MERCIALYS



2021 UNIVERSAL REGISTRATION DOCUMENT

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

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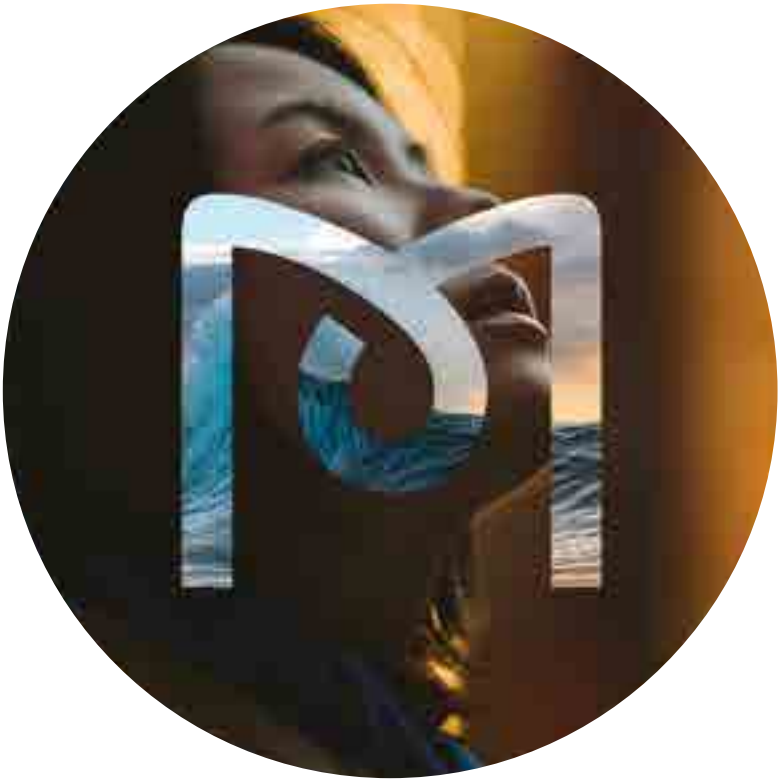
The Universal Registration Document from the www.mercialys.com website can be consulted and downloaded

GRANDS PRIX DE LA TRANSPARENCE 2021

Mercialys won the prize for the best 2021 Universal Registration Document
www.grandsprixtransparence.com

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.

MERCIALYS



2021 UNIVERSAL REGISTRATION DOCUMENT

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 2021 annual financial report, which was drawn up in ESEF format (European Single Electronic Format).

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document was filed on March 15, 2022, 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 20, 2022 [1]
2022 first-quarter activity

April 28, 2022
Annual General Meeting

May 3, 2022 [2]
Ex-dividend date

May 5, 2022 [2]
Dividend payment

July 27, 2022 [1]
2022 first-half results

July 28, 2022
Financial information meeting

October 18, 2022 [1]
Activity at end-September 2022

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, 2021, 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 28, 2022.

MESSAGE FROM THE CHAIRMAN, ÉRIC LE GENTIL

In a context still marked by the various impacts of the health crisis, Mercialys successfully demonstrated its resilience and the relevance of its model in 2021. The unfailing dedication shown by its teams, combined with the disciplined rollout of its strategy, enabled it to respond to a complex environment, consolidate its financial fundamentals and put in place capabilities to drive its future development.

Dear stakeholders,

During the past year, Mercialys confirmed the relevance of its model and strategy.

In 2021, faced with the ongoing health crisis, our teams showed outstanding dedication to accompany and support our customers as each new stage unfolded during this period.

The Company's staff were ever present on the ground, making it possible, as in 2020, to maintain access to services and safety across our sites, while ensuring full compliance with the health measures set by the public authorities.

Shopping center footfall and retailer sales at our sites were able to return close to the levels from 2019.

Closely aligned with the communities within which we operate, Mercialys' teams also mobilized to support both chains and independent retailers with managing the financial impacts of the crisis by applying a proactive strategy for renegotiating leases with a long-term focus.

However, this stronger presence alongside our customers did not detract in any way from our implementation of the strategy mapped out by the Company's Board of Directors.

With the deployment of our multichannel platform, we continued to build customer loyalty across our centers, while supporting new forms of consumption. We moved forward successfully with the diversification of our retail mix and the development of our coworking and casual leasing initiatives.

We also continued with the strategy to bring the Company's key functions back in-house, in line with the schedule and conditions planned.

The Company's outstanding standards for financial communication and transparency received further recognition, following on from the excellent results in previous years.

The performance achieved in 2021 with the implementation of the CSR strategy was truly outstanding. Mercialys is capitalizing on all the various driving forces with a view to achieving the ambitious goals from its plan looking ahead to 2030.

Lastly, in line with our divestment strategy, we completed some significant sales, paving the way for Mercialys to reduce its level of debt, while giving it significant capacity for investment for the future.

2021 was also a key year because Mercialys received Great Place to Work certification, which recognizes companies that offer an outstanding workplace environment.

Driven by its strategy, its commitments, the quality of the retailers within its portfolio and the continued dedication shown by its teams, who I would like to thank once again, Mercialys will be able to successfully meet the challenges that lie ahead over the coming years and sustainably position itself within the world of retail real estate.

Yours sincerely,

Éric Le Gentil
Chairman of the Board of Directors

QUESTIONS FOR THE LEADERSHIP TEAM

2021 WAS A YEAR OF SIGNIFICANT CONTRASTS. HOW WOULD YOU ASSESS THIS SITUATION?

The ongoing health crisis led to new government orders to close stores during the first half of the year, combined with restrictions on operations through to the end of the summer, which affected the business of retailers that had already been significantly impacted in 2020.

Despite the extensive measures announced by the French State to support retailers, the restrictions on openings continued to affect the collection of rent and charges, which has not yet fully normalized.

The relevance of Mercialys' model, the know-how of its teams and the acceleration of the rollout of its innovative services enabled the Company to achieve outstanding operational performance levels despite a context that was relatively unfavorable overall.

Over the full year, our retailers' sales returned to a level that was virtually equivalent to 2019 for the months of activity based on comparable opening periods.

Above all, we closed out the year with one of the industry's most robust balance sheets. We can therefore look ahead to the future with confidence.

THE HEALTH CRISIS HAS ACCELERATED THE TRANSFORMATION OF MANY SECTORS, INCLUDING RETAIL. WHAT IS YOUR PERSPECTIVE?

The changes in consumption habits that have been underway for several years have been accelerated by the health crisis and need to be taken on board by all types of retail operators.

These transformations have first of all concerned geographical aspects, with a reversal of migration flows in favor of peri-urban individual homes in French regions away from the capital. This phenomenon has been accentuated by people working from home, moving their places for shopping from near the office to closer to home.

Mercialys' portfolio, built around leading sites in peripheral areas of vibrant mid-size cities, appears to be very well suited to these changes.

Moreover, while online shopping has progressed, this has also been thanks to the strong development of multichannel sales among traditional retailers. These developments therefore indicate that the future will involve hybrid physical or "phygital" retail. Within this model, the role of the shopping center, anchored in everyday consumption, is still just as relevant. This relevance is linked in particular to the human aspect: advice from sales teams, contact with local producers, participation in events and activities. The importance of the human relationship is one of the key aspects that has been revealed by the health crisis.

WHAT IS THE OUTLOOK FOR 2022?

Mercialys has a robust operational and financial profile at the start of 2022. With these foundations, the Company is effectively positioned to relaunch a strategy for growth, built around four major pillars over the medium term: developing services (particularly digital), leveraging on customer knowledge, capitalizing on all spaces, and implementing its development pipeline alongside opportunities for targeted and accretive acquisitions.

We also believe that a premium will build up on existing assets. The French Climate and Resilience Act has introduced new requirements to combat the proliferation of artificial ground cover. The development of shopping centers on currently undeveloped plots is now virtually forbidden.

The Company will also continue moving forward with its CSR plan for 2020-2030. This is structured around a number of core goals for our stakeholders and our sites, such as promoting responsible retail within certified assets, combating the proliferation of artificial ground cover, contributing to regional development, and supporting the global effort to tackle climate change. This last dimension will be submitted for approval at our General Meeting.

With these strong foundations, and excluding the health situation's potential impacts on operations, Mercialys is targeting growth of at least +2.0% in funds from operations (FFO) per share in 2022, with a dividend to represent 85% to 95% of FFO.



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

€3,138.2M
portfolio value
(including transfer taxes)

36.7%
loan to value ratio
(excluding transfer taxes)

€1.10
FFO per share

MERCIALYS ESSENTIALS

Founded in 2005, Mercialys is now one of the leading real estate companies in France and Europe. Anticipating consumer trends is a core part of the Company's strategy, enabling it to continuously adapt the management of its shopping centers and drive their transformation, optimizing their value creation.

OUR VALUES

Proximity
Agility
Commitment
Innovation

OUR MISSION

Making customers' lives easier each day

OUR VISION

Offering shopping centers that 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 50 shopping centers(1), with over 813,000 sq.m. of retail space. The Company's assets are home to more than 900 international, national and local retailers, attracting more than 100 million visitors each year(2).

