of its buildings are subject to regulations on fire safety and prevention and on the risks of panic laid down in Articles R. 123-1 to R. 123-55 of the French Construction and Housing Code, in the order of June 25, 1980, as amended, and in the specific provisions that relate to each type of business activity. Prior to opening, the safety inspectors check every establishment intended for public access. Only after the inspectors have given their opinion may the local mayor then authorize the opening of the establishment. In addition, the safety inspectors carry out periodic visits as set out in the general safety regulations in order to check on compliance with safety standards. If they suspect that the safety regulations have not been observed they may make unannounced visits which may, if the situation warrants it, result in an application for administrative closure. The mayor, who has overall policing powers in the municipality, will decide whether or not to grant the application.

It should be noted that, since the decree of June 13, 2017, the notional number of members of the public taken into account for Type M stores of more than 300 sq.m. (hypermarkets, supermarkets, medium-sized stores) is now based on a ratio of 1 person for every 3 sq.m. (in the basement, ground floor and first floor of the sales area), whereas it used to be every 2/3 sq.m.

Furthermore, the frequency of visits by safety inspectors has been reviewed for certain types of public establishment. For example, "M" type inspections are now carried out every 3 years for category 1 and 2 establishments, and every 5 years for category 3 and 4 establishments.

Retail units are also obliged to provide security guards or surveillance where required because of their size or location. This includes taking measures to prevent crime and maintain order in public buildings, pursuant to Article L. 127-1 of the French Construction and Housing Code, amended by law No. 2007-297 of March 5, 2007. The methods for applying this provision to retail units are set forth in decree no. 97-46 of January 15, 1997 and to parking lots in decree no. 97-47 of January 15, 1997.

Article L. 127-1 of the French Construction and Housing Code was amended by Article 16 of Law No. 2007-297 of March 5, 2007. It states that owners, operators or assignees, as applicable, of buildings used for housing or as administrative, professional or commercial premises must, when the importance of these buildings or premises or their location justifies it, arrange security guards or surveillance for such properties and take measures to avoid manifest risks to the safety and security of the premises.

G. Commercial lease regulations

The Company is also subject to regulations concerning commercial leases in connection with its business. Commercial leases are governed by the provisions of Articles L. 145-1 *et seq.* and R. 145-1 *et seq.* of the French Commercial Code, and the uncodified articles of the decree of September 30, 1953.

Law No. 2014-626 of June 18, 2014 concerning the craft and retail sectors and micro-enterprises (the Pinel law) and decree No. 2014-1317 of November 3, 2014, changed some of the rules concerning commercial leases.

Term

Commercial leases have a minimum term of 9 years. However, the term is not imposed in the same manner on the lessor and the lessee. The lessee is entitled to terminate every three years simply by giving prior notice six months before the end of the current period. However, it is possible, depending on the parties' agreement, to enter into leases for a term of more than nine years, such as those entered into by Mercialys. Also, for commercial leases of more than 9 years, it is possible, depending on the parties' agreement, to waive the right to terminate one or more three-year periods.

The lessor, on the other hand, can only take back its property at the end of each three-year period in particular circumstances, such as if it intends to build, rebuild, or extend upwards the existing building. The lessor can only ask the court to terminate the lease in the event of the lessee's non-compliance with its contractual obligations.

Rent and eviction compensation

The parties set the initial rent at their discretion when making the lease agreement. Unless yearly indexation is provided for in the lease, the rent can only be adjusted every three years to bring it into line with the rental value but without exceeding the change in quarterly rent index recorded since the most recent rental adjustment. Shopping center leases often include a double-component rent: in addition to a basic rent freely set by the parties based on the market rental value, an additional variable rent based on the tenant's sales in the leased premises may be added. The basic rent for the commercial lease may be indexed in accordance with the lease provisions based on changes in the ILC (retail rent index) or the ILAT (tertiary rent index). At the end of the lease, the lessor may (i) propose the renewal of the lease to the lessee on new financial terms by giving the tenant notice with an offer to renew the lease or (ii) refuse it by giving it notice refusing to renew the lease. For its part, and in the absence of any notice issued by the lessor in the six months preceding the contractual expiry of the lease, the lessee may request the renewal of its lease under the same conditions. Failing this, the lease will automatically be extended on the terms applicable at the end of the lease period.

Following a notice refusing renewal issued to the lessee, the lessor shall pay the lessee an eviction indemnity to compensate it for the loss of its commercial property, unless it can prove that a serious and legitimate reason exists enabling it to dispense with the payment of this compensation. If eviction compensation is due, the Company has a right to withdraw its action, *i.e.* to change its decision and offer to renew the lease in question. The right to withdraw its initial decision may be exercised only if the lessee has not made preparations to leave the premises in the interim. The right to withdraw may be exercised during the fifteen days following the definitive ruling setting the amount of the eviction compensation. Once exercised, the right to withdraw is irrevocable and gives rise to renewal of the lease starting from the date of notice that the right has been claimed, delivered to the lessee by a process server.

If the lessor gives the lessee notice with an offer to renew, or if the lessee requests renewal of the lease, the rent may be set either amicably between the parties or by process of law. In the latter case, the party to act first asks the local conciliation commission (Commission Départementale de Conciliation), prior to bringing any action before the commercial rents judge at the Judicial Court of the place where the premises are located, to issue an opinion on the amount of the rent in an attempt to reconcile the two parties. If no agreement is reached, the case must be brought before the commercial rents judge of the Judicial Court of the place where the premises are located, within two years of the effective date of the renewal notice or the renewal request. The rent set for the renewed lease must accurately reflect the rental value of the premises and may, however, be subject to the "capping" rule provided by Articles L. 145-34 of the French Commercial Code: unless there has been a material change in the factors determining the rental value of the leased premises, as listed in Article L. 145-33 of the French Commercial Code, rent renewals for leases of no more than nine years are capped and may not exceed the change in the retail rent index or the tertiary rent index. However, the capping rule does not apply to "monovalent" premises (or single-use premises, which because of their specific layout, can serve for only one type of business activity), or to leases with an initial contractual term of nine years but which, due to the tacit extension mechanism, have had an overall effective term of more than twelve years, and therefore, leases with a contractual term of more than nine years. In this case, the parties are free to negotiate the rent between them.

However, Article L. 145-34 of the French Commercial Code as amended by the Pinel law now provides that if there is a significant change in the factors referred to in paragraphs 1 to 4 of Article L. 145-33, or if an exception is made to the capping rules as a result of a clause in the contract relating to the term of the lease, the resulting change in rent may not lead to higher increases, for one year, than 10% of the rent paid in the previous year.

9.1.3 Memorandum of incorporation and articles of association

9.1.3.1 Corporate purpose *(Article 3 of the articles of association)*

The corporate purpose of the Company in France and abroad is:

- to acquire and/or develop all types of land, buildings, real estate property and real estate rights with a view to letting them out to tenants, management, leasing, development of all types of land, buildings and property rights, fitting out of all property complexes with a view to letting them out to tenants; and all other connected or linked industrial or commercial activities relating to the aforementioned activities, and more generally the exercise of which relates to, or comprises, the operation of shopping centers or the leasing of space within shopping centers, whether directly or indirectly, either alone or in partnerships, alliances, groups or a company, with any other persons or companies;
- to participate by any means in any transactions related to the Company's purpose by acquiring interests and equity investments, by any means and in any form in a real estate, industrial, financial or commercial services company in France or abroad, notably through acquisition, the formation of new companies, the subscription or purchase of securities or ownership rights, contributions in kind, mergers, alliances, joint ventures, economic interest groups or other partnerships along with the administration, management and control of such interests and equity investments;
- in general, to carry out any real estate, equipment, commercial, industrial and financial transactions that may be directly or indirectly connected to the Company's purpose or facilitate the completion and development thereof, including the possibility of arbitrating assets, notably by way of disposal.

9.1.3.2 Stipulations of the articles of association regarding administrative and management bodies – Rules of Procedure of the Board of Directors

A. Board of Directors

1. Composition of the Board of Directors *(extract from Article 14 of the articles of association)*

The Company is managed by a Board of Directors. It comprises at least three members and a maximum of eighteen, subject to dispensation provided by law in the event of a merger with another limited liability company. Board members are appointed by the Ordinary General Meeting of shareholders.

2. Duration of directorships – Age limit – Replacements *(extract from Articles 15 and 16 of the articles of association)*

Members of the Board of Directors are appointed for a term of three years expiring at the close of the Ordinary General Meeting of shareholders approving the financial statements for the past fiscal year and held in the year in which their term of office expires. Directors may be reappointed upon expiry of their directorship.

No one may be appointed as a Board member or permanent representative of a company if, having passed the age of seventy (70), their appointment brings the number of Board members and permanent representatives of legal entity directors above this age to more than one-third of the Board members.

When this age limit is crossed, the oldest director or permanent representative of the legal entity shall be deemed to have resigned automatically at the end of the Ordinary General Meeting that votes on the financial statements for the fiscal year in which the age limit is crossed.

Directors are appointed or reappointed by decision of the Ordinary General Meeting of shareholders. Directors have their terms of office renewed in rotation so that the directors are regularly renewed in proportions that are as equal as possible. In order to enable the system of rotation to operate, the Ordinary General Meeting can appoint a director for a period of one or two years, on an exceptional basis.

In the event of a vacancy in one or more directors' seats due to death or resignation, the Board of Directors may make provisional appointments between two General Meetings. Such appointments shall be subject to ratification by the first Ordinary General Meeting thereafter.

If the appointment of a director by the Board of Directors is not ratified by the General Meeting, actions taken by the director and decisions made by the Board of Directors during the provisional period shall remain valid.

If the number of directors falls below three, remaining members (or in the event of a shortage a corporate officer designated at the request of any interested party by the presiding judge of the Commercial Court) must immediately convene an Ordinary General Meeting of shareholders to appoint one or more new directors in order to bring the number of directors to the minimum required by law.

Directors appointed to replace another director shall remain in office only for the remainder of their predecessor's term.

The appointment of a new Board member in addition to current members may only be decided by shareholders at the General Meeting.

Each member of the Board of Directors must hold at least 100 registered shares in the Company. If, on the day of his/her appointment, a director does not own the required number of shares or if, during his/her term, he/she ceases to own such number of shares, and does not rectify the situation within six months, he/she is deemed to have resigned from office.

3. Organization, meetings and decisions of the Board of Directors

Chairman – Board officers *(extract from Articles 17 and 20 of the articles of association)*

The Board of Directors shall appoint one of its members as Chairman whose role shall be defined by law and the Company's articles of association. The Chairman of the Board of Directors organizes and supervises the Board of Directors' work and reports on it at the General Meeting. The Chairman ensures that the Company's various bodies operate effectively and, more specifically, that the directors are able to perform their duties.

The Chairman may be appointed for the full term of his/her office as director, subject to the Board of Directors' right to remove him/her from the Chairmanship and his/her right to resign before the expiry of his/her directorship. The Chairman is eligible for reappointment.

The age limit for serving as Chairman is set at seventy-five (75). Exceptionally, if the Chairman reaches this limit while in office, he/she shall stand down at the end of that term.

If the Chairman is temporarily indisposed or dies, the Board of Directors may delegate the duties of Chairman to a director. If the Chairman is temporarily indisposed, this delegation is given for a limited term and is renewable. If the Chairman dies, the delegation shall remain valid until a new Chairman is elected.

Non-voting directors ***(extract from Article 23 of the articles of association)***

The Ordinary General Meeting may appoint non-voting directors, who may be individuals or legal entities, chosen from among the shareholders. Between two Ordinary General Meetings, the Board of Directors may appoint non-voting directors subject to ratification by the next General Meeting. There may not be more than five non-voting directors.

Non-voting directors serve a term of three years, expiring at the close of the Ordinary General Meeting of shareholders approving the financial statements for the past fiscal year and held in the year their term of office expires. Non-voting directors are eligible for reappointment for as many terms as they wish and may be dismissed at any time by a decision of the Ordinary General Meeting.

Non-voting directors attend meetings of the Board of Directors, during which they provide their opinions and observations and participate in decisions in an advisory capacity.

They may receive compensation for their services, the aggregate amount of which is set by shareholders at their Ordinary General Meeting and maintained until a new decision is taken by another General Meeting. The Board of Directors shall allocate such compensation between non-voting directors as it deems appropriate.

Decisions of the Board ***(extract from Article 18 of the articles of association)***

The Board of Directors meets as often as necessary in the interests of the Company and whenever deemed appropriate, at the place indicated in the notice of the meeting. Notices of meetings are issued by the Chairman or in his/her name by any designated person. If the Board of Directors has not met for more than two months, one-third of directors in office may ask the Chairman to call a meeting to discuss a predetermined agenda. The Chief Executive Officer may also ask the Chairman to convene a Board meeting to consider a specific agenda.