Mercialys' asset portfolio is made up primarily of leading retail sites, located in mainland France and certain French overseas territories. As partners for day-to-day life, these shopping centers are located in mid-size urban hubs, close to housing and on a human scale. They represent a different way of looking at retail.

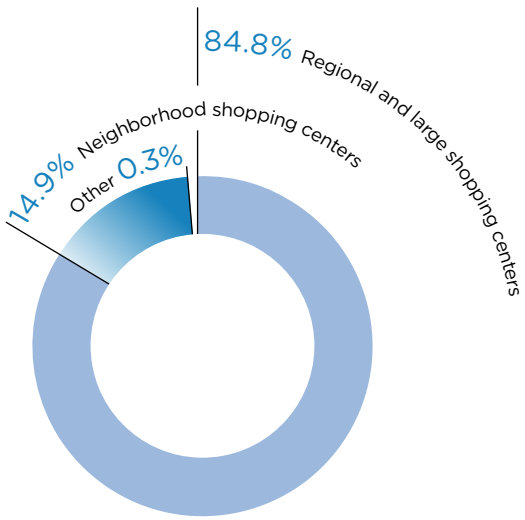
Mercialys' assets are located in areas with demographic and income trends that are higher than the national average. These geographies have been a key feature of the Company's investment and divestment strategy for over a decade, enabling its assets, in addition to their intrinsic qualities, to benefit from buoyant underlying socioeconomic factors and moderate competitive intensity.

BREAKDOWN OF THE PORTFOLIO BY REGION(3)



BREAKDOWN OF ASSETS BY CATEGORY

% of the portfolio's total value including transfer taxes



(1) In addition to 3 dispersed assets.
(2) Excluding periods when national lockdowns were in force and stores were ordered to close.
(3) Excluding dispersed assets.

Mercialys' business aims to ensure the sustainability of its sites and the recurrence of their rental streams. The Company has an agile and proactive portfolio management approach. All of its initiatives aim to improve the letting potential, sustainability and value growth of its assets.

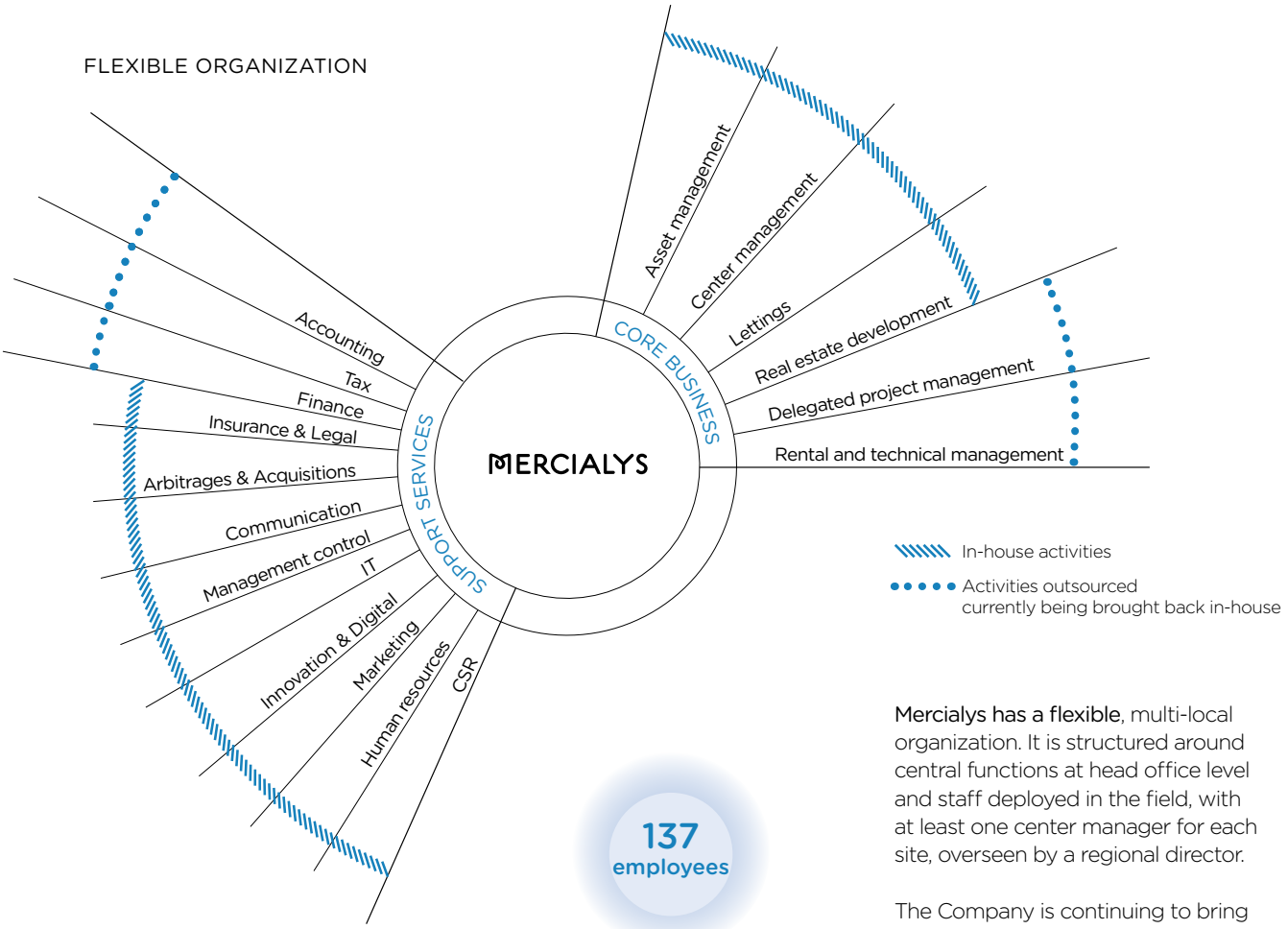
Mercialys has applied a dynamic commercial strategy since it was created, tailoring its retail mix to each catchment area and regular changes in consumers' expectations.

This strategy is deployed around three core pillars:
- precision merchandising, with an approach tailored to the specific features of each catchment area;
- creation of service platforms in line with customers' needs;
- modular layout design for centers, opening up opportunities for new forms of retail.

Mercialys regularly divests its mature sites in order to reallocate these funds on innovative, value-creating projects, without affecting its balance sheet positions.

As a leading retail real estate company, Mercialys plays a key role in terms of shaping the urban environment and interacting with retailers, end customers, local authorities and associations. In line with this broad-ranging economic and societal responsibility, it is committed to listening to its stakeholders and operating with the greatest respect for ethics and compliance principles at all times.

FLEXIBLE ORGANIZATION



137
employees

43%
of employees deployed on site

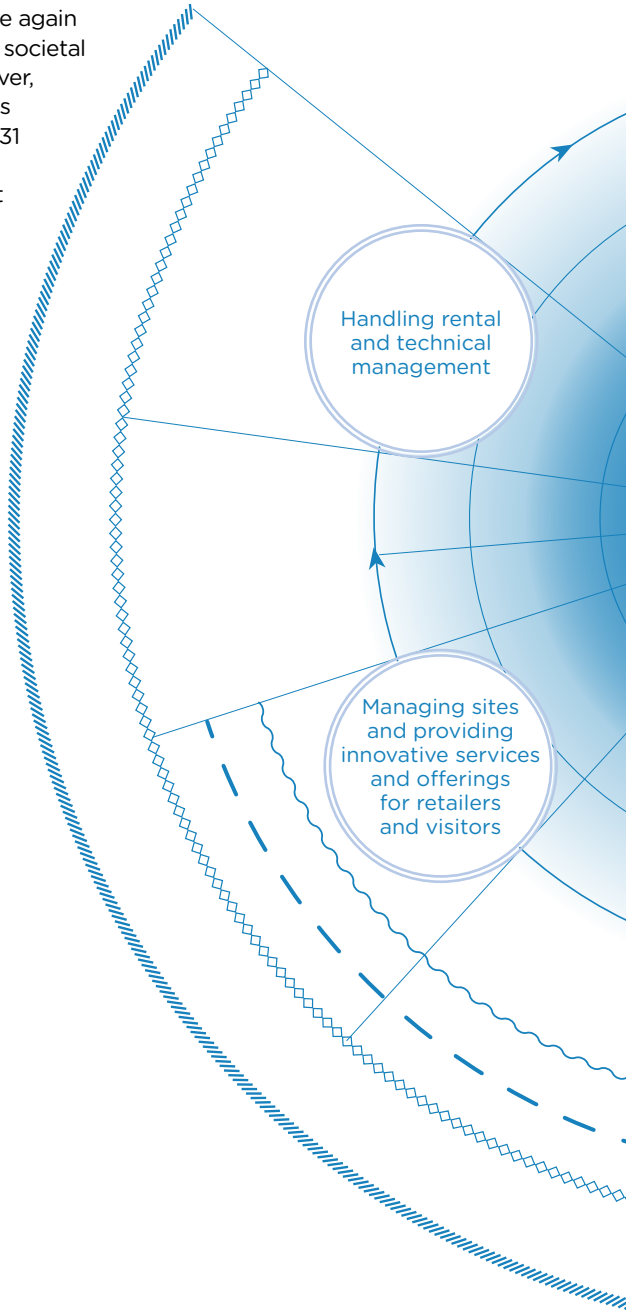
Mercialys has a flexible, multi-local organization. It is structured around central functions at head office level and staff deployed in the field, with at least one center manager for each site, overseen by a regional director.