The actual presence of at least half of the serving directors is required to constitute a quorum for decision-making.

Decisions are made by a majority of members present or represented. In the event of a tie, the Chairman of the meeting shall have the casting vote. However, if the Board consists of fewer than five members, decisions may be made if unanimously approved by at least two directors present.

Directors may participate in discussions by videoconference or other telecommunication means in accordance with the terms and conditions set out in applicable regulations and the Rules of Procedure of the Board of Directors.

The Board of Directors has the right to make written decisions in accordance with the conditions specified in Article L. 225-37 of the French Commercial Code.

4. Powers of the Board of Directors *(extract from Article 19 of the articles of association)*

The Board of Directors shall determine Company business policies and ensure that they are implemented, in line with its corporate interest, taking into consideration the social and environmental challenges of its business.

The Board of Directors performs the audits and checks that it deems necessary.

At any time and on its sole initiative, the Board of Directors may change the way in which Senior Management operates, without effecting any change to the articles of association.

The Board of Directors may establish committees, the composition and remit of which it determines, for the purpose of assisting it in its duties. The committees act within the brief granted to them and provide proposals, recommendations and opinions, as appropriate.

The Board of Directors authorizes, within the conditions set by law, related party agreements other than those relating to standard transactions entered into at arm's length, as set out in Article L. 225-38 of the French Commercial Code. In accordance with Article L 225-35 of the French Commercial Code, the Board of Directors' authorization is required for any deposits, sureties or guarantees given in the Company's name. However, the Board of Directors may authorize the Chief Executive Officer to give deposits, sureties or guarantees in the Company's name up to the global limit or maximum amount per authorized commitment each year.

Without prejudice to any legal prohibitions to the contrary, delegations of powers, duties or functions limited to one or more transactions or categories of transactions may be conferred to any person, whether a director of the Company or not.

Furthermore, in its Rules of Procedure, the Board of Directors has adopted a number of mechanisms setting out the powers of the Company's Management (see § 4.1.2, p. 248).

B. Senior Management of the Company

1. Senior Management *(extract from Article 21-I of the articles of association)*

The Company's Senior Management is exercised, under its responsibility, either by the Chairman of the Board of Directors or by an individual, who may or may not be a director, appointed by the Board and having the title of Chief Executive Officer.

The Chief Executive Officer's term of office shall be freely determined by the Board of Directors but may not exceed three years. The Chief Executive Officer may be reappointed.

The Chief Executive Officer is vested with the broadest powers to act on the Company's behalf in all circumstances. He/she exercises those powers within the limit of the corporate purpose subject to the powers expressly reserved by law to General Meetings of shareholders and to the Board of Directors. However, as an internal measure, the Board of Directors may decide to limit the powers of the Chief Executive Officer (see § 4.1.2, p. 249 for a description of the limitations placed on the powers of the Company's Senior Management). The Chief Executive Officer represents the Company in its dealings with third parties.

The age limit for serving as Chief Executive Officer is set at 75. However, on reaching the age limit, the Chief Executive Officer remains in office until his/her term expires.

The Board of Directors may remove the Chief Executive Officer from office at any time. If dismissal is decided without due cause, it may give rise to the payment of compensation, except if the Chief Executive Officer performs the functions of Chairman of the Board of Directors.

2. Deputy Chief Executive Officers (*extract from Article 21-II of the articles of association)*

On a proposal from the Chief Executive Officer, the Board of Directors may appoint up to a maximum of five natural persons to assist the Chief Executive Officer, having the title of Deputy Chief Executive Officer.

Their term of office may not exceed three years. Deputy Chief Executive Officers are eligible for reappointment. They shall have the same powers as the Chief Executive Officer in dealings with third parties.

The age limit for serving as Deputy Chief Executive Officer is set at 75. However, on reaching the age limit, a Deputy Chief Executive Officer remains in office until his/her term expires.

The Deputy Chief Executive Officers may be dismissed at any time by the Board of Directors, upon the proposal of the Chief Executive Officer. If the Chairman performs the duties of Chief Executive Officer, the Chief Executive Officer or each of the Deputy Chief Executive Officers will be authorized to grant sub-delegations or substitute powers of attorney for one or more transactions or categories of transactions.

C. Rules of Procedure of the Board of Directors

The Board of Directors adopted Rules of Procedure on August 22, 2005, which were last amended on February 14, 2024. These Rules of Procedure are intended to complement legal and regulatory requirements and the Company's articles of association in setting out the *modus operandi* of the Board of Directors. These regulations can be found in § 9.1.5, p. 418 *et seq.*

They define the organization *modus operandi,* powers and remits of the Board of Directors and the Committees established from among its members, as well as the framework for the control and assessment of how it operates for a description of the various Committees established, the limits placed on the powers of Senior Management and the procedures for the control and review of the Board of Directors.

9.1.3.3 Rights, privileges and restrictions attached to shares

A. Appropriation of profits, dividend and interim dividend payments *(extract from Articles 13, 33 and 34 of the articles of association)*

Each share represents an interest in the assets and profits of the Company proportional to the fraction of the share capital it represents, taking into account, where applicable, the face value of shares, whether or not they are fully paid up, whether or not they have been written down through whether or not they have been redeemed and the rights of shares in different classes where new classes of share have been created.

1. Profits – Legal reserve

No less than five percent (5%) of profits for the year, adjusted for any prior year losses, are allocated to a reserve fund known as the "legal reserve". This allocation is no longer required once the legal reserve reaches one tenth of the Company's share capital.

Distributable income is equal to profit for the year less any prior year losses and amounts appropriated to the legal reserve, as mentioned in the above paragraph, and all other allocations to reserves required by law, plus retained earnings.

2. Dividends

When the financial statements for the fiscal year approved by the General Meeting show the existence of distributable income, the General Meeting decides, on the proposal of the Board of Directors, to carry out the necessary appropriations to reserves or redemption of share capital, for whose allocation and use it is responsible, and allocate the corresponding amounts to retained earnings or to dividends. Amounts placed in reserve accounts may, on the proposal of the Board of Directors and by decision of the General Meeting, be distributed or capitalized at a later date. Furthermore, when the General Meeting decides to distribute amounts taken from the reserves at its disposal, such decision shall expressly indicate the reserve accounts from which funds are drawn.

3. Interim dividends

The Board of Directors may decide to pay one or more interim dividends, subject to conditions required by law, before the financial statements for the fiscal year are approved.

4. Payment of dividends and interim dividends

Terms for the payment of dividends and interim dividends are determined by the General Meeting or, failing this, by the Board of Directors no later than nine months after the close of the fiscal year.

The General Meeting called to approve the financial statements for the fiscal year may grant each shareholder, for all or part of the dividend or interim dividends paid, an option of payment in cash or in shares. Requests for the payment of dividends in shares must be made no later than three months after the date of the General Meeting.

B. Voting rights attached to shares

1. Voting rights *(extract from Articles 28, 29 and 30 of the articles of association)*

All shareholders have as many votes as they own or represent shares, without any limitation.

Votes are expressed by show of hands, by electronic means or by any means of telecommunication that permits the identification of shareholders in accordance with applicable regulations. On the proposal of the Board of Directors, the General Meeting may also decide to hold a secret ballot.

A majority vote of shareholders present in person, voting by post or represented by proxy is required for a decision to be made at an Ordinary General Meeting. The votes cast do not include those attached to the shares for which the shareholder has not participated in the vote, has abstained, has returned an empty or void voting form or whose form gives no voting indication.

In an Extraordinary General Meeting, a two-thirds majority of votes cast by shareholders present in person, voting by post or represented by proxy is required. The votes cast do not include those attached to the shares for which the shareholder has not participated in the vote, has abstained, has returned an empty or void voting form or whose form gives no voting indication.

2. Double voting rights

The Extraordinary General Meeting of May 5, 2015 reinstated the principle of "one share, one vote." Under section 3 of Article L. 225-123 of the French Commercial Code, double voting rights are not attributed to fully paid-up shares for which proof is provided of registration for two years in the name of the same shareholder.

3. Limitation on voting rights

None.

9.1.3.4 Changes to the share capital and the rights attached to the shares *(extract from Articles 7 and 8 of the articles of association)*

A. Capital increase

The Extraordinary General Meeting has sole authority to decide or authorize a capital increase, immediately or in the future, except in the case of a capital increase resulting from a request by a shareholder to receive payment of all or part of a dividend or interim dividend in shares, where such an option has been granted to shareholders by the General Meeting approving the financial statements for the fiscal year.

The Extraordinary General Meeting may delegate this authority to the Board of Directors in accordance with the law, or assign to it the necessary powers to carry out the capital increase in one or more offerings within the time allowed by law, and to determine the terms, record the performance thereof and amend the articles of association accordingly.

In the event of a capital increase through the issue of shares for cash, preferential subscription rights shall, in accordance with legal conditions, be reserved for holders of existing shares. However, shareholders may waive their preferential rights on an individual basis and the General Meeting deciding on the capital increase may cancel said preferential rights in accordance with legal conditions.

B. Reduction and redemption of share capital

The Extraordinary General Meeting may also, subject to the conditions stipulated by law, decide or authorize the Board of Directors to reduce the Company's share capital for any reason and in any manner whatsoever, including through the purchase and cancelation of a specific number of shares or by exchanging existing shares for new shares, for an equivalent number or fewer shares, with or without the same par value, with, if applicable, the sale or purchase of existing shares and with or without a cash balance to be paid or received.

9.1.3.5 General Meetings

A. Form of General Meetings *(extract from Articles 29 and 30 of the articles of association)*

1. Ordinary General Meeting

The Ordinary General Meeting deliberates on the agreements covered by Article L. 225-38 of the French Commercial Code. It appoints directors, ratifies or rejects temporary appointments made by the Board of Directors, removes directors where it deems there to be just cause, determines the allocation of fixed annual compensation for directors for their activity and determines the amount thereof. It appoints the Statutory Auditors. The Ordinary General Meeting ratifies any decision by the Board of Directors to transfer the head office within the same county (*département*) of France or to a neighboring county.

The Ordinary General Meeting meets once a year to approve, amend or reject the full-year Company financial statements and the consolidated financial statements and to determine the appropriation of profits in accordance with the Company's articles of association. It may decide, subject to the conditions stipulated by law, to grant each shareholder, in respect of all or part of the dividend or interim dividend to be paid, the option to receive payment in cash or in shares.

More generally, the Ordinary General Meeting deliberates on all other matters that do not fall within the scope of the Extraordinary General Meeting.

2. Extraordinary General Meeting

The Extraordinary General Meeting may make amendments to the articles of association as allowed by French company law.

B. Convening and powers of representation *(extracts from Articles 25, 27 and 28 of the articles of association)*

General Meetings are convened by the Board of Directors or, failing this, by the Statutory Auditors or by an agent designated by the presiding judge of the Commercial Court, on the request of one or more shareholders together representing at least 5% of the Company's share capital, or a shareholders' association in accordance with the provisions of Article L. 225-120 of the French Commercial Code.

The agenda for General Meetings is set by the person who drafts the notice. However, one or more shareholders have the right to request, subject to the conditions stipulated by applicable legislation and regulations, the inclusion of items or draft resolutions in the agenda.

Meetings are held at the Company's head office or any other location in France, as indicated by the party giving notice.

If the Board of Directors so decides, shareholders may participate in meetings and vote by video conference or any other means of telecommunication, including the Internet, that allows for them to be identified in accordance with current regulations and the conditions decided by the Board of Directors.

All shareholders, irrespective of the number of shares they hold, have the right to take part in General Meetings.

The right to participate in General Meetings is subject to registration of the shares in the name of the shareholder or in the name of the intermediary registered on the shareholder's behalf if the shareholder resides abroad, within the time stipulated in Article R. 225-85 of the French Commercial Code. Shares are registered either in the registered share accounts held by the Company or by the agent designated by the Company, or in bearer share accounts held by the authorized intermediary.

The registration of shares in bearer share accounts held by the authorized intermediary is acknowledged by a shareholding certificate issued by the authorized intermediary, if necessary by electronic means, as an attachment to the form for voting by post or by proxy or for requesting an admission card, filled out in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary. A certificate is also issued to shareholders wishing to attend the meeting in person and who have not received an admission card within the time stipulated in Article R. 225-85 of the French Commercial Code.

Shareholders not attending the meeting in person may choose from one of the following three options, subject to the conditions provided by law and regulations:

- be represented in accordance with legal requirements;
- vote by post in accordance with legal requirements and the articles of association;
- send a proxy to the Company without specifying a proxy: the Chairman of the General Meeting will vote in favor of the adoption of the draft resolutions presented or approved by the Board of Directors and a vote and against all other draft resolutions; to give any other vote, the shareholder must choose a proxy, who agrees to vote as he/she indicates.