The Company is continuing to bring its support activities in-house, including the rental and technical management of its shopping centers.

ROBUST BUSINESS MODEL THROUGH THE CYCLES

Mercialys is continuously transforming its retail offering and real estate assets to ensure increasingly close alignment with changes in buying behavior. 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.

With its strong regional roots, Mercialys' business model was able to once again confirm both its resilience, faced with a challenging environment, and its societal value, thanks to retail mixes focused on serving day-to-day needs. However, the health and economic crises continued in 2021, and retailers classed as "non-essential" in shopping centers were ordered to close from January 31 to May 19, 2021. To respond to this situation, Mercialys ramped up its transformation, launched in 2019. The Company has continued to roll out a range of solutions with the Ocitô logistics services and Prim' Prim', its 100% digital loyalty program, supporting the activity of both its centers and its stakeholders.



Resources serving the strategy

ORGANIZATIONAL AND GOVERNANCE RESOURCES
- Organizational capital, perfectly reflected in the Company's four values: proximity, agility, commitment and innovation
- Balanced shareholder base engaged in regular dialogue

HUMAN RESOURCES
- 137 expert employees
- 38 average age
- 58% women
- 75% management-grade employees

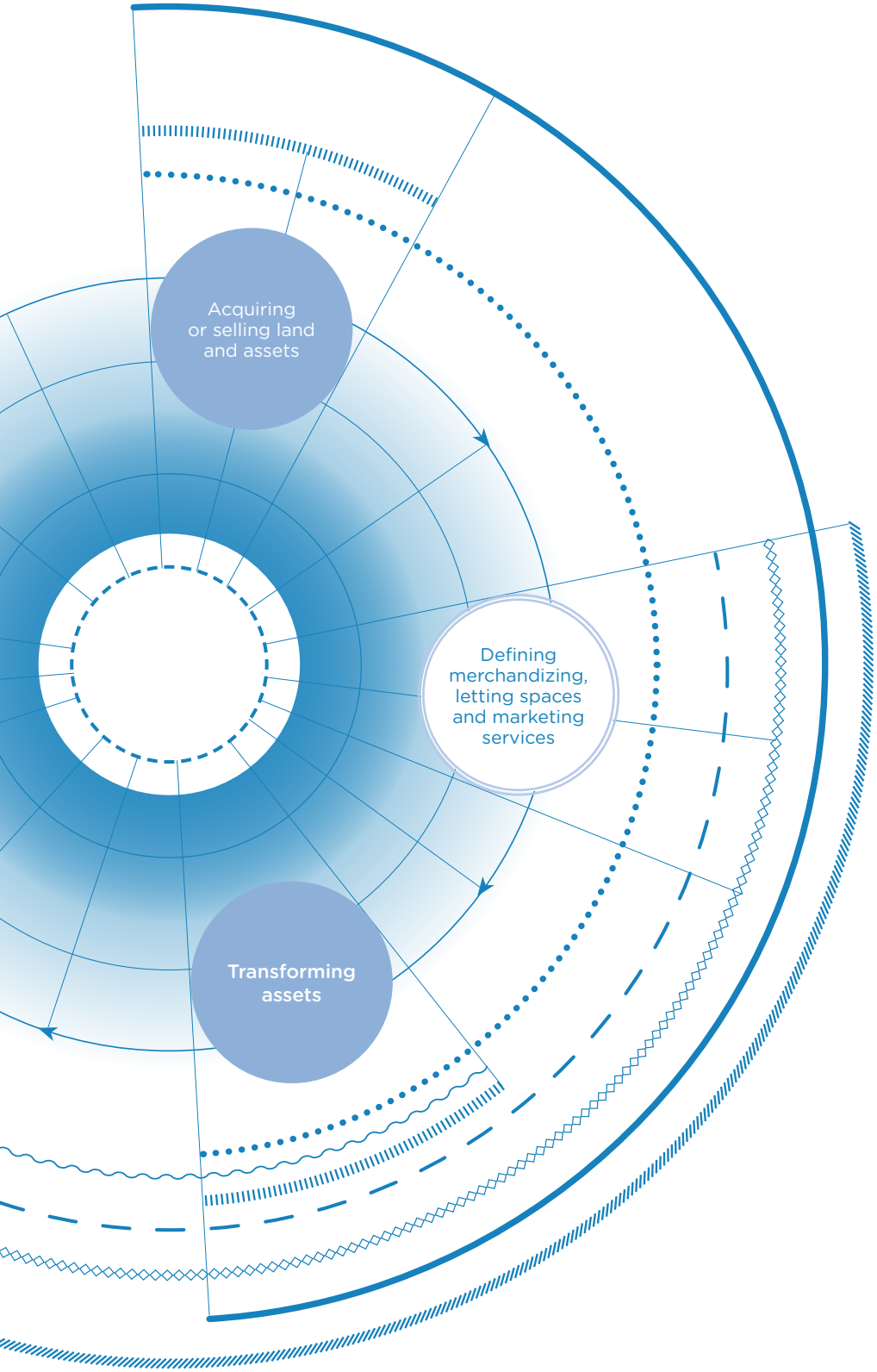
INTELLECTUAL AND TECHNOLOGICAL RESOURCES
- Intangible capital, including the G La Galerie brand and Mercialys' digital ecosystem, with 1.3 million qualified customers in its databases

FINANCIAL RESOURCES
- Euro 480 million of undrawn financial resources
- Resilient financial profile:
  - 2.0%[1] average cost of drawn debt
  - 3.2 years average maturity of drawn debt
  - 36.7% LTV excluding transfer taxes[2]
  - 5.1x ICR[3]
  - 7.6x net debt/EBITDA

LAND RESOURCES
- Euro 494 million of development projects for 2022-2027
- 28 assets concerned, representing 56% of the number of assets in the portfolio[4]

ENVIRONMENTAL RESOURCES
- 100% of the strategic portfolio in value terms BREEAM In-Use certified
- 46,526 MWh of energy consumed
- 82,455 m^3 of drinking water consumed

Virtuous circle of activities across the entire real estate cycle



Value creation shared with stakeholders

EMPLOYEES
- €14.8m of compensation

PROVIDERS AND SUPPLIERS
- €8m of purchases

FINANCIAL COMMUNITY
- €31.5m of dividends paid
- €30.7m of financial expenses

STATE AND LOCAL AUTHORITIES
- €0.8m of taxes

PROFESSIONAL ORGANIZATIONS AND COMPETITORS
- €83k of annual contributions

TENANT RETAILERS
- +230bp [5] outperformance compared with the national panel [6] in terms of footfall, despite the health measures enforced in 2021
- €4.4 of sales generated on average for each € of vouchers spent with the new loyalty program

VISITORS AND END CUSTOMERS
- €5.4m budget for marketing funds, associations and economic interest groups (GIE [7])
- More than 900 retailers present in the centers, ensuring a balanced retail mix focused on essential needs

NON-PROFIT ORGANIZATIONS
- €594k of contributions to support the local non-profit ecosystem

(1) This rate does not include the net expense linked to the bond redemption premium, the bond redemption costs, the proceeds from unwinding swaps and the exceptional amortization relating to the partial redemption of the 2023 issue. / (2) LTV (Loan To Value): net financial debt/ (portfolio market value excluding transfer taxes + market value of investments in associates for Euro 55.8 million in 2021 and Euro 56.4 million in 2020, 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 three dispersed assets. / (5) Comparable period for months when open between 2019 and 2021. / (6) Quantaflow national panel. / (7) GIE, Groupement d'intérêt économique in french translated by Economic interest groups in english

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 its end customers consume, and adapting to meet the needs of its tenant retailers;
2/ Managing its real estate tools effectively and specifically its ability to transform them in line with its positioning as a multi-local real estate company, the new conception of urban spaces and the challenges relating to the ecological transition.

Triple polarization of flows

Impacted by sociological, demographic and technological developments, which are resulting in new lifestyles, practices and mindsets, the real estate and retail sectors are undergoing a deep transformation. In 2021, the health crisis linked to Covid-19 continued to accelerate the changes that were already underway, with the ramping up of online sales and increased use of click and collect services.

These transformations represent an opportunity 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 has a fine-grained understanding of the various dynamics at work, which enables it to anticipate 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.
Depending on the types of urban development, this polarization is linked directly to the dominance of certain forms of transport and residential preferences. They are reflected in very different conditions for access to consumption and characterize each catchment area throughout the region, which requires a case-by-case approach and analysis for retail real estate.

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.