C. Holding of General Meetings *(extract from Articles 28, 29 and 30 of the articles of association)*

The General Meeting is chaired by the Chairman of the Board of Directors, the Vice-Chairman or a director appointed for this purpose by the Board of Directors or, failing this, by an attending shareholder chosen by the meeting.

Ordinary General Meetings are duly constituted and quorate if shareholders present in person, represented by proxy or voting by post, hold at least one-fifth of shares with voting rights. If the requisite quorum is not obtained, a second meeting is held which may deliberate validly irrespective of the fraction of the share capital represented, but which may only vote on items on the agenda for the first meeting.

Extraordinary General Meetings are held regularly and may deliberate validly if shareholders present in person, represented by proxy or voting by post, hold at least one-quarter of voting shares at the first meeting and one-fifth of voting shares at any second meeting. If this quorum is not obtained, the second meeting may be adjourned to a date no more than two months after the date it was called.

Decisions are recorded in minutes signed by members of the Board of Directors. Copies or extracts of the minutes of General Meetings are certified either by the Chairman of the Board of Directors or by the Chief Executive Officer if he or she is a director, or by the secretary of the General Meeting.

9.1.3.6 Form of shares and identification of the holders of securities *(extract from Articles 10 and 11 of the articles of association)*

Shares are registered shares until they are fully paid up. When they are paid up, subject to any laws to the contrary, shareholders can choose to hold shares in registered or bearer form.

Ownership of shares, whether registered or bearer shares, is evidenced by their registration in an account in accordance with the provisions stipulated by applicable regulations.

Provisions relating to shares apply to bonds and any other marketable securities issued by the Company.

Subject to the regulatory conditions, the Company or its agent may request at any time, from the central securities depository, either directly from one or more intermediaries mentioned in Article L. 211-3 of the French Monetary and Financial Code, the name or, in the case of a legal person, the Company name, nationality, year of birth or, in the case of a legal person, the year of incorporation, postal address and, where applicable, email address of the holders of bearer shares conferring immediate or future voting rights at General Meetings, the number of securities held by each and any restrictions that apply to such securities, and any other information stipulated by the applicable legal and regulatory provisions.

Following a request referred to in the first paragraph above, when a custodian identifies, in the list that he/she is responsible for drawing up, an intermediary as mentioned in paragraph seven of Article L. 228-1 of the French Commercial Code registered on behalf of one or more third-party owners, he/she transmits this request to him/her, unless the Company or its agent expressly asks for this not to happen at the time of the request. The questioned registered intermediary is required to transmit the information to the custodian, who is responsible for communicating it on the latter's behalf, as the case may be, to the Company or its agent or to the central depository. If the identity of the holder or holders of the shares is not disclosed, the votes or powers issued by the financial intermediary registered on behalf of the shareholder shall not be taken into consideration.

Lastly, the Company may ask any legal person holding more than 2.5% of the share capital and voting rights to disclose the identity of persons holding, either directly or indirectly, more than one-third of the legal person's share capital or voting rights exercised at General Meetings.

In the event of the failure of shareholders or financial intermediaries to comply with these disclosure requirements, in accordance with conditions stipulated by law, voting rights and rights to the payment of dividends attached to shares or securities giving immediate or future access to share capital may be suspended or canceled.

In addition to the statutory obligation to inform the Company when certain percentages of share capital and attached voting rights are reached, any natural or legal person (including any intermediary registered as holding securities belonging to persons domiciled outside France), either alone or in concert with other natural or legal persons, who comes to hold or ceases to hold 1% of capital or voting rights or any multiple thereof, by any means, shall inform the Company, within 5 trading days of crossing either of these thresholds, by recorded delivery letter, the number of shares and voting rights that it holds, as well as the number of other shares or voting rights deemed to be shares or voting rights held by this person under Article L. 233-7 and L. 233-9 of the French Commercial Code.

The articles of association were updated on May 21, 2021.

9.1.4 Publicly available documents

The Company's articles of association, minutes of General Meetings and other Company documents, as well as historical financial information and any assessments or declarations provided by experts on the Company's request required to be made available to shareholders, in accordance with applicable legislation, may be viewed at the Company's head office.

9.1.5 Rules of Procedure of the Board of Directors

The Board of Directors has decided to compile, specify and, where necessary, supplement the provisions of the laws, regulations and Company articles of association that apply to it.

To this end, the Board has drawn up rules of procedure, which also incorporate the principles of the AFEP-MEDEF Corporate Governance Code ("AFEP-MEDEF Code") and the application guide for the High Committee on Corporate Governance to which it is affiliated, and organize their implementation.

These Rules of Procedure describe the organization, operation, powers and responsibilities of the Board of Directors and its Committees, and the ethical rules applicable to Board members.

For the purposes of these Rules of Procedure, the term "Group" refers to the Company and any company or entity controlled directly or indirectly by the Company as per Article L. 233-3 of the French Commercial Code (*Code de commerce*).

I. Organization and operation of the Board of Directors

Article 1 Appointment of directors

Directors are appointed or reappointed by shareholders at their General Meeting for a three-year term. Directors may be reappointed when their directorship expires. Directors have their terms of office renewed in rotation so that not all directorships are up for renewal at the same time. In order to enable the system of rotation to operate, the General Meeting of Shareholders can appoint a director for a period of one or two years, on an exceptional basis.

Proposals for appointments are first examined by the Appointments, Compensation and Governance Committee referred to in Articles 9 and 11 below.

Directors must be chosen for their skills, the range of their experience and their desire to take part in defining and implementing the Group's strategy, and therefore for the contribution that they can make to the Board of Directors' work.

In the event of a vacancy in one or more directors' seats due to death or resignation, the Board of Directors may make provisional appointments between two General Meetings. Such appointments are subject to ratification at the next General Meeting. Directors appointed to replace another director will remain in office only for the remainder of their predecessor's term.

No one may be appointed as a Board member or permanent representative of a company if, having passed the age of seventy (70), their appointment brings the number of Board members and permanent representatives of legal entity directors above this age to more than one-third of the Board members.

The Board of Directors ensures that the principles of the AFEP-MEDEF Code are applied in terms of its composition and particularly with regard to the representation of women and independent members.

Article 2 Board of Directors' meetings and deliberations

1. The Board of Directors meets as often as required in the interests of the Company, and whenever the Board deems it appropriate.

   Notices of meetings are issued by the Chairman or in his name by any designated person. If the Board of Directors has not met for more than two months, at least one-third of the directors may ask the Chairman to call a meeting to discuss a predetermined agenda. The Chief Executive Officer may also ask the Chairman to convene a Board meeting to consider a specific agenda.

   Meetings are held at the place specified in the notice to attend.

   Meetings are chaired by the Chairman of the Board of Directors. In the event of the absence of the Chairman and, if applicable, the director temporarily appointed to perform this function and the Vice-Chairman or Vice-Chairmen, if applicable, the Board appoints, for each session, one of its members who is present to chair the meeting.

2. A director may appoint another director to represent them during the Board of Directors' deliberations. They may be appointed by any means that unambiguously indicates the delegating director's intentions. Each member may only represent one other member. A director taking part in a Board meeting by videoconferencing or telecommunications systems, under the conditions set out below, may represent another director.

   The provisions from the previous paragraph also apply to the permanent representatives of legal entities.

   The Board of Directors' deliberations are only valid if at least half of its members are present. Decisions are taken based on a majority of the members present or represented. In the event of a tied vote, the Chairman of the meeting has the casting vote.

In accordance with the legal and regulatory provisions, the Chairman of the Board of Directors may from time to time authorize directors who make a substantiated request to attend meetings using videoconferencing or telecommunications systems, under the conditions set out in the prevailing regulations.

The videoconferencing or telecommunications systems must as a minimum transmit the participant's voice and comply with technical requirements that guarantee the identification of the directors concerned and their effective participation in the Board meeting, whose deliberations must be relayed continuously and without any time lag. They must also guarantee the confidentiality of the deliberations.

Videoconferencing enables those attending Board of Directors meetings by such means to be seen, using a camera, and heard through simultaneous voice transmission. The system used must also enable both those attending the meeting by such means and those attending the meeting in person to recognize each other.

Telecommunication involves the use of a telephone conference system that enables those attending the meeting in person and those attending by telephone to recognize the voice of each speaker beyond any conceivable doubt.

If there is any doubt or if reception is poor, the Chairman of the meeting may decide to continue the Board meeting without counting participants whose presence or voice cannot be identified with sufficient certainty in the quorum or majority, provided that enough Board members remain for the meeting to continue to be quorate. If a technical malfunction affects the videoconference or telecommunications systems during a meeting such that the confidentiality of discussions can no longer be ensured, the Chairman may decide to stop the participation of the Board member concerned.

When a videoconference or telecommunications system is used, the Chairman of the Board of Directors must ensure beforehand that all the members invited to attend the Board meeting by such means have the required technical resources with which to do so in accordance with the required conditions.

The minutes of the meeting indicate the names of anyone attending the meeting using videoconference or telecommunications systems, and note any interruptions or technical incidents that took place during the meeting.

Directors who attend Board meetings by videoconference or telecommunications are considered to be present for calculating the quorum and majority, except for decisions concerning the approval of the full-year financial statements, the consolidated financial statements and the management report.

Moreover, the Chairman may authorize a director to attend meetings using any other telecommunications system, but this participation is not taken into account when calculating the quorum and majority.

The Board of Directors may also authorize persons who are not members of the Board to attend Board meetings, in an advisory capacity and without voting rights, including with videoconference or telecommunications systems.

3. An attendance register is maintained and signed by the Board members attending the meeting.

   The attendance register includes the participation of Board members by video conferencing or other means of telecommunication.

4. In accordance with Article 18 of the Company's articles of association, in the restricted cases permitted by law, the Board of Directors' decisions may be taken through a written consultation.

   On this date, these cases are as follows:

   - the provisional appointment of Board members if a seat is vacant;
   - the authorization of deposits, sureties and guarantees given by the Company;
   - the compliance of the articles of association with the legislative and regulatory provisions, under a delegation from the Extraordinary General Meeting;
   - the convening of the General Meeting;
   - the transfer of the head office within the same county (*département*);
   - and more generally, any decision relating to the Board of Directors' specific remit expressly determined by the legislation or regulations in force.

   If requested by the Chairman, the consultation is issued by the Board Secretary to each director, indicating the appropriate timeframe for replying. This timeframe for replying is assessed on a case-by-case basis by the Chairman depending on the decision to be taken, according to the urgency or the time for consideration required for votes to be submitted.

   The document provided to this effect indicates the conditions for the consultation (including the deadline for replying), its purpose, a presentation of the proposed decision and its reasons, and the proposed deliberation. It includes a section where the directors indicate their name and how they would like to vote; they can also add comments, if applicable, and sign the document.

   Directors reply by returning this completed document to the Board Secretary or by replying to the email sent to them by the Board Secretary and indicating how they would like to vote.

   Decisions are taken by a simple majority of the directors representing the quorum, except in cases when the articles of association or these Rules of Procedure set different rules for the decisions subject to the consultation.

   Directors who have not replied within the timeframe set are not included in the quorum for taking the decisions concerned by the consultation, unless the timeframe is extended.

   The Secretary of the Board of Directors consolidates the directors' votes concerning the proposed deliberation and informs the Board of the outcome of the vote. If applicable, this information mentions any comments expressed by the directors.

   Decisions are formalized in minutes, which are signed and retranscribed in the register of the Board of Directors' decisions.

   The use of email is suitable for the written consultation process, enabling, insofar as possible, potential comments to be shared before the end of the timeframe so that they can be responded to.

   If necessary, the terms of these Rules of Procedure will be interpreted to allow them to be adapted for such written consultation.

Article 3 Minutes

The Board of Directors' deliberations are recorded in minutes signed by the Chairman of the meeting and at least one director. The minutes are approved at the next meeting; to this end, a draft is sent to each director beforehand.

The minutes mention any videoconference or telecommunications means used and the name of each director who attended a Board meeting by such means. The minutes mention any technical incidents that occurred during the meeting.

To be valid, copies of or excerpts from minutes must be certified by the Chairman of the Board of Directors, the Chief Executive Officer, a Deputy Chief Executive Officer, a director to whom the duties of Chairman have been temporarily delegated or the recipient of a power of attorney to that effect.

Article 4 Compensation of members of the Board of Directors

1. The Board of Directors may receive total annual compensation determined by the General Meeting.
2. The amount of total compensation awarded in this way by the General Meeting, pursuant to Article 22-I of the articles of association, is shared out by the Board of Directors, based on proposals or advice from the Appointments, Compensation and Governance Committee, as follows:
   - a fixed component allocated to each director;
   - a variable portion determined according to actual attendance at Board meetings.

All members of the Board of Directors may also receive fixed compensation in recognition of their particular experience or specific assignments entrusted to them.

The Board of Directors may also award exceptional compensation for special assignments or duties entrusted to its members.