Diverse expectations and practices for different realities

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

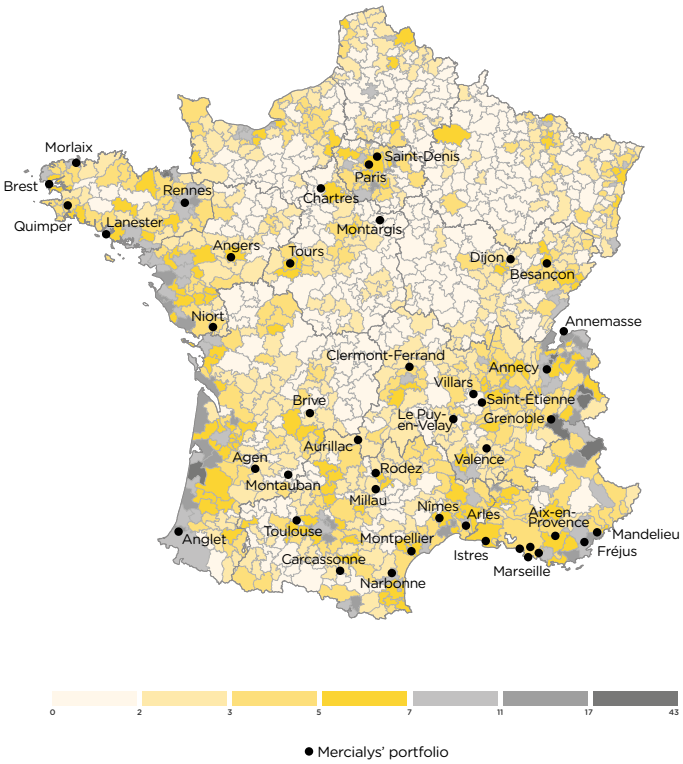
Other factors may also affect consumers' expectations:

• the specific features of France's regions: consumers from the various regions do not buy exactly the same products and services;

• the economic and sociological disparities between the regions: the recurring demonstrations are an illustration of the social divides affecting the country and reflect differences in terms of levels of financial comfort and societal and environmental expectations.

As a result, consumers' needs are localized, specific and differentiated. Understanding them and addressing them through retail offerings adapted to the realities of each region is an essential condition for performance in retail real estate. Therefore, different retail formats and positionings may exist, as their long-term viability depends on their ability to provide an effective response to their target customers' expectations, while the size of the sites is not a criterion for performance or resilience.

CONSTRUCTION TRENDS IN FRENCH REGIONS
(Number of housing starts per 1,000 inhabitants in 2019, Sitadel base)



Understanding consumers' expectations to meet them effectively

Whether they live in mid-size or very large cities, most French consumers are covered by a choice matrix that combines the satisfaction of three fundamental needs with an ongoing tradeoff between the perceived value of goods or services and the effort needed to acquire them. On this basis, they determine the path of least resistance between their need and its satisfaction, regardless of whether their distribution channels are physical or virtual. Technological progress has made consumers fundamentally omnichannel.

In a country where more than 50% of consumption is linked to social transfers, pricing accessibility is a major determining factor for buying decisions. Other types of considerations, based on more or less rational underlying factors that are specific to each consumer's sensitivity, may also come into play, but remain largely secondary in terms of retail consumer choices.

With regard to food consumption for instance, although consumers support organic, few actually buy organic in the end due to budget reasons. Purchases of these products reflect both environmental convictions and health concerns linked to their origins or treatment. Similarly, purchases of packaging-free food products or local produce are based on a personal approach to reducing the carbon footprint of the products consumed, in addition to reducing costs.

To offer each customer a personalized solution, it is therefore necessary to be able to understand their expectations, which 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.

CONSUMER CHOICE MATRIX



Adapted offerings

New technologies are valuable tools, because they multiply the opportunities for contacts and exchanges with consumers. 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. This experience and the human contact that it involves represent the primary determining factor behind consumers' preference for physical points of sale. This observation highlights the importance for retailers to adapt and modernize their formats and concepts, focused on more qualitative and differentiating human interactions, within a highly regulated framework for using personal data.

While they appreciate the service, the vast majority of consumers refuse to pay the costs involved with delivering goods to their homes, which complicates the resolution of the economic equation for last-mile logistics. This is particularly evident 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, while the technical responses to the last-mile delivery issue without additional human costs (e.g. autonomous cars and drone deliveries) are not viable in the short term.

Store designs are therefore expected to evolve in order to be able to satisfy the click and collect and delivery logistics constraints involved with a continuous and seamless omnichannel offering. Over the last few years, consumers' growing interest in specific product advice has led them to prefer specialized offerings. This specialization is now essential for retailers across all sectors, leading to a rationalization of marketing positionings, the creation of real customer 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.

STRATEGY AND POSITIONING ALIGNED WITH THESE REALITIES

In a challenging competitive and health context for physical retail stakeholders, the key stakes concern their ability to confirm their societal value, while meeting local consumers' needs across each site.

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

- **clear positioning** and **strong identity**;
- focus on **transparency** and **product quality**;
- culture of more **local** and **responsible** retail;
- **fluid omnichannel** logistics.

Since it was founded, Mercialys has been developing its assets in line with this approach, building market-leading shopping destinations. The Company's long-term outperformance reflects its value proposition: offering end customers, 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, making it possible to immediately satisfy their needs with a quick, simple and human buying experience, combined with value for money. This positioning has been a source of operational resilience for Mercialys, especially during the health crisis period, thanks to each site's systematic anchoring with a large food store.

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

5 strategic pillars to adapt tomorrow's retail real estate

Mercialys has a proven capacity for innovation. It has pioneered many different practices that have been adopted by the industry, such as Casual Leasing, a single commercial identity, e-loyalty programs and reducing the size of hypermarkets.

This ability to anticipate trends is set out today with the five strategic pillars defined to support the transformation of its sites. The ambition is to convert them 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.

PILLAR 1 KNOWLEDGE AND PERSONALIZATION
Multiplying personalized interactions with retailers and end customers by further enhancing the Company's proprietary digital and service ecosystem.

PILLAR 2 ADAPTED OFFERING AND SERVICES
Further diversifying the centers' offering by including more services, leisure facilities and non-retail circuits, for a richer, differentiating customer experience.

PILLAR 3 MULTI-FUNCTIONALITY
Moving beyond the traditional use of centers to establish them as functionally diverse spaces, capitalizing on space not used previously for letting and integrating local stakeholders' aspirations for limiting urban sprawl.

PILLAR 4 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 5 STRONG MULTI-LOCAL ROOTS
Establishing 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 and centrality.

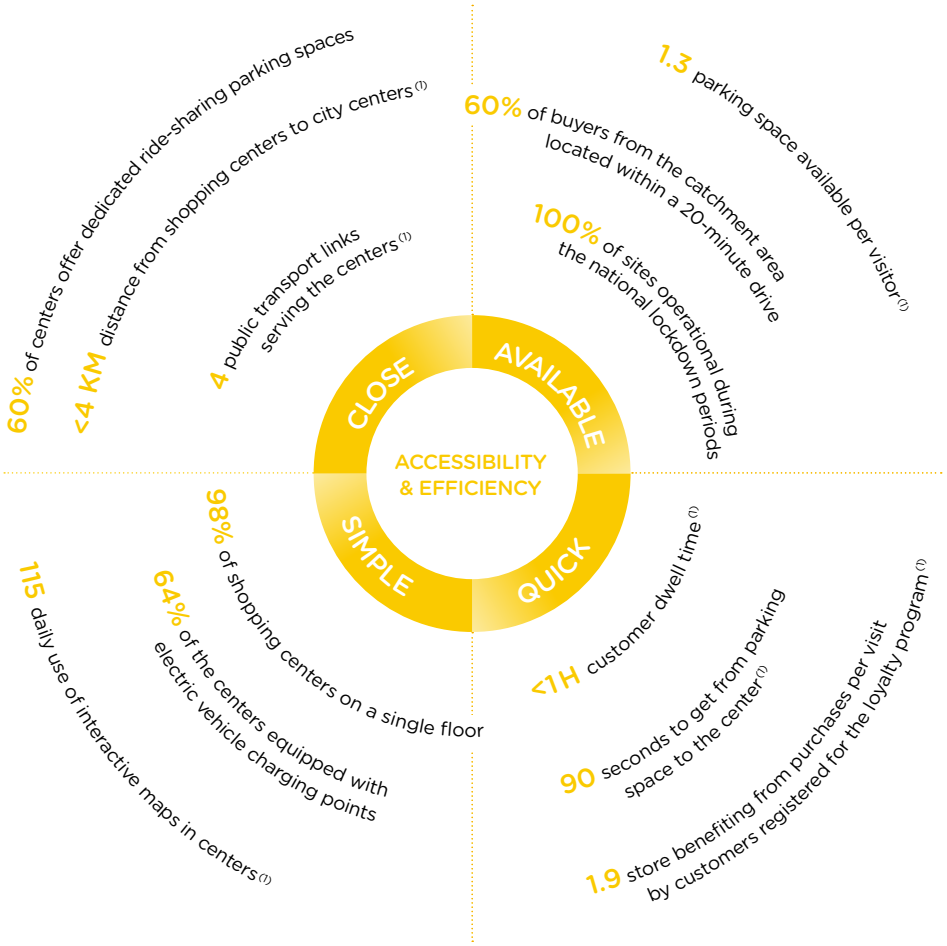
REAL ESTATE KNOW-HOW

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 success factors for a simple, seamless 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, have outstanding transport links, 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 modularity of Mercialys' assets ensures that they are always effectively aligned with the needs of retailers and end customers, laying the foundations for their core position within their catchment area.