The members of the Board of Directors may claim for reasonable expenses relating to the performance of their duties upon presentation of receipts.

II. Board of Directors' remit and powers

Article 5 Board of Directors' missions and powers

The Board of Directors is a collegiate body that collectively represents all of the shareholders and acts in the interests of the Company under all circumstances.

The Board of Directors performs the missions indicated in Article L. 225-35 of the French Commercial Code.

The Board of Directors undertakes to promote the Company's long-term value creation, taking into account the social and environmental stakes involved with its activities. It proposes, if applicable, any changes to the articles of association that it considers appropriate.

On the proposal of Senior Management, the Board of Directors determines the multi-year strategic guidelines in terms of social and environmental responsibility. It defines specific objectives for the climate strategy over different time horizons; it reviews the results obtained on an annual basis as well as the opportunity, where applicable, for adapting the action plan or modifying the predefined objectives.

If applicable, the Board of Directors ensures that arrangements are put in place to prevent and detect corruption and influence-peddling.

The Board of Directors also determines how the Company's Senior Management will be organized, *i.e.* whether it may be performed by the Chairman of the Board of Directors or by an individual, who may or may not be a director, appointed by the Board and holding the title of Chief Executive Officer.

The Board of Directors exercises the powers provided for by law and the articles of association. To this end, it has a right of information and disclosure, and may be assisted by Specialized Committees.

The Board of Directors ensures that shareholders and investors are provided with relevant, balanced and instructive information concerning the Company's strategy, business model, long-term outlook and how it takes into account major sustainability issues.

A. Board of Directors' specific powers

The Board of Directors reviews and approves the full-year and half-year parent company and consolidated financial statements and the reports presented on the business and results of the Company and its subsidiaries; it draws up the forward-looking management documents. Each year, the Board of Directors deliberates on the Company's workplace equality and equal pay policy. Each year, it draws up and determines the terms of the corporate governance report as provided for in Article L. 225-37 of the French Commercial Code.

It convenes the General Meetings and may issue securities if such powers are delegated to it.

B. Board of Directors' prior authorizations

In addition to the prior authorizations expressly provided for by law concerning deposits, sureties and guarantees given on the Company's behalf and the regulated agreements and commitments referred to in Article L. 225-38 of the French Commercial Code, the Board of Directors has decided, as an internal measure, to require its prior authorization for certain management transactions carried out by the Company, as set out in Article 8 below.

Article 6 Information and disclosure to the Board of Directors

Throughout the year, the Board of Directors carries out the verifications and controls it deems appropriate. The Chairman or the Chief Executive Officer is required to provide directors with all the documents and information they require to perform their duties.

The information required for Board deliberations is disclosed to the members of the Board of Directors, as appropriate, before Board meetings and insofar as confidentiality requirements do not preclude such disclosure.

The Board of Directors is regularly provided with, and may consult at any time, information relating to changes in the Group's activity, Human Resources and results, its major risks, such as financial, legal, operational, social and environmental risks, as well as the measures taken in response to them, its financial and cash position, as well as any significant events and operations relating to the Company. The Board of Directors is provided at least once every six months with:

- a report on the activities of the Company and its main subsidiaries, including revenues and changes in results;
- a report on investments and disposals;
- a summary of debt and the credit facilities available to the Company and its main subsidiaries;
- the status of the Group's off-balance sheet commitments.

The Board of Directors reviews the Group's off-balance sheet commitments once every six months.

The members of the Board of Directors also receive information relating to market trends, the competitive landscape and the main issues, including in terms of the Company's Corporate Social Responsibility.

Directors may request meetings with the Group's senior executives, including without executive corporate officers being present, providing that the latter are informed in advance. In the performance of its mission, the Board may also call upon any external advisors or experts that it deems useful.

Between meetings of the Board of Directors, directors are provided with all important information relating to the Company and, in particular, all documents distributed by the Company to its shareholders.

Article 7 Chairman of the Board of Directors

The Chairman of the Board of Directors organizes and supervises the Board of Directors' work and reports on it at the General Meeting. The Chairman ensures that the Company's various bodies operate effectively and, more specifically, that the directors are able to perform their duties.

Shareholders' relations with the Board of Directors, particularly concerning corporate governance matters, are entrusted to the Chairman of the Board of Directors, along with any specific *ad hoc* or long-term missions that the Board may wish to assign to the Chairman. The Chairman reports to the Board of Directors on his or her missions.

The Chairman is appointed for a term that may not exceed his or her directorship as a director. On reaching the age limit of seventy-five (75), the Chairman will remain in office until his or her term expires.

If the Chairman is temporarily indisposed or dies, the Board of Directors may delegate the duties of Chairman to a director. If the Chairman is temporarily indisposed, this delegation is given for a limited term and is renewable. If the Chairman dies, the delegation remains valid until a new Chairman is appointed.

Article 8 Senior Management

Under Article L. 225-56 of the French Commercial Code, the Chief Executive Officer has the broadest powers to act under any circumstances on behalf of the Company. He/she exercises those powers within the limit of the corporate purpose subject to the powers expressly granted by law to General Meetings of Shareholders and to the Board of Directors. The Chief Executive Officer represents the Company in its dealings with third parties.

However, the Board of Directors has decided that its prior authorization, as an internal measure, is required for:

- any transaction likely to affect the strategy of the Company and/or the companies it controls, their financial structure or the scope of their activity, in particular the signing or termination of any agreement likely to have a material effect on the future of the Company and/or its subsidiaries;
- any transaction or commitment exceeding Euro 10 million (10,000,000) and, in particular:
  - any operation to subscribe for or purchase marketable securities, any deferred or immediate acquisition of an interest in any group or company on a *de jure* or *de facto* basis; any complete or partial divestment of interests or marketable securities,
  - any acquisition or assignment of claims, lease rights or other intangible assets,
  - any contribution or exchange, with or without consideration, affecting assets, rights, stocks or securities,

- any acquisition or disposal of properties or real-estate rights,
- any issue of securities by companies controlled directly or indirectly by the Company,
- any measure with a view to granting or obtaining any loan, credit or cash advance,
- any transactions and any settlements in the event of disputes.

However, the threshold of Euro 10 million (10,000,000) does not apply for the Group's internal transactions, which require the joint approval of the Chief Executive Officer and the Deputy Chief Executive Officer depending on the scope of the latter's powers, as decided by the Board of Directors upon appointment of the Deputy Chief Executive Officer.

As agreed with the Chief Executive Officer, the Board of Directors determines the scope and term of any powers granted to the Deputy Chief Executive Officers. The Deputy Chief Executive Officers have the same powers as the Chief Executive Officer when dealing with third parties.

As an internal measure, the Deputy Chief Executive Officer may carry out, acting alone, any transaction or commitment for Euro one million (1,000,000) or less, including:

- any operation to subscribe for or purchase marketable securities, any deferred or immediate acquisition of an interest in any group or company on a *de jure* or *de facto* basis; any complete or partial divestment of interests or marketable securities;
- any acquisition or sale of receivables, lease rights or other intangible assets;
- any contribution or exchange, with or without outstanding balances, concerning assets, rights, stocks or securities;
- any acquisition or sale of real estate rights or assets;
- any issue of marketable securities by directly or indirectly controlled companies;
- any transactions and any settlements in the event of disputes.

Transactions or commitments for amounts of between Euro 1 million (1,000,000) and Euro 10 million (10,000,000) will only be carried out by the Deputy Chief Executive Officer with the Chief Executive Officer's approval.

In addition, Senior Management, represented by the Chief Executive Officer or the Deputy Chief Executive Officer, may be authorized for a renewable period of one year to carry out, within the limits of the total amounts set each year by the Board of Directors, the following operations:

- loans, confirmed credit facilities, all financing agreements and cash advances:
  - negotiate and set up loans, confirmed credit facilities, cash advances and all financing agreements, whether syndicated or not, including their renewal and extension, up to a pre-determined annual limit.
- short-term negotiable securities:
  - negotiate and set up a program of short-term negotiable securities for a pre-determined maximum amount and negotiate and issue short-term negotiable securities for a pre-determined maximum outstanding amount.
- bond issues
  - issue bonds, for a maximum total annual amount to be determined and, in this respect, set the characteristics and terms and conditions thereof and arrange all related market transactions.

In addition, the Chief Executive Officer may be authorized, for a renewable period of one year, to carry out the following transactions, within the limit of the overall amounts set each year by the Board of Directors:

- deposits, sureties and guarantees:

(i) grant deposits, sureties and guarantees in the Company's name up to a pre-determined limit and continue with any deposits, sureties and guarantees granted previously;

(ii) grant deposits, sureties and guarantees in the Company's name to guarantee the commitments made by controlled companies as defined by section II of Article L. 233-16 of the French Commercial Code, without any limits in terms of amount; and

(iii) grant deposits, sureties and guarantees in the Company's name with regard to tax and customs authorities with no restrictions in terms of amount.

Senior Management regularly informs the Board of Directors of the use of such authorizations.

The Chief Executive Officer and the Deputy Chief Executive Officer may temporarily delegate some or all of the powers granted to them, apart from in the case of bond issues.

All of these authorizations apply to transactions concerning both the Company itself and the companies that it directly or indirectly controls.

III. Committees

Article 9 Specialized Committees – Common provisions

Pursuant to Article 19-III of the articles of association, the Board of Directors may establish one or more Specialized Committees, the composition and remit of which it will determine, and which will conduct their activities under its responsibility. This remit may not delegate to the Committee powers that are granted to the Board of Directors by law or by the articles of association. Each Committee reports to the Board of Directors on its assignments.

Committees will have at least three members, drawn from directors who are individuals or permanent representatives of directors that are legal entities or non-voting directors, appointed by the Board of Directors. The members are appointed in a personal capacity and cannot be represented by others.

The term of office of Committee members is set by the Board of Directors. The term of office of Committee members may be renewed.

The Board of Directors appoints a Chairman for each Committee for a maximum term corresponding to that of his or her term of office as a member of the Committee.

Each Committee will decide how often it meets.

As required, each Committee may decide to invite any person of its choice to attend its meetings.

Meetings are chaired by the Chairman of the Committee. In the event of the absence of the Chairman, the Committee appoints, for each meeting, one of its members present to chair the meeting.

Committee meetings are valid if at least half of the members are in attendance. Members who take part in Committee meetings by video conferencing or telecommunication means are deemed to be present under the conditions set for Board meetings.

The Committee's opinions are adopted by a simple majority of the Committee members present, with the Chairman of the Committee or, where applicable, the Chairman of the meeting, having a casting vote in the event of a tie.

The minutes of each Committee meeting will be drawn up, except where otherwise provided, under the authority of the Chairman of the Committee or, where applicable, the Chairman of the meeting, and sent to the Committee members. They are also made available to all Board members once they have been approved by the Committee. The Chairman of the Committee or, where applicable, the Chairman of the meeting, reports to the Board of Directors on the Committee's work.

A report on each Committee's activity will be given in the Company's annual report, and specifically in the Board of Directors' corporate governance report.

Within the scope of its remit, each Committee will issue proposals, recommendations and opinions as appropriate. To that end, it may carry out or commission any studies likely to inform the Board of Directors' discussions.

Committee members receive additional compensation awarded by the Board of Directors, as recommended by the Appointments, Compensation and Governance Committee.

At its meeting of August 22, 2005, the Board of Directors established:

- an Audit Committee, renamed on October 24, 2017 the Audit, Risks and Sustainable Development Committee;
- an Appointments and Compensation Committee, known since January 20, 2021 as the Appointments, Compensation and Governance Committee; and
- an Investment Committee, renamed the Strategy and Transformation Committee on January 20, 2021, and known since February 14, 2024 as the Sustainable Investment Committee.

Each Committee draws up a set of rules, subject to the Board of Directors' prior approval, describing its organization, operation, remit and attributes.

Article 10 Audit, Risks and Sustainable Development Committee

10.1 Members – Organization

The Audit, Risks and Sustainable Development Committee will have at least three members, appointed by the Board of Directors from those of its members who have financial and management experience, with at least two-thirds independent directors. The Audit, Risks and Sustainable Development Committee will not include any executive corporate officers.

The Committee meets at least three times a year, as convened by its Chairman, who may organize any additional meetings when required. The Committee also meets at any time at the request of at least half of its members or at the request of the Chairman of the Board of Directors or Senior Management.

Deputy Chief Executive Officers are invited to attend all meetings of the Audit, Risks and Sustainable Development Committee.

The Committee may consult any person of its choice from the Group's functional departments, even if Senior Management is not present. In the performance of its mission, it may call upon any external advisors or experts that it deems useful.

A dialogue between the members of the Committee and the Company's Statutory Auditors, without the presence of the operational departments, is organized each year.

The Committee reports to the Board of Directors on its work, research and recommendations, and the Board of Directors has full responsibility and discretion to decide on the next steps that it intends to take based on them.