(1) On average.

To support its real estate excellence, Mercialys has applied a dynamic asset rotation strategy for years. 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.

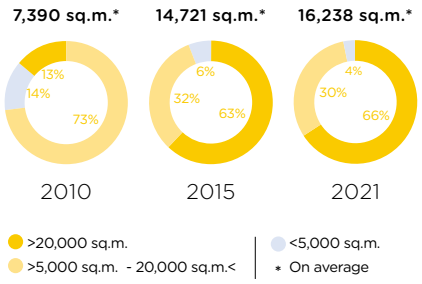
At end-December 2021, the Company's portfolio comprised 53 assets, with 50 shopping centers and 3 geographically dispersed assets, valued at Euro 3,138.2 million including transfer taxes.
Its shopping centers have an average size of 16,300 sq.m. and an average value of Euro 62.6 million including transfer taxes, significantly higher than the levels from 2010.

This portfolio is made up primarily of sites that:
- are leaders or co-leaders in their catchment areas, i.e. located in master consumption areas in urban hubs;
- are located in dynamic regions in mainland France and overseas territories;
- offer residual real estate and commercial development potential.

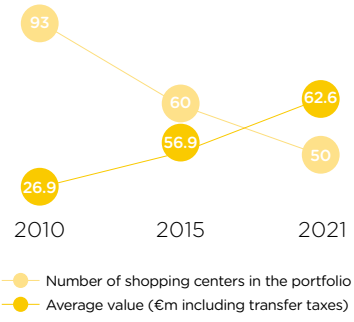
This realignment of the portfolio around a limited number of centers with critical mass enables Mercialys to optimize its asset management, which also contributes to its industry-leading position for profitability.

BREAKDOWN OF MERCIALYS' SHOPPING CENTERS

Size
(% of their value including transfer taxes)



Number and value



FEATURES OF MERCIALYS SHOPPING CENTER LOCATIONS

90%(1)
Proportion of centers located within the 1st or 2nd commercial zone of their catchment area

	Demographic growth(2)	Gross disposable income per capital growth(2)
Mercialys' geographic exposure(3)	+6.95%	+18.13%
French average(4)	+5.00%	+15.76%
Outperformance	195bp	237bp

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, its investments include a detailed analysis of dynamics for their catchment area and the rationale behind the allocation of capital over the medium term.
Especially as a certain number of players could, in the context of the current health crisis, look to sell their assets at attractive prices, opening up major interesting opportunities outside of the Company's current scope.

At end-2021, Mercialys had a Euro 494 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 50** 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	Target net yield on cost	Completion date
Committed projects(5)	19.9	NA	2022/26
Controlled projects	125.4	7.0%	2022/25
Identified projects	348.4	7.0%	2023/27
Total projects(6)	493.8	7.0%	2022/27

(1) Of the appraisal value including transfer taxes. / (2) For 2005-2015, latest fully available INSEE data. / (3) Weighted by surface area. / (4) Mainland France. / (5) In the 2022 pipeline, the investments to be committed, for the dining and leisure section, correspond to the creation of two restaurants in the parking area at the Angers site and a food court at the Sainte-Marie site on Reunion Island. The tertiary activities primarily include the Saint-Denis mixed-use urban project, north of Paris, with an expected IRR of over 8%, as well as coworking spaces. / (6) Excluding the impact of mixed-use high-street projects, which could also generate margins.

RETAIL KNOW-HOW

Adaptive, omnichannel retail concept

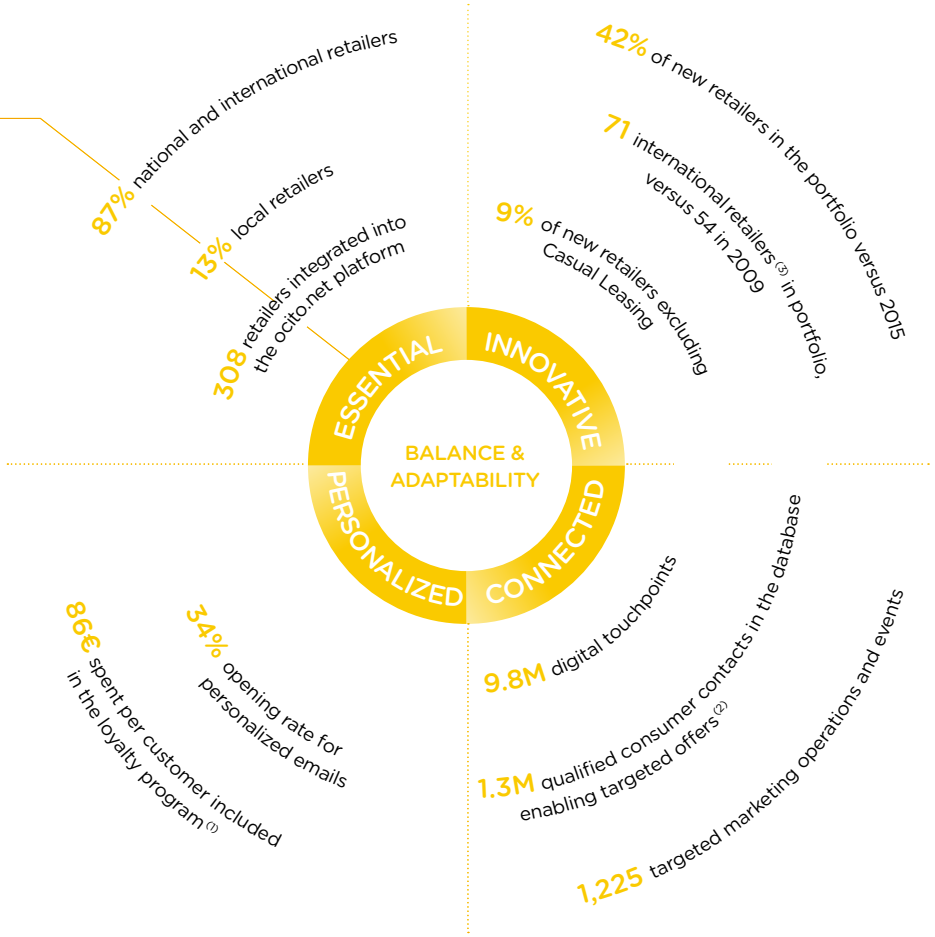
Mercialys' second competitive advantage concerns its retail know-how, which aims to ensure that the products and services offered are perfectly aligned with the needs of retailers and end customers. The health crisis has accelerated certain changes that were already taking shape in the retail sector. Mercialys aims to provide appropriate responses to them, built around two key success factors: balance and adaptability.

BALANCE refers first of all to the core offering of consumer goods (i.e. the 20% of the listings consumed 80% of the time) at Mercialys' sites. It aims to satisfy customers' essential day-to-day needs 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 specific brands or 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 an endless source of retail innovation and opportunities for centers t o stand out. Adaptability also refers to Mercialys' ability to understand and satisfy customers' expectations through an increasingly specific and individualized approach, faced with versatile and demanding consumers.

Breakdown of annualized contractual rent by business sector

Personal items	31%
Food-anchored tenants	22%
Culture, gifts and sports	16%
Health and beauty	13%
Restaurants and catering	8%
Household equipment	7%
Services	3%



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

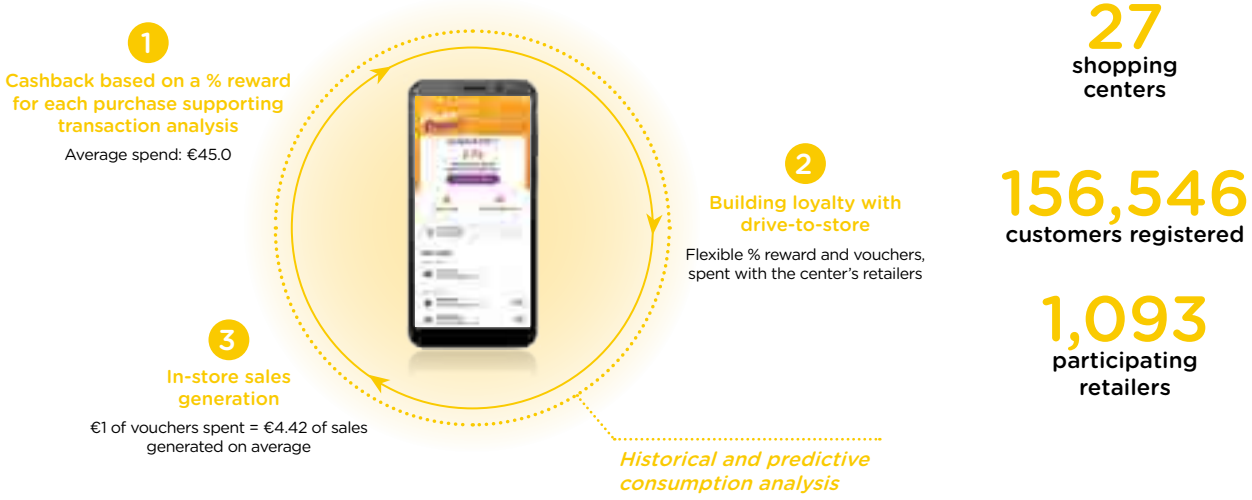
Mercialys builds its retail excellence by anticipating trends in the catchment areas and harnessing its fine-grained understanding of consumers' expectations, thanks to a range of digital tools. The Company is able to count on a powerful omnichannel ecosystem that characterizes the dedicated brand for its sites: G La Galerie. As Mercialys owns all of its marketing and service tools, this enables it to free itself up from the rising costs involved with buying traffic from the internet giants (GAFA[1]). These tools reinforce the many different physical marketing actions and events carried out in the centers, all for a cost that is significantly lower than an individualized center-specific approach.