10.2 Missions and powers of the Audit, Risks and Sustainable Development Committee

In accordance with Article L. 823-19 of the French Commercial Code, the Audit, Risks and Sustainable Development Committee, under the Board's responsibility, oversees matters relating to the preparation and control of accounting and financial information.

10.2.1 Review of the accounts and financial statements

The Audit, Risks and Sustainable Development Committee's principal assignments are to assist the Board of Directors with its mission relating to the review and approval of the full-year and half-year financial statements.

In the context of monitoring the process used to prepare the accounting, financial and sustainability reporting information, the Committee reviews the full-year and half-year financial statements of the Company and of the Group and the related reports before they are approved by the Board of Directors. The Committee ensures that these are consistent with that it is aware of, considering the appropriate nature of the accounting principles used and choices made and their compliance with the accounting standards in force.

In the context of monitoring the process to prepare the financial and sustainability reporting information, the Committee makes recommendations, where necessary, to guarantee the integrity of this information.

It reviews the conditions for the close of accounts, as well as the type, extent and outcome of work carried out by the Statutory Auditors for this occasion in the Company and its subsidiaries.

As such, the Committee consults with the Statutory Auditors, including without the representatives of the Company being present, and has access to their analyses and findings.

10.2.2 Statutory Auditors

The Audit, Risks and Sustainable Development Committee:

- oversees the procedure for selecting Statutory Auditors and is informed of the procedure implemented within Group subsidiaries. It issues recommendations concerning the candidates to be submitted for appointments or reappointments by the General Meeting, which are brought to the attention of the Board of Directors and drawn up in accordance with the corresponding regulations;
- ensures that the Statutory Auditors, with whom it has regular contact, comply with the independence conditions defined by the applicable legislation. To this end, it reviews all their dealings with the Group and issues an opinion on the fees they request;
- approves the provision of services other than the certification of the financial statements that may be provided by the Statutory Auditors or members of their network in accordance with the applicable legislation. It defines the procedure for approval under the conditions set by the relevant authorities, when applicable;
- monitors the Statutory Auditors' performance of their mission. It reports to the Board of Directors on the results of the mission to certify the financial statements, the way in this mission has contributed to the integrity of the financial information, and the role it has played in this process.

10.2.3 Monitoring of the efficiency and effectiveness of the internal control and risk management systems

The Audit, Risks and Sustainable Development Committee:

- monitors the efficiency and effectiveness of the internal control and risk management systems, as well as, where applicable, the internal audit systems, in terms of procedures relating to the preparation and processing of accounting and financial information, without infringing on its independence. It reviews the Company's exposure to financial and sustainability risks;
- periodically reviews the internal control procedures and, in general, the audit, accounting and management procedures in place within the Company and the Group, liaising with the Chief Executive Officer, internal audit departments and the Statutory Auditors. It thus acts as the liaison body between the Board of Directors, the Group's Statutory Auditors and the internal audit departments;
- is responsible for examining any transaction, fact or event that could have a significant impact on the situation of the Company or its subsidiaries in terms of commitments and/or risks. It is responsible for checking that the Company and its subsidiaries have the appropriate means (audit, accounting and legal) in place to prevent risks and anomalies concerning the management of the Group's business;
- reviews the cybersecurity system;
- examines the actions implemented in terms of compliance and ethics.

In accordance with the guidelines for agreements between related parties, significant transactions entered into between Mercialys or its fully-owned subsidiaries on the one hand and Related Parties on the other hand may be referred to the Audit, Risks and Sustainable Development Committee, when these agreements or transactions reach the significance threshold set by the guidelines. The Audit, Risks and Sustainable Development Committee's mission, based on the information submitted by Senior Management for each agreement and/or operation concerned, is to assess the transaction's balance and alignment with the procedure followed in order to approve the corresponding terms. The Audit, Risks and Sustainable Development Committee issues an opinion, which is submitted to Senior Management and made available to the Board of Directors.

10.2.4 Sustainable development

The Audit, Risks and Sustainable Development Committee:

- reviews the guidelines relating to the Group's Corporate Social Responsibility policy, determines the objectives and issues in terms of Corporate Social Responsibility, and ensures the achievement of pre-determined objectives. It also oversees the gradual implementation and ramping up of this policy, and assesses the Group's contribution to sustainable development;
- reviews the Company's exposure to sustainability risks. It monitors the process for the preparation of sustainability information and reviews the statement of non-financial performance;
- reviews a summary of sustainability ratings on an annual basis;
- is informed of the objectives relating to corporate social responsibility included in the variable compensation of Senior Management and assesses the level of achievement of these performance criteria;
- identifies and discusses emerging trends in corporate social responsibility and their consideration by the Company.

Article 11 Appointments, Compensation and Governance Committee

11.1 Members – Organization

The Appointments, Compensation and Governance Committee has a minimum of three members, including the Chairman of the Board of Directors. The majority of its members are independent directors. The Appointments, Compensation and Governance Committee must not include any executive corporate officers. Its Chairman is chosen from among the independent directors.

The Committee meets at least twice a year, as convened by its Chairman, who may organize any additional meetings when required. The Committee also meets at any time at the request of at least half of its members or at the request of the Chairman of the Board of Directors or Senior Management.

Liaising with the Chief Executive Officer, the Committee can rely on the cooperation of the Group's Human Resources Department and Chief Financial Officer, particularly with regard to information for the Committee concerning the compensation policy for key executives.

In the performance of its missions, it may call on any external advisors or experts that it deems useful.

The Committee reports to the Board of Directors on its work, research and recommendations, and the Board of Directors has full responsibility and discretion to decide on the next steps that it intends to take on the basis thereof.

11.2 Missions and powers of the Appointments, Compensation and Governance Committee

11.2.1 Missions relating to compensation

The Appointments, Compensation and Governance Committee must:

- prepare to set the overall compensation budget for Board members and the conditions for the distribution of compensation awarded to the directors and non-voting directors, if applicable;
- prepare to set the compensation for the Chairman of the Board of Directors, if the Chairman and Chief Executive Officer roles are separated;
- prepare to set the compensation of the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officers, and propose, if applicable, the qualitative and quantifiable criteria for determining the variable component of this compensation, by incorporating several criteria related to social and environmental responsibility, including at least one criterion related to the Company's climate objectives;
- assess all the other benefits and compensation awarded to the Chief Executive Officer and, if applicable, the Deputy Chief Executive Officer(s);
- review the proposed share subscription or purchase option and bonus share plans for employees and executives to enable the Board of Directors to set the total and/or individual number of warrants, options or shares awarded and the terms and conditions for awarding them.

11.2.2 Missions relating to appointments and governance

The Appointments, Compensation and Governance Committee is tasked with:

- periodically reviewing the structure, size and composition of the Board of Directors;
- reviewing the independent status of directors;

- proposing the renewal or appointment of directors to maintain a balanced composition of the Board of Directors: it organizes the selection procedure; on the basis of the needs defined by the Board of Directors, it may call upon an external recruitment firm to identify potential candidates; it examines the candidates in terms of their business experience, their expertise and their economic, social and cultural representativeness;
- reviewing the candidates for the position of Chief Executive Officer and, if applicable, Deputy Chief Executive Officer;
- drawing up a succession plan for executive corporate officers;
- reviewing the draft corporate governance report each year;
- assessing the position of each director in light of any relationship they might have with the Company or Group companies that might compromise their freedom of judgment or lead to potential conflicts of interest with the Company. The Committee may examine any situation of potential or actual conflict of interest of a director and decide on the follow-up to be given;
- preparing and updating the Board of Directors' Rules of Procedure, the charters for the Specialized Committees set up within the Board, as well as the charter for related party agreements;
- reviewing the changes in corporate governance rules (particularly in connection with the AFEP-MEDEF Code) and identifying emerging practices or significant developments concerning corporate governance regulations and/or practices in France;
- carrying out regular appraisals of the Board of Directors and ensuring that the application of governance rules is respected within the Board with regard to the AFEP-MEDEF Code and the High Committee on Corporate Governance application guide;
- examining issues relating to diversity, professional equality and gender parity within the Company.

Article 12 Sustainable Investment Committee

12.1 Members – Organization

The Sustainable Investment Committee is composed of at least three members, including the Chairman of the Board of Directors and the Chief Executive Officer, if he or she is a director. The majority of its members are independent directors.

The Committee meets at least three times a year and at least once every half-year period, as convened by its Chairman, who may organize any additional meetings when required.

The Committee also meets at any time at the request of at least half of its members or at the request of the Chairman of the Board of Directors or Senior Management.

The Chief Executive Officer and Deputy Chief Executive Officers are invited to attend all Committee meetings.

Liaising with the Chief Executive Officer, the Committee is able to count on the cooperation of the functional and operational departments of the Company and its relevant subsidiaries.

In the performance of its mission, it may also call on any external advisors or experts that it deems useful.

The Committee reports to the Board of Directors on its work, research and recommendations, and the Board of Directors has full responsibility and discretion to decide on the next steps that it intends to take based on them. The Board of Directors may also refer specific matters relating to its missions and remit to the Committee.

12.2 Missions and powers of the Sustainable Investment Committee

The Sustainable Investment Committee is responsible for:

- reviewing the development strategy and ensuring that acquisitions and disposals are consistent with this strategy; the Committee is regularly informed of any investment projects and sales of assets carried out;
- examine and formulating an opinion on investment or arbitration projects subject to prior authorization from the Board of Directors;
- reviewing and issuing an opinion on the investment plan.

The Committee takes into account aspects related to corporate social responsibility when reviewing strategic projects, whether they relate to operational activities, investments or disposals. It ensures the performance of ESG due diligence (environmental, social and governance) in the context of investments and arbitration.

The Committee examines the certification attesting to the environmental performance of assets.

In accordance with the charter for related party agreements, significant transactions entered into between the Company or its fully-owned subsidiaries on the one hand and related parties on the other hand may be referred to the Strategy and Transformation Committee, when these agreements or transactions reach the significance threshold set by the charter. The Strategy and Transformation Committee's mission, based on the information submitted by Senior Management for each agreement and/or operation concerned, is to assess the transaction's balance and alignment with the procedure followed in order to approve the corresponding terms. The Strategy and Transformation Committee issues an opinion, which is submitted to Senior Management and made available to the Board of Directors.

IV. Non-voting directors

Article 13 Non-voting directors

The Ordinary General Meeting may appoint non-voting directors, who may be individuals or legal entities, chosen from among the shareholders. The Board of Directors may appoint a non-voting director subject to ratification at the next General Meeting.

There may not be more than two non-voting directors. Their directorship is three years. They may be reappointed without limitation.

A non-voting director will be considered to have resigned automatically at the end of the Ordinary General Meeting that votes on the financial statements for the year during which the non-voting director reached the age of eighty (80).

Non-voting directors attend Board meetings and provide comments and advice and take part in deliberations in an advisory capacity.

They may receive compensation for their services, the aggregate amount of which is set by shareholders at their Ordinary General Meeting and maintained until a new decision is taken at another General Meeting. The Board of Directors divides such compensation between the non-voting directors as it deems appropriate, as proposed by the Appointments, Compensation and Governance Committee.

V. Ethical rules applicable to members of the Board of Directors

Article 14 Principles

All directors must be able to perform their duties in accordance with the rules of independence, ethics and integrity.

In accordance with the principles of corporate governance, all directors will perform their duties in good faith, in the way they consider best to further the Company's interests and with the due care expected of any normally prudent person performing such duties.

All directors undertake, in all circumstances, to maintain their freedom of appreciation, judgment, decision and action and to reject all pressure, direct or indirect, that may be exerted on them.

Article 15 Information provided to directors

Before accepting their assignment, all directors must acquaint themselves with the laws and regulations relating to their position, the applicable good governance practices and codes, and any requirements specific to the Company arising from its articles of association and these Rules of Procedure.

Directors have a duty to request the information which they believe necessary to fulfill their role. To this end, they must submit a request to the Chairman of the Board, within the appropriate time limits, for all useful information required to effectively participate in meetings with respect to the matters on the Board's agenda.

Each director may, if he or she deems it necessary, receive additional training on the Group's specific features, businesses, areas of activity and its stakes in terms of Corporate Social Responsibility, as well as on accounting or financial aspects in order to further their knowledge.

Article 16 Defense of corporate interests – Absence of conflicts of interest

Although directors are shareholders in their own right, each director represents all of the shareholders and must act in the interests of the Company under all circumstances.

Each director has a duty of loyalty to the Company. He or she will not act in any way that would be contrary to the interests of the Company or the Group's companies.

All directors undertake to verify that the Company's decisions do not favor one category of shareholders over another.

All directors must notify the Board of any conflict of interests, including potential or future conflicts, that might directly or indirectly concern them. He or she is required to abstain from taking part in discussions and from voting on deliberations on the subjects concerned, both at Board and Committee meetings.