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

Mercialys' latest innovations include Prim'Prim', its 100% digital loyalty program, a pioneering solution on the market in terms of understanding end customers' 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 customer journeys, personalized communication, loyalty building and fluid exchanges between Mercialys, consumers and retailers.

STRONGER CONSUMER LOYALTY, WITH MILLIONS OF EUROS OF TRANSACTIONS ANALYZED[2]



Mercialys' digitalization expertise is helping drive its second major, groundbreaking innovation: Ocitô, its first-mile and last-mile logistics service. Ocitô illustrates the unified retail concept developed by the Company, which aims to offer its customers 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.

The Ocitô ecosystem aims to:
1/ support retailers with their digital transformation,
2/ provide a response to logistics issues,
3/ offer end customers a fluid omni-channel buying experience.
It is built around three solutions:

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

Ocito.logistique, which groups together all the first-mile logistics solutions to facilitate the consolidation and shipping of packages from stores, enabling retailers to develop their ship-from-store services (e.g. pooled logistics unit, provision of consumables, centralized postage franking and collection).

Ocito.transport, a suite of last-mile logistics solutions and expertise, enabling customers to receive their products in line with their needs (express home delivery, home delivery within two days, click and collect, drive-through, parcel collection lockers in shopping centers, etc.).

(1) GAFA : Google, Apple, Facebook and Amazon. / (2) In accordance with the General Data Protection Regulation (GDPR).

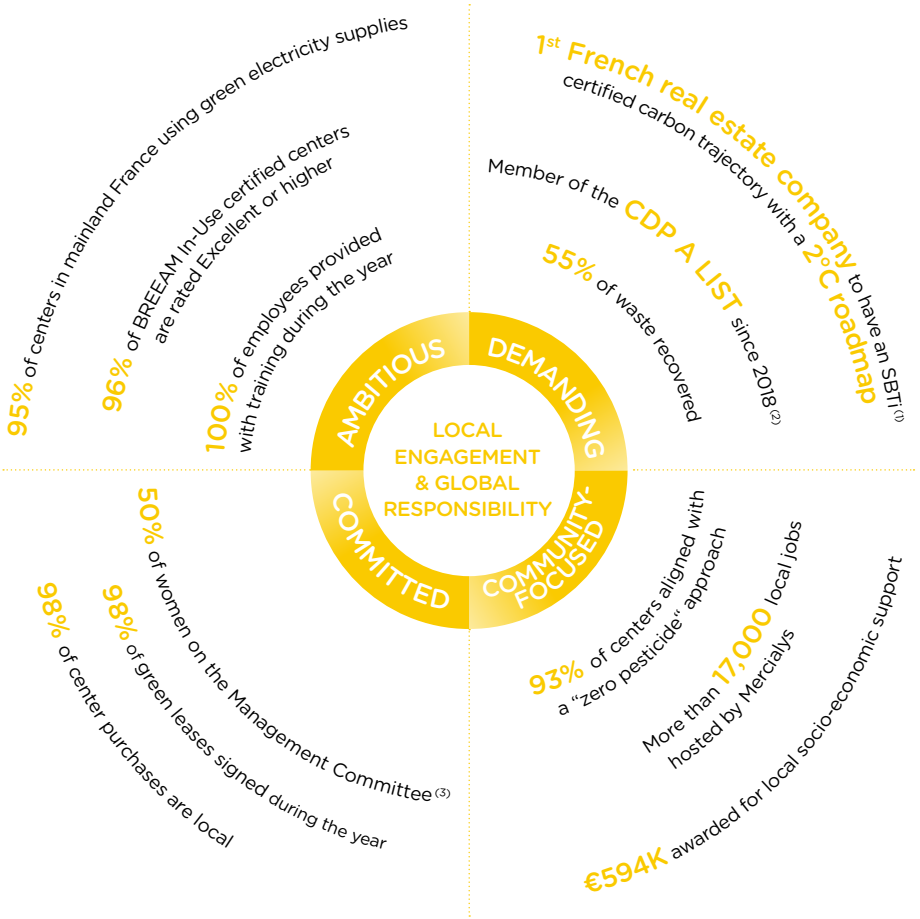
CSR KNOW-HOW

Powerful, responsible dynamics with strong local roots

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

LOCAL ENGAGEMENT refers to the economic and social positioning of Mercialys' shopping centers, reflected in particular in its 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. / (3) At December 31, 2021.

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

- 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

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' way of operating proved particularly resilient faced with the health and economic crisis in 2021. 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 strong attendance levels highlight the dedication of the Company's directors, as well as their essential and complementary key competencies.

50%
women directors at end-2021

100%
French directors at end-2021 (1)

8
meetings in 2021

57
average age at end-2021 (2)

10
members at end-2021

96%
attendance rate in 2021

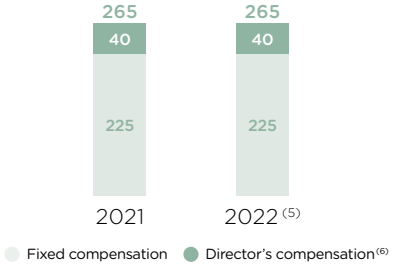
6.3
year average seniority at end-2021 (2)

60%
independent directors at end-2021

Compensation for the Chairman of the Board of Directors

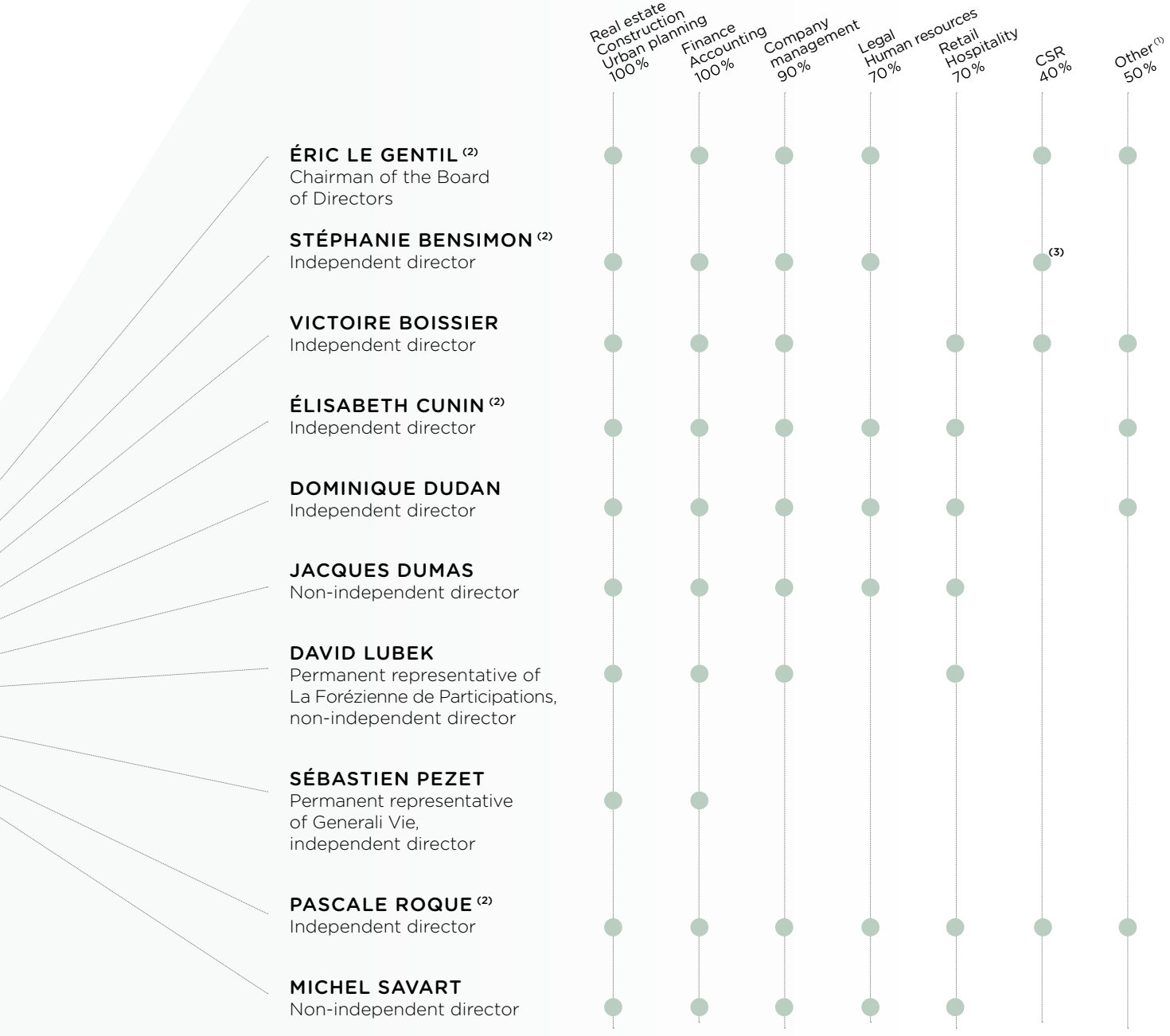
The compensation package for the Chairman of the Board of Directors, Éric Le Gentil, includes compensation for his position as a director and his fixed compensation for the missions entrusted to him in addition to his general responsibilities under the legislation in force (3). He does not receive any variable compensation in cash or securities (4).