A director must resign in the event of a long-term or recurring conflict of interest that cannot be resolved to the satisfaction of the Board.

Each director may, if he or she deems it necessary, receive additional training on the Group's specific features, businesses, areas of activity and its stakes in terms of cybersecurity, social and environmental responsibility, particularly regarding climate-related issues, as well as on accounting or financial aspects in order to further their knowledge.

Article 17 Control and assessment of the Board of Directors' operations

The directors must be attentive to how the powers and responsibilities of the Company's corporate bodies are shared out and exercised.

The directors must verify that no person can exercise uncontrolled discretionary power over the Company. They must ensure that the Specialized Committees created by the Board of Directors can operate effectively.

The Board of Directors conducts an annual appraisal of its own operations, entrusted by the Chairman of the Board of Directors to the Appointments, Compensation and Governance Committee. This appraisal is carried out at least every three years with the assistance of an independent external consultant.

The independent directors meet at least once a year with the executive directors not being present.

Article 18 Presence of directors – Accumulation of offices

Each director must comply with current legal provisions governing the accumulation of offices, as well as the recommendations from the AFEP-MEDEF Code.

Each director will inform the Company of any offices held in other French or foreign companies. They will inform the Company of any new office or professional responsibility without undue delay. When directors hold an executive position within the Company, they must also request the opinion of the Board of Directors before accepting a new corporate office in a listed company that does not belong to the Group.

All directors must devote the requisite time and attention to their duties. They will be diligent and attend all Board of Directors' meetings, General Meetings of shareholders and meetings of the Committees that they are members of.

Article 19 Confidentiality

The directors and all other persons who attend Board of Directors' meetings are bound by a duty of confidentiality, which exceeds the simple duty of discretion required by law.

Any information of a non-public nature provided to a member of the Board of Directors in the context of their duties is intended exclusively for them. They must personally ensure that the information is kept confidential and cannot disclose it under any circumstances. The same obligation also applies to the representatives of legal entities who are directors and to non-voting directors.

In the absence of a decision to the contrary taken on a case-by-case basis by the Board of Directors, any director who is a permanent representative of a legal entity is prohibited from sharing the information collected in the course of their directorship with said legal entity (in particular its corporate officers and employees).

Article 20 Shareholdings – Transactions involving Company securities

Each director, whether an individual, legal entity or permanent representative, undertakes to hold the minimum number of shares set out in the Company's articles of association. Each director has six (6) months from taking office to increase the number of shares they hold to this minimum level. The number of shares held should, where possible, correspond to the equivalent of one (1) year of compensation for their activity as a director (calculated based on the assumption that they participate in all the meetings of the Board and the Committees that they belong to for a given fiscal year, excluding any compensation linked to their position as Chairman of a Committee, and retaining Mercialys' weighted average share price for the previous year ended as the value). Company shares held by the directors (individuals or legal entities) must be held on a direct or administered registered basis in accordance with the legal and regulatory conditions in force. Each director undertakes to not carry out short sales, either directly or indirectly, on such securities.

For individual directors, shares held by their dependent minor children or their spouse when not legally separated must also be held on a registered basis. Furthermore, each director must notify the Company regarding the number of Company shares they hold as at December 31 of each year, at the time of any financial transaction or at any time if requested by the Company.

Each member of the Board of Directors undertakes to comply with the provisions of the Stock Market Code of Ethics relating to the prevention of the use of insider information and securities transactions for which he or she has received prior written information, and all applicable legal or regulatory provisions.

In particular, in accordance with Article 19 of EU regulation No. 589/2014 of April 16, 2014 on market abuse and Article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*), each director must inform the French Financial Markets Authority (*Autorité des Marchés Financiers*) and the Company of any transactions carried out on the Company's financial instruments, under the conditions set by the Stock Market Code of Ethics. The same applies to persons who have close ties with members of the Board of Directors. Directors must notify persons with whom they have close ties of their reporting obligations and ensure that the Company has an up-to-date list of these persons at all times.

Directors should note that they are likely to have access to insider information and must ensure, before entering into any transactions on the Company's financial instruments, that they are not in an insider situation.

As stipulated in the Stock Market Code of Ethics in the event of possession of insider information, directors must, in particular, abstain from carrying out, either directly or indirectly or through an intermediary, any transactions on financial instruments to which insider information relates or on instruments to which these financial instruments are related, and must refrain from disclosing said information to third parties, for as long as the information has not been made public.

Moreover, each director must also abstain from carrying out any transactions relating to the Company's financial instruments, directly or indirectly, on his or her own behalf or for a third party, during the 30 days preceding the publication of the Company's full-year and half-year financial statements and during the 15 days preceding the publication of the Company's quarterly revenues, as well as on the day on which said full-year and half-year financial statements and quarterly revenues are published.

VI. Adoption of the Rules of Procedure

These Rules of Procedure were approved by the Board of Directors during its meeting on August 22, 2005. Their most recent update was approved on February 14, 2024.

9.2 Other regulatory disclosures

9.2.1 Factors that may have an impact in the event of a public offer

The structure of holdings in the Company's share capital and of the direct and indirect stakes in the Company's share capital of which it is aware pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code are provided in § 7.2, p. 364 *et seq*.

The articles of association impose no restrictions on the exercise of voting rights and transfers of shares, nor have any agreements been brought to the Company's attention in accordance with Article L. 233-11 of the French Commercial Code providing for preferential conditions for the sale or purchase of shares, nor is there any agreement between shareholders of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights.

The Company has not issued any shares carrying special control rights and there is no control mechanism provided in any employee shareholding scheme when control rights are not exercised by the latter.

Rules applying to the appointment and replacement of Board members, as well as amendments to the Company's articles of association are described in § 9.1.3.2, p. 394 *et seq.*

The powers of the Board of Directors are described in § 4.1.2, 1, p. 248, § 4.1.4, p. 251 *et seq.* and § 9.1.5, II, p. 400 *et seq*. As regards share issues and share buybacks, the powers delegated to the Board of Directors are set out in § 7.2.2, p. 365.

Furthermore, there are no agreements providing for compensation for Board members or employees if they resign or are made redundant without just cause or if their employment ends as a result of a public offer.

Bank financing agreements include clauses which state that the debt may, at the request of a lending institution, become immediately refundable in the event of a change of control.

Such a change of control will be considered to be effective in the event that a third party, acting alone or in concert, might control the Company within the meaning of Article L. 233-3 I and/or II of the French Commercial Code.

In addition:

- the contract for issuing bonds in connection with the Euro 150 million private placement on November 3, 2017 that reaches maturity on November 3, 2027;
- the contract for the Euro 300 million bond issue arranged on February 27, 2018 and maturing on February 27, 2026;
- the contract for the Euro 300 million bond issue arranged on July 7, 2020; and
- the contract for issuing Euro 500 million in bonds arranged on February 28, 2022.

provide for an early redemption option, which can be exercised by investors in the event of a downgrade in Mercialys' long-term senior debt rating, but only if this downgrade is attributable to a change of control of the Company. A change of control shall be deemed effective if a third party (*i.e.* any person other than Casino, Guichard-Perrachon, the companies that control it or its subsidiaries), acting alone or in concert with other third parties, comes into possession, directly or indirectly, of more than 50% of the Company's voting rights. A rating downgrade shall be deemed to have taken place:

(i) in the event of a withdrawal of the rating by a rating agency;

(ii) in the event of a downgrading to non-investment grade, *i.e.* a downgrade of at least two notches compared to the current BBB rating; or

(iii) if the rating is already non-investment grade a downgrade of at least one notch.

9.2.2 Research and development, patents and licenses

Mercialys' real estate development business consists of acquiring, owning and managing retail real estate properties for leasing purposes. In this respect, Mercialys does not conduct any research and development activities and does not own any patents. Furthermore, the Company considers that its business activity and profitability do not depend on any trademarks, patents or licenses.

9.2.3 Legal or arbitration proceedings

In the normal course of its business, Mercialys is involved in various legal or administrative proceedings and is subject to administrative checks. The Company sets aside provisions whenever a serious risk threatens to materialize before the end of the fiscal year and it is possible to estimate its financial impact.

In the asset contributions made to Mercialys in October 2005, the Company was substituted for the contributing companies in connection with disputes involving such assets. In accordance with the contribution agreements entered into with the Company, the contributing companies concerned shall pay Mercialys compensation for any prejudice, loss, charge or damage the latter might incur in connection with such disputes.

The main dispute relates to rent charged following the health crisis on a hypermarket asset in Corsica. Nevertheless, the risk appears to be under control; the amount to which the dispute relates, which is the subject of a provision, represents approximately 3% of recurring income for 2023.

There are no other governmental, judicial or arbitration proceedings, including any pending proceedings known to the Company or threatening it, likely to have, or having had over the past 12 months, significant impacts on its financial position or profitability.

9.3 Statutory Auditors and person responsible for the Universal Registration Document

9.3.1 Statutory Auditors: identification and fees

9.3.1.1 Principal Statutory Auditors

Ernst & Young et Autres

12 place des Saisons

92400 Courbevoie Paris-La Défense 1

Signatory partner: Sylvain Lauria (since the 2022 fiscal year)

Date of first appointment: August 19, 1999 (articles of incorporation)

Renewal: General Meeting of April 28, 2022

Date of expiry of term of office: at the end of the Ordinary General Meeting to be held in 2028 to approve the financial statements for the fiscal year ended on December 31, 2027

KPMG SA

Tour Eqho

2 avenue Gambetta

CS 60055

92066 Paris-La Défense Cedex

Signatory partner: Régis Chemouny (since April 2020)

Date of first appointment: May 6, 2010

Renewal: General Meeting of April 28, 2022

Date of expiry of the term of office: at the end of the Ordinary General Meeting to be held in 2028 to approve the financial statements for the fiscal year ended on December 31, 2027

9.3.1.2 Statutory Auditors' fees and fees charged by members of their networks to the Group

Fiscal years covered [1]: years ended December 31, 2023 and December 31, 2022

	Ernst & Young				KPMG SA			
	Amount (ex. tax)		%		Amount (ex. tax)		%	
	2023	2022	2023	2022	2023	2022	2023	2022
Recurring audit reviews								
Independent audits, certification, review of individual and consolidated financial statements [2]								
• Mercialys SA (parent company)	175,400	172,500	61%	48%	175,400	172,500	81%	63%
• Fully consolidated subsidiaries	67,100	63,800	24%	18%	35,700	30,100	17%	11%
• Sustainability Performance Statements review	38,000	52,850	13%	15%				
Non-recurring reviews								
• Mercialys SA – Interim dividend								
• Subsidiaries – Interim dividend								
Mercialys – Miscellaneous transactions [3]	5,500	70,500	2%	20%	5,000	70,500	2%	26%
TOTAL	**285,500**	**359,650**	**100%**	**100%**	**216,100**	**273,100**	**100%**	**100%**

(1) *For the period in question, these are the services performed in respect of a fiscal year taken into account in the income statement.*

(2) *Including the services of independent experts or members of the Statutory Auditors' network that they use in connection with the certification of financial statements.*

(3) *Corresponds in respect of 2023 to fees related to the due diligence on an acquisition project.*

9.3.2 Declaration of the person responsible for the Universal Registration Document

Person responsible for the Universal Registration Document

Vincent Ravat,

Chief Executive Officer

I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, fairly presented and free from material misstatement.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and present a true and fair view of the portfolio, financial position and results of the Company and of all companies included in the scope of consolidation, and that the Management report (see Cross-reference table on pages 414 and 415) presents a true and fair view of the evolution of the business, results and financial position of the Company and of all companies included in the scope of consolidation and describes the main risks and the uncertainties to which they are exposed."

Paris, on March 13, 2024

Vincent Ravat

Chief Executive Officer

9.4 Cross-reference tables

9.4.1 Universal Registration Document

This cross-reference table lists the items laid down in Annexes 1 and 2 of Commission delegated regulation (EU) 2019/980 of March 14, 2019 supplementing regulation (EU) 2017/1129 of the European Parliament and of the Council and repealing Commission regulation (EC) 809/2004, and refers the reader to the pages of this Universal Registration Document in which the information relating to each of these items is mentioned:

		Chapters / paragraphs	Pages
7. Review of the financial position and results			
7.1	Financial position		
7.1.1	Changes in results and financial position including key financial and, where applicable, non-financial performance indicators	1.2, 3.2.1, 3.2.2	43 à 67, 197 to 199, 200 to 219
7.1.2	Likely future changes in the issuer's activities and its research and development activities	1.1.3, 1.2.7, 9.2.2	41 to 42, 57, 408
7.2	Operating income		
7.2.1	Significant factors, unusual or infrequent events and new developments materially affecting operating income	1.1.1	39
7.2.2	Explanation of material changes in net revenues or net income	1.2.5.1, 1.2.5.2, 3.2.2 notes 3 and 4	50, 51, 203 to 204
8. Liquidity and equity capital			
8.1	Information about the equity capital	1.2.1.2, 3.1.1.3, 3.2.1.2	44, 138, 198
8.2	Sources and amounts of the issuer's cash flows	1.2.1.3, 3.1.1.4, 3.2.1.3	45 to 46, 139 to 140, 199
8.3	Information on the borrowing requirements and funding structure of the issuer	1.2.5.5, 3.1.2 note 14, 3.2.2 note 15	53 to 55, 172 to 177, 211
8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect the issuer's activities	n/a	n/a
8.5	Information regarding the anticipated sources of funding needed to fulfill the commitments referred to in item 5.7	n/a	n/a
9. Regulatory environment		**9.1.2.5**	**398 to 407**
10. Trend information			
10.1	Main recent trends affecting production, sales and inventories, costs and selling prices and significant changes in the Group's financial performance since the end of the last fiscal year up to the date of filing of the Universal Registration Document	1.2.8	57
10.2	Trends, uncertainties, constraints, commitments or events that are reasonably likely to have a material impact on the issuer's outlook, at least for the current fiscal year	1.2.7	57
11. Profit forecasts or estimates			
11.1	Published profit forecasts or estimates	1.2.7	57
11.2	Main assumptions on which the issuer has based its forecast or estimate	1.2.7	57
11.3	Statement of comparability with historical financial information and compliance of accounting methods	n/a	n/a
12. Administrative, management and supervisory bodies and Senior Management			
12.1	Board of Directors and Senior Management	4.1	228 to 267
12.2	Conflicts of interest involving directors or Senior Management	4.1.9	267
13. Compensation and benefits			
13.1	Amount of compensation paid and benefits in kind	4.2	268 to 309
13.2	Total amount of provisions made or recorded by the issuer to provide for pension, retirement or other similar benefits	n/a	n/a
14. Board practices			
14.1	Date of expiry of terms of office	4.1.1.2, A	229
14.2	Service agreements between members of the Board of Directors and the Company or any of its subsidiaries	4.1.9	267
14.3	Information about the Board of Directors' Committees	4.1.5	256 to 262
14.4	Compliance with the applicable corporate governance regime	4.1.1, 4 Appendix	228, 310 to 316
14.5	Potential material impacts on corporate governance, including future changes in the composition of the Board and Committees	4.1.1.D, E, 4.1.5	248, 256 to 262
15. Employees			
15.1	Number of employees	2.5.2	105
15.2	Shareholdings and stock options	2.5.4, 7.2.3.5, 7.2.5.3	108, 369, 370 to 371
15.3	Agreement providing for employee profit-sharing in the issuer's share capital	2.5.4	108

	Chapters / paragraphs	Pages
16. Main shareholders		
16.1 Shareholders holding more than 5% of the share capital	7.2.3	366 to 369
16.2 Existence of different voting rights	n/a	n/a
16.3 Direct or indirect ownership or control of the issuer and measures taken to ensure this control is not exercised in an abusive manner	7.2.3	366 to 369
16.4 Arrangements that could result in a change of control	n/a	n/a
17. Related-party transactions	**3.1.2 note 24, 6.4, 6 Appendix**	**191 to 192, 350, 351**
18. Financial information on assets and liabilities, financial position and results		
18.1 Historical financial information		
18.1.1 Audited historical financial information for the last three fiscal years	1.2, 3	43 to 67, 135 to 225
18.1.2 Change in accounting reference date	n/a	n/a
18.1.3 Accounting standards	3.1.2 note 1, 3.2.2 note 1	142 to 143, 201 to 202
18.1.4 Change in accounting guidelines	n/a	n/a
18.1.5 Financial information under French GAAP	3.2	197 to 225
18.1.6 Consolidated financial statements	3.1	136 to 196
18.1.7 Date of most recent financial information	1.2.8, 3.1.2 note 28, 3.2.2 note 25	57, 192, 217
18.2 Interim and other financial information	n/a	n/a
18.3 Auditing of historical annual financial information		
18.3.1 Audit report	3.1.3, 3.2.3	193 to 196, 220 to 223
18.3.2 Other audited information	2 Appendix 6	131 to 132
18.3.3 Unaudited financial information	1.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.7, 1.2.9	38 to 42, 46, 47 to 49, 50 to 55, 56 to 57, 58 to 67
18.4 *Pro forma* financial information	n/a	n/a
18.5 Dividend distribution policy		
18.5.1 Dividend distribution policy and applicable restrictions	7.1.3	358 to 359
18.5.2 Amount of dividend per share	7.1.3	358 to 359
18.6 Legal and arbitration proceedings	9.2.3	408
18.7 Significant change in financial position	n/a	n/a
19. Additional information		
19.1 Share capital		
19.1.1 Amount of share capital issued, number of shares issued and par value	7.2.1	364
19.1.2 Shares not representing capital	n/a	n/a
19.1.3 Number, book value and par value of treasury shares	7.1.2.2	357
19.1.4 Convertible securities, exchangeable securities or securities with warrants	n/a	n/a
19.1.5 Conditions governing any right of acquisition and/or any bond attached to the authorized but not issued share capital of any company intended to increase the share capital	n/a	n/a
19.1.6 Options or conditional or unconditional agreements to invest the share capital of any member of the Group	n/a	n/a
19.1.7 Share capital history	7.2.1	364
19.2 Memorandum of incorporation and articles of association		
19.2.1 Register and corporate purpose	9.1.2.2, 9.1.3.1	390, 394
19.2.2 Rights, privileges and restrictions attached to each class of shares	9.1.3.3	396
19.2.3 Provisions having the effect of delaying, deferring or preventing a change of control	n/a	n/a
20. Material contracts	**n/a**	**n/a**
21. Available documents	**7.1.4, 9.1.4**	**360 to 362, 398**

9.4.2 Annual financial report

The table below provides cross references for the information provided in this document constituting the Annual financial report as required of listed companies in accordance with Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulations of the French Financial Markets Authority (AMF):

	Chapters / paragraphs	Pages
Separate financial statements	3.2	197 to 224
Consolidated financial statements	3.1	136 to 196
Management report	See the Management report cross-reference table 9.4.3	414 to 415
Statement by the persons responsible for the Annual financial report	9.3.2	410
Statutory Auditors' report on the separate and the consolidated financial statements	3.1.3, 3.2.3	193 to 196, 220 to 223
Board of Directors' corporate governance report	See the Corporate governance report cross-reference table 9.4.4	415
Statutory Auditors' observations on the Board of Directors' corporate governance report established pursuant to Article L. 225-235 of the French Commercial Code	3.2.3	222

9.4.3 Board of Directors' Management report

The table below provides cross references for the information provided in this document constituting the Board of Directors' management report in accordance with Articles L. 225-100 and L. 225-100-2 of the French Commercial Code:

	Chapters / paragraphs	Pages
Group position and activity		
Position and activity of the Company and of the Group during the past fiscal year	1.2	43 to 67
Company and Group results	3, 6.3	135 to 225, 345 à 349
Financial and, where applicable, non-financial key performance indicators	1.2.3	46
Analysis of the development of business activity, results and financial position	1.2	43 to 67
Significant events since the balance sheet date and the date of the management report	1.2.8, 3.1.2 note 28, 3.2.2 note 25	57, 192, 217
Expected changes and outlook	1.2.7	57
Acquisitions of significant shareholdings in companies having their head office in France	n/a	n/a
Research and development activities	9.2.2	408
Existing branches	n/a	n/a
Notice given to another company in which the Company holds more than 10% of its share capital	n/a	n/a
Internal control or risk management		
Description of the main risks and uncertainties, in particular:		
• financial risks connected with the effects of climate change	2.1.2	82 to 85
• market risks (interest rate, foreign exchange, equities)	5.2.2.3	337 to 339
Internal control and risk management procedures	5.1, 5.2	320 to 327, 327 to 341
Indications concerning the use of financial instruments: objectives and the Company's financial risk management policy	3.1.2 note 19, 3.2.2 notes 1.5 to 21, 5.2.2.3	181 to 183, 202, 215, 337 to 339
Vigilance plan	n/a	n/a

	Chapters / paragraphs	Pages
Share capital and shareholdings		
Major shareholders and share ownership structure and voting rights at December 31, 2023	7.2.3	366 to 369
Employee holdings in the share capital	7.2.3.5	369
Buying and selling of treasury shares	7.1.2	356 to 358
Trading in the Company's shares by executives and corporate officers	7.2.3.4	369
Potential adjustments for securities giving access to the share capital	n/a	n/a
Conditions for the exercise and holding of options by corporate officers	n/a	n/a
Conditions for holding bonus shares allocated to corporate officers	4.2.2.4, 4.2.2.5, 4.2.2.6, 4.2.2.7, 7.2.5.3	281, 291, 295, 305, 370 to 371
Disposal of shares with a view to adjusting cross-shareholdings	n/a	n/a
Accounting and financial information		
Net income for the fiscal year and proposed appropriation of income	3.1.1.1, 3.2.1.1, 8.2	136, 197, 375 to 376
Amount of dividends paid over the last three fiscal years	8.2	376
Five-year summary of results	3.2.4	224
Trade payables and trade receivables – Payment times	3.2.5	225
Amount of inter-company loans granted	n/a	n/a
Statement of non-financial performance	**2**	**79 to 133**

9.4.4 Corporate governance report

The table below provides cross references for the information provided in this document constituting the Board of Directors' corporate governance report in accordance with Articles L. 225-37 and L. 225-37-4 of the French Commercial Code:

	Chapters / paragraphs	Pages
Company Senior Management exercising conditions	4.1.2	249 to 251
Appointments and duties of corporate officers	4.1.1.2, B	234 to 247
Membership and conditions for preparing and organizing the Board's work	4.1.1.2, A, 4.1.4	229 to 233, 252 to 255
Diversity policy applied to members of the Board of Directors	4.1.1.2 A	229 to 233
Limitations to the powers of the Chief Executive Officer	4.1.2.1	249
Compensation paid to corporate officers	4.2	268 to 309
Agreements between a manager or significant shareholder and a subsidiary	4.1.9	267
Restrictions imposed on corporate officers by the Board of Directors on the exercise of options or the sale of securities	4.2.2.4, 4.2.2.5, 4.2.2.6, 4.2.2.7	281, 291, 295, 305
Monitoring of capital increase authorizations	7.2.2	365
Methods for shareholder participation at the General Meeting	9.1.3.5	397 to 398
Procedure for assessing current agreements and their implementation	4.1.8.2	266
Reference to a Corporate Governance Code	4.1.1, 4 Appendix	228, 311 to 316
Information on factors likely to have an impact in the event of a public offer	9.2.1	408
Statutory Auditors' observations on the corporate governance report	3.2.3	222

9.4.5 Statement of Non-Financial Performance (SNFP)

The table below provides cross references for the information provided in this document constituting the Statement of Non-Financial Performance in accordance with Article L. 225-102-1 of the French Commercial Code:

	Chapters / paragraphs	Pages
Business model	Integrated report	8 and 9
Description of the main risks related to the Company's business activity	2.1	80 and 85
Description of policies for preventing, identifying and managing non-financial risks and their results	2.1	80 and 85
Information on the way in which the Company takes into account the social and environmental consequences of its activity, and the effects of this activity on respect for human rights and the fight against corruption (description of the policies applied and due diligence procedures implemented to prevent, identify and mitigate the main risks related to the Company's business activity)	2.2, 2.3, 2.4, 2.5, 2 Appendix 2	86 and 109, 115 and 116
Results of the policies applied by the Company, including key performance indicators	2.1.2	82 and 85
Employee-related information (employment, work organization, health and safety, labor relations, training, equal treatment)	2.5	103 and 109
Environmental information (general environmental policy, pollution, circular economy, climate change)	2.2	86 and 92
Societal information (societal commitments to sustainable development, subcontracting and suppliers, fair practices)	2.3, 2.4	93 and 102
Anti-corruption information	2.4.3, 2.5.1	98 and 101, 103 and 104
Information on human rights initiatives	2.4.3, 2.5.1	98 and 101, 103 and 104
Collective agreements concluded within the Company and their impact on the Company's economic performance as well as on employees' working conditions	2.5.4	108
Independent third party's report on the information contained in the SNFP	Appendix 6	131 and 133

9.5 Subject index and glossary

9.5.1 Subject index

9.5.2 Glossary

Ad'AP

Since January 1, 2015, the scheduled accessibility timetables (*Agendas d'Accessibilité Programmée* – Ad'AP) allow managers or owners of public buildings or facilities open to the public to continue implementing or to implement the accessibility upgrades for their buildings after this date and in compliance with the obligations set by the law of February 11, 2005. An Ad'AP is thus a commitment to complete works within a determined time frame, to finance them and to respect the accessibility regulations, in exchange for the removal of the risks of sanction.