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



(1) In accordance with the Company's exclusively French geographic exposure. / (2) Individual. / (3) Notably overseeing relations with the Company's main shareholders and financial and/or industrial partners and helping define the strategy and monitor its implementation. / (4) Excluding the variable component included in his remuneration as a director. / (5) Subject to approval at the General Meeting on April 28, 2022. / (6) For 100% attendance.

AREAS OF EXPERTISE



PERMANENT GUESTS

VINCENT RAVAT
Chief Executive Officer

ELIZABETH BLAISE
Deputy Chief Executive Officer

With three-year terms of office and the regular integration of new directors in line with a demanding selection process[4], 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) Including compliance, insurance, marketing and IT. / (2) Reappointment submitted for approval at the General Meeting on April 28, 2022. / (3) Stéphanie Bensimon was appointed to head up supervision of the CSR approach on April 20, 2021. / (4) Process detailed in the 2021 Universal Registration Document.

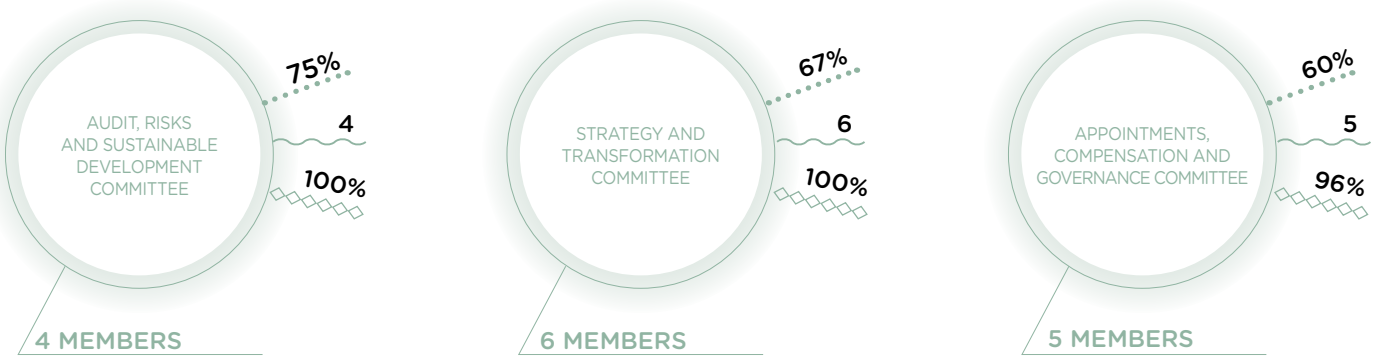
THREE SPECIALIZED COMMITTEES

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: the Audit, Risks and Sustainable Development Committee, the Appointments, Compensation and Governance Committee, and the Strategy and Transformation Committee. These specialized Committees are chaired by female independent directors and their composition ensures the balanced representation, independence and expertise of their members.

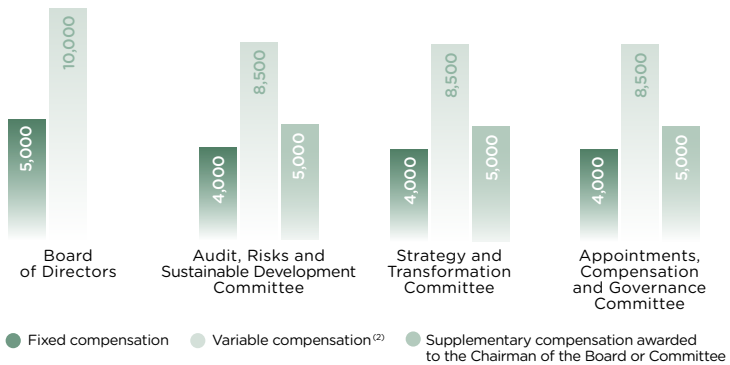
COMPOSITION OF THE SPECIALIZED COMMITTEES



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.

2022 DIRECTORS' COMPENSATION POLICY [1]
(in euros)



(1) Subject to approval at the Annual General Meeting on April 28, 2022. / (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.

BALANCED SHAREHOLDER BASE ENGAGED IN REGULAR DIALOGUE

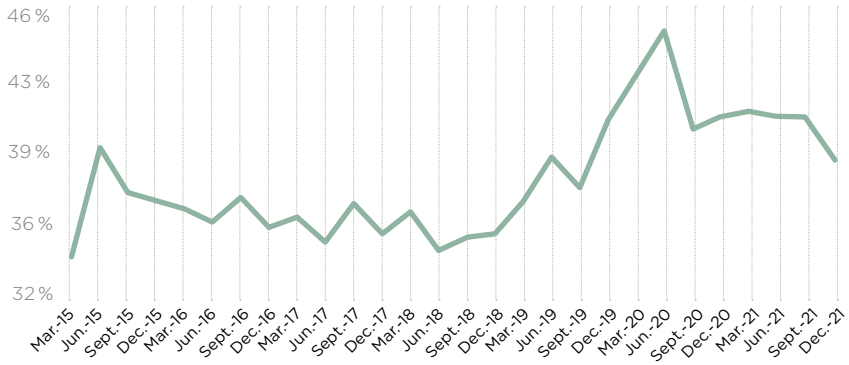
Mercialys is listed on Euronext Paris Compartment B with the ticker MERY and ISIN FR0010241638. The Company is part of the SBF 120, several real estate industry indexes (EPRA[1], IEIF[2]) and the Gaïa SRI index.

The Company's shareholder base is characterized by the presence of a major industrial shareholder: the Casino group. The latter's good understanding of retail trends and real estate stakes notably enables Mercialys to deploy a strategy that is aligned with the real estate sector's structurally long timeframes, while taking into account CSR issues, ethics and the expectations of all the various stakeholders to deliver sustainable growth that is shared more effectively.

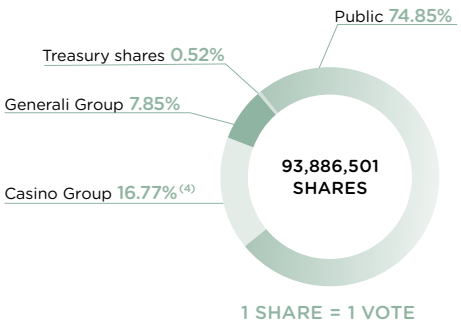
Mercialys' shareholding structure is still very open and diversified. The free float, close to 75%, ensures an excellent level of liquidity for the Company's shares and allows shareholders to take up significant positions. At December 31, 2021, Mercialys' top 33 shareholders[3] held nearly 39% of its capital and voting rights, and many of them have been shareholders for years.

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, 2021



Mercialys is committed to regular, proactive dialogue with its shareholders and more generally with all of its financial stakeholders.
In 2021, alongside the many roadshows and contacts led by the management teams, 21 press releases were published for a community of over 900 investors and analysts. The Company also received the 2021 award for best Universal Registration Document.

17 roadshows organized with **11** different brokers and **11** countries covered

TRANSPARENCE 2021
#1 on the SBF 120 for financial and sustainability reporting transparency

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

TOP 100
shareholders contacted before each General Meeting

2 **4** results publications and financial information meetings per year

(1) EPRA, European Public Real Estate Association. / (2) EIF, Institut de l'Épargne Immobilière et Foncière. / (3) Excluding the Casino group and Generali Group. / (4) On February 21, 2022, the Casino group sold 6.5% of Mercialys' capital through a TRS.