Biodiversity

Biodiversity denotes all living species. It covers the diversity of genes, species and ecosystems and the way in which they interact.

BREEAM (Building Research Establishment Environmental Assessment Method)

BREEAM is the method developed by the Building Research Establishment, a private UK building research body, for assessing the environmental performance of buildings. It is the equivalent of AFNOR's HQE (*Haute Qualité Environnementale*) standard in France (www.breeam.com).

Shopping center

A shopping center is a collection of stores grouped around one or more anchor brands (large food or specialty stores) ensuring a flow of customers or prospects. According to FACT, a shopping center must have at least 20 stores or services, with a gross leasable area (GLA) of at least 5,000 sq.m.

FACT (*Fédération des Acteurs du Commerce dans les Territoires*), formerly the CNCC (French Council of Shopping Centers)

The Fédération des Acteurs du Commerce dans les Territoires (FACT) is the French professional organization bringing together all professionals in the shopping center industry (developers, managers, investors, brands, retailers, consultants and service providers) (https://www.lesacteursducommerce.com).

Casual Leasing

This concerns small stalls, generally measuring between 6 to 10 sq.m., and temporarily installed in the common areas. They are covered by specific contracts known as short-term Agreements.

Cost of debt

The cost of debt is the average cost of debt drawn down by Mercialys. It incorporates all financial instruments issued in the short and the long term.

Asbestos Technical Report (DTA)

The technical report on asbestos (*Dossier Technique Amiante* – DTA) is a document drafted by a certified agency designed to organize the prevention of asbestos-related risks. The report has been compulsory since January 1, 2006, regardless of the construction date of a building and regardless of its use (residential, work, office building, buildings intended for industrial or agricultural use, common areas of community residential buildings).

EBITDA

Earnings before interest, taxes, depreciation and amortization. The equivalent term in French accounting is *excédent brut d'exploitation.*

Renewable energy

Renewable energy denotes sources of energy that are replenished faster than they are used and are thus inexhaustible on a human scale. Renewable energy is provided by the sun, wind, heat from the earth, waterfalls, tides or plant growth. It generates little waste or emissions.

EPRA (European Public Real Estate Association)

Non-profit organization founded in 1999, bringing together many real estate companies listed on the stock market in Europe. EPRA specifically issues recommendations concerning the publication of financial information, in order to ensure consistency and comparability of a number of financial and operational ratios between real estate companies (www.epra.com).

EPRA NAV (Net Asset Value)

NAV (Net Asset Value) is an indicator of the net market value of the asset of a real estate company. EPRA considers this indicator as providing a long-term vision of the Company's management of its real estate assets. It is calculated exclusive of transfer taxes, deferred taxation, and change in market value of the fixed-rate debt and financial instruments. The ratio measures the value of a real estate company from the viewpoint of the business as a going concern.

EPRA NDV (Net Disposal Value)

Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, the EPRA NDV provides a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the balance sheet, net of any resulting tax. This measure should not be viewed as a "liquidation Net Asset Value" because, in many cases, fair values do not represent liquidation values.

EPRA NNNAV (Triple Net Asset Value)

NNNAV (Triple Net Asset Value) corresponds to NAV after taking into account deferred taxes and the market value of fixed-rate debt and financial instruments. This ratio aims to assess the spot Net Asset Value of a real estate company.

EPRA NRV (Net Reinstatement Value)

EPRA NRV measures the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallize in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on real estate asset valuation surpluses, are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the Company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

EPRA NTA (Net Tangible Assets)

EPRA NTA calculation assumes entities buy and sell assets, thereby crystallizing certain levels of deferred tax liability.

ERNMT

The ERNMT is the audit of the natural, mining and technological risks of a given property that informs the buyer or tenant of the potential risks in the municipality where such buyer or tenant plans to buy or rent. The ERNMT should be included in the technical audit dossier (*Dossier de Diagnostic Technique* – DDT) and given to the future buyer or tenant.

FFO (Funds From Operations)

The FFO is the result of the operations reported by Mercialys. This management indicator corresponds to net profit adjusted for amortization, net capital gains on disposals, impairment of any assets, and other non-recurring items.

Food court

A food court is a space where consumers are offered a wide variety of foods from different counters and where, after having purchased their meal from one of the caterer, they can sit down to eat at a shared table. It can also simply be a group of different traditional restaurants in a specific area. Food courts can be inside or outside.

LFS (Large Food Store)

This is a food store whose gross leasable area is in excess of 750 sq.m.

LSS (Large Specialty Store)

This is a store specializing in a particular sector (sports, household appliances, toys, etc.) whose gross leasable area is in excess of 750 sq.m..

Grenelle Environment Forum

The Grenelle Environment Forum is a series of political meetings which were held in France from July 6 to October 25, 2007. They brought together representatives of government and civil society in order to make long term decisions on the environment and sustainable development. The commitments made during these consultations gave rise to five major pieces of legislation: the so called Grenelle I law, the law on environmental liability, the GMO law, the law on organization and regulation of rail transport, and the so called Grenelle II law. These various laws introduced measures affecting the energy, construction, transport, biodiversity, environmental risk and health sectors.

Interest Coverage Ratio (ICR)

Ratio indicating the rate of cover of financial expenses: relationship between EBITDA and expenses from net financial debt.

Construction Cost Index (ICC)

The Construction Cost Index (ICC) measures the change in the construction cost of new buildings whose main use is non-community residential housing in mainland France. It is a price index based on observation of construction contracts agreed between project owners and the companies providing building works, excluding other housing cost components (land charges, ancillary promotional costs, financial costs, etc.). This index is used, along with the Retail Rent Index (ILC), for the indexation of commercial rents (www.insee.fr).

ICPE

Environmentally protected/classified facilities (*installation classée pour la protection de l'environnement*) are plants, workshops, depots, work sites and, more generally, facilities operated or held by any individual or public or private company, which may present a source of danger or nuisance to the neighboring area with respect to health, safety, public health, agriculture, protection of nature, environment and landscapes, rational use of energy, conservation of sites and monuments or archeological heritage sites.

Retail Rent Index (ILC)

The quarterly retail rent index (*indice des loyers commerciaux* – ILC) consists of the weighted sum of the indices reflecting changes in consumer prices, new construction prices and retail trade revenues. It covers retail tenants and artisans undertaking a commercial activity. This index is used, along with the Construction Cost Index (ICC), for the indexation of commercial rents (www.insee.fr).

Legionella

Legionella are bacteria naturally present in water and mud, responsible for respiratory diseases (lung infection), known as legionnaire's disease. They usually colonize water networks, especially domestic hot water, air-conditioning installations and cooling towers. Certain water sources may trigger legionnaire's disease.

MGR (Minimum Guaranteed Rent)

The leases signed with tenants include either a fixed rent or a double-component rent ("variable rent"). Variable rents are composed of a fixed portion, known as the minimum guaranteed rent, and a portion pegged to the revenues of the tenant operating the retail premises. The minimum guaranteed rent is based on the rental value of the premises.

Loan To Value (LTV)

As its name suggests, this indicator is a measure of the level of debt of real estate companies. It is calculated by dividing consolidated net debt by the appraisal value of total assets, including or excluding transfer taxes, plus the value of equity associates' securities.

Invoiced rents

Rents invoiced by Mercialys to its tenants, excluding lease rights and despecialization indemnities.

Net rental income

Rental revenues, net of expenses on buildings and rental charges and property taxes not rebillable to tenants.

Variable rents

Rents that meet specific contractual clauses, generally established as a percentage of the revenues generated by the tenant. Variable rents are generally in addition to the Minimum Guaranteed Rent (MGR) and are triggered if a tenant reaches certain performance thresholds.

Financial rating

Rating agencies (Standard & Poor's in Mercialys' case) award a financial rating, after a detailed analysis of various corporate financial criteria, to show the borrower's credit quality and the level of risk associated with debt instruments from the issuer.

Stakeholder

A partner, whether individual or collective, that is actively or passively involved in Mercialys' decisions and projects. A stakeholder may be internal (employees) or external (shareholders, customers, suppliers, local authorities, etc.).

Company Savings Plan

A Company Savings Plan (PEE) is a collective savings system which allows a company's employees to build a securities portfolio with the Company's help. The employee's payments to the plan may be topped up by contributions from the Company. The sums are locked in for at least 5 years but may be unlocked in exceptional circumstances.

Company Pension Savings Plan (PERCO)

A Company Pension Savings Plan (PERCO) is a corporate arrangement that enables employees to build savings. The sums are locked in until retirement but may be unlocked in exceptional circumstances. The employee's payments to the plan may be topped up by contributions from the Company. At the time of retirement, the sums are released either as pension payments or, if permitted by the collective agreement, as a lump-sum.

Current scope/like-for-like basis

The current scope includes all of Mercialys' portfolio at a given date, that is to say all assets held in the portfolio over the period analyzed.

The like-for-like basis restates the impact of consolidations (acquisitions and disposals) over the period analyzed, to ensure a stable basis for comparison over time.

Portfolio of development projects or pipeline

The portfolio of development projects, or pipeline, comprises all investments Mercialys plans to make over a given period. These may be renovations, transformations, extensions, creations or acquisitions of assets or companies holding assets.

Mercialys splits its pipeline into three categories:

- committed projects: projects fully secured in terms of land management, planning and related development permits;
- controlled projects: projects effectively under control in terms of land management, with various points to be finalized for regulatory urban planning (constructability), planning or administrative permits;
- identified projects: projects currently being structured, in emergence phase.

Global Warming Potential (GWP)

Global warming potential (GWP) is an indicator that measures the cumulative effect of all the substances that aggravate the greenhouse effect. The indicator currently only tracks direct greenhouse gases (GHG), *i.e.* the six gases (CO_2, CH_4, N_2O, CFC, HFC, SF_6) listed in the Kyoto protocol. This indicator is expressed in "CO2 equivalent", because the greenhouse effect attributed to CO2 is defined as 1 and the effects of other substances are expressed relative to that of CO2.

Retail Parks

Term used to denote an open-air shopping center with a parking lot shared by all outlets.

Rental revenues

Rents invoiced by Mercialys to its tenants, including lease rights and despecialization indemnities.

REIT (Real Estate Investment Trust)

The tax regime of REITs (listed real estate investment trusts) was established by the French Finance law No. 2002-1575 of December 30, 2002 and came into effect on January 1, 2003. This regime applies to real estate companies investing in real estate assets with a view to leasing them. In return for a significant distribution of their income (95% of recurring revenues, as determined *via* parent company's profits, and 70% of capital gains on asset disposals), REITs are exempt from corporate tax.

Built-up area

The total built-up area occupied by buildings or parts of buildings in a shopping center.

Gross leasable area

The Gross Leasable Area (GLA) of a shopping center is the sum of the sales areas of the businesses within it, excluding the collective circulation spaces (aisles in shopping centers). The gross leasable area includes storerooms and technical premises.

Sales area

The sales area is the area dedicated to the circulation of customers when shopping and paying (cash desks), the surface used to display the products sold, and the circulation areas for sales staff. The sales area does not include storerooms and technical premises.

Occupancy Cost Ratio (OCR)

The occupancy cost ratio is the ratio between rent, charges (included marketing funds) and re-invoiced works, including tax, paid by retailers and their sales revenue including tax. Note that the consolidated occupancy cost ratio reported by Mercialys does not include large food stores.

Capitalization rate

The capitalization rate is the ratio between net rental income of the premises leased + the rental value of vacant premises + income from Casual Leasing, relative to the value of assets excluding transfer taxes.

Recovery rate

The recovery rate corresponds, at the end of a period, to the proportion of rents, charges and work invoiced by Mercialys to its tenants that has actually been collected.

Yield rate

The yield rate is the ratio between net rent of the premises leased + the rental value of vacant premises + income from Casual Leasing, relative to the value of assets including transfer taxes.

EPRA Net Initial Yield

The EPRA net initial yield is the ratio of annualized net rental income in relation to the fair value of the asset portfolio including transfer taxes.

EPRA Topped-up Net Initial Yield Rate

EPRA Topped-up Net Initial Yield Rate is annualized net rental income adjusted for rental gains on rent-free periods, step-up rents and other benefits granted to tenants, relative to the fair value of the asset portfolio including transfer taxes.

Yield on cost

The yield on cost is the estimated return on investment projects. For each project, the rate is calculated by dividing the net rental income created by the project by its total implementation cost.

Total vacancy rate

The total vacancy rate is the rental value of all vacant premises relative to the annualized Minimum Guaranteed Rent for occupied premises + the rental value of all vacant premises. The total vacancy rate includes the current financial vacancy rate + the "strategic" vacancy rate which relates to premises deliberately left vacant to facilitate extension/redevelopment plans. It should be noted that the consolidated vacancy rates published by Mercialys do not include agreements related to the Casual Leasing activity.

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