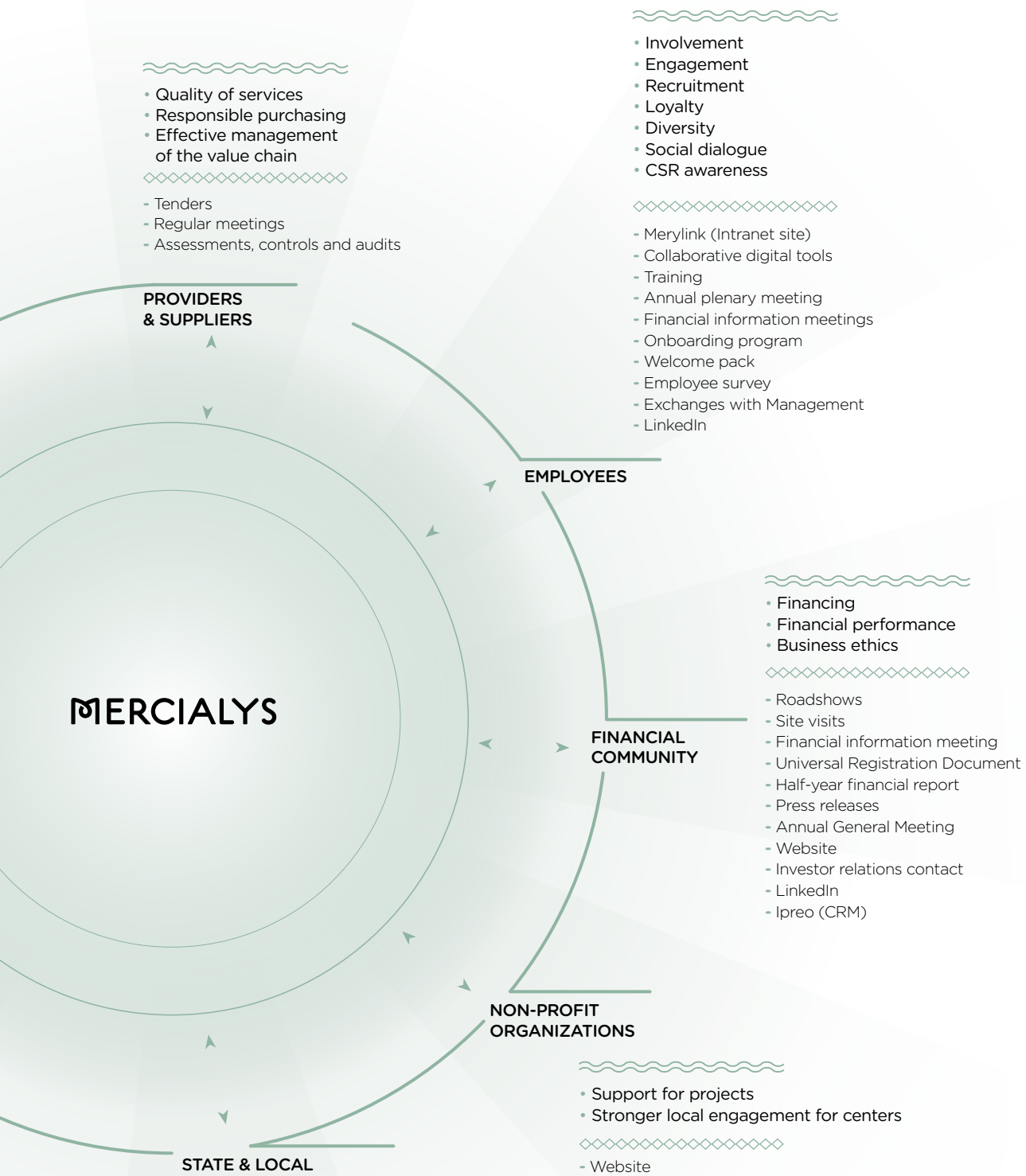
REGULAR DIALOGUE WITH STAKEHOLDERS

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, while ensuring alignment with France's national solidarity initiative.

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 consulted with more than 900 stakeholders in 2021, from employees to center visitors, retailers, investors and banks, regional authorities and non-profit organizations, in connection with the renewal of its CSR strategy.




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
- Site visits
- Financial information meeting
- Universal Registration Document
- Half-year financial report
- Press releases
- Annual General Meeting
- Website
- Investor relations contact
- LinkedIn
- 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 (e.g. checking barrier measures in the fight against Covid-19)
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 liaises 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 proximity proved to be valuable faced with the context of health and economic instability in 2021. It enabled 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 both 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], 51 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
- Funds From Operations (FFO)
- 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, while rapidly and efficiently adapting the hedging arrangements and levels as required. They also 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. Eight of the 51 risks identified meet these criteria. They cover three categories and are presented below.

CATEGORY	8 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	FFO	○	→
	• Risk related to new forms of consumption	FFO	○	↗
Risks related to business activities	• Risk related to retailer arbitrage and reletting	FFO	●	↗
	• Risk related to the safety and security of operations and a deterioration in the portfolio	Reputation	○	→
	• Risk related to acquisitions and construction operations	NAV	○	→
	• Risk related to providers, suppliers and subcontractors	Implementation of the strategy and continuity of operations	●	↗
Risks related to the financial position	• Risk related to interest rates, the cost of debt, liquidity and financing	FFO	●	→

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;
• An approach to calculate and publish the workplace gender equality index;
• 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) DPO, Data Protection Officer: person in charge of data protection in an organization. / (2) https://www.mercialys.com/strategy-governance/commitments/code-of-ethics.

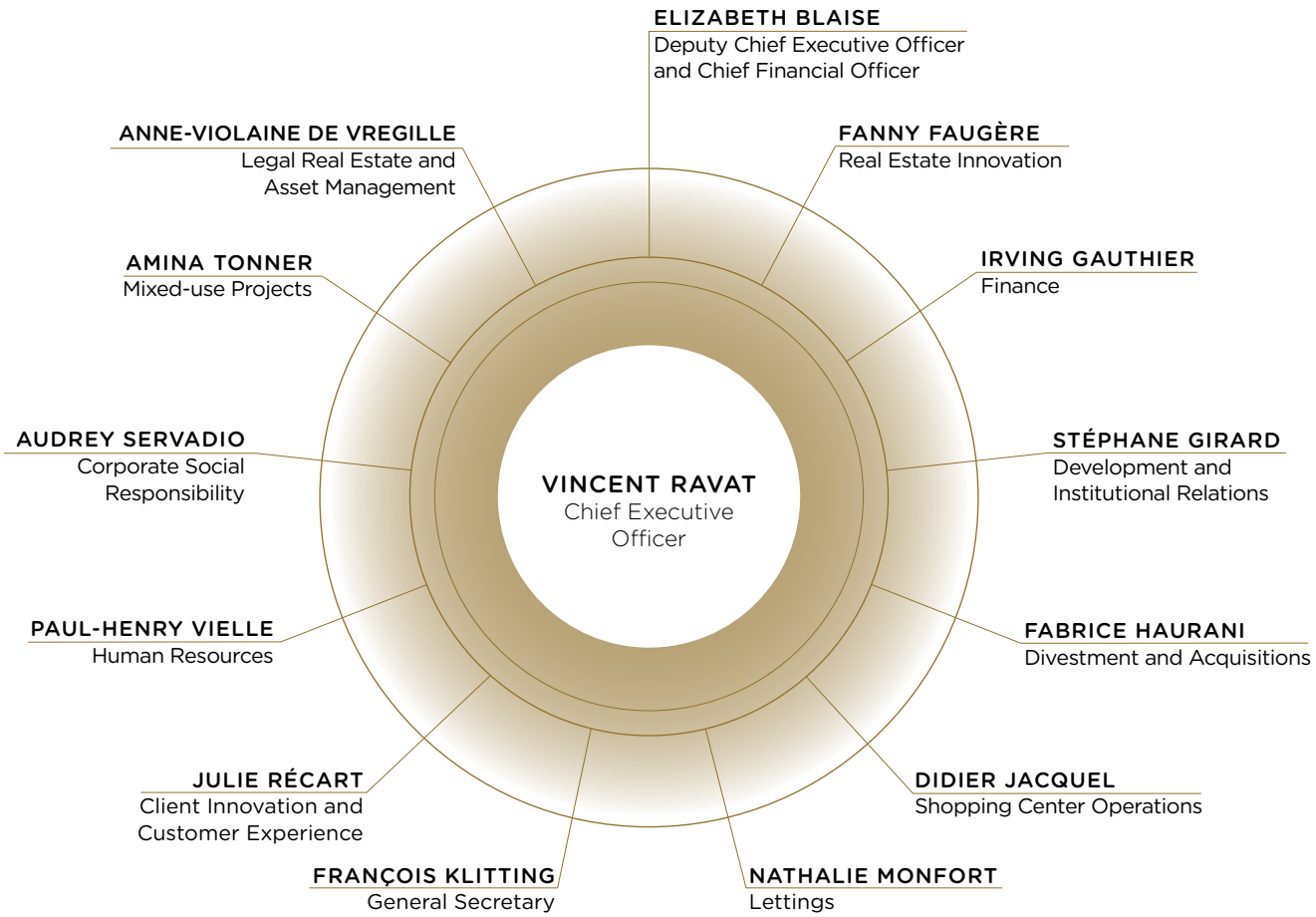
MANAGEMENT COMMITTEE SUPPORTING THE STRATEGY'S EXECUTION

Multidisciplinary, parity and strong operational focus

Mercialys has a multidisciplinary and inclusive Management Committee, with a very strong operational focus and a large number of female members. The Company achieved third 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, 2021. 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 the long-term variable component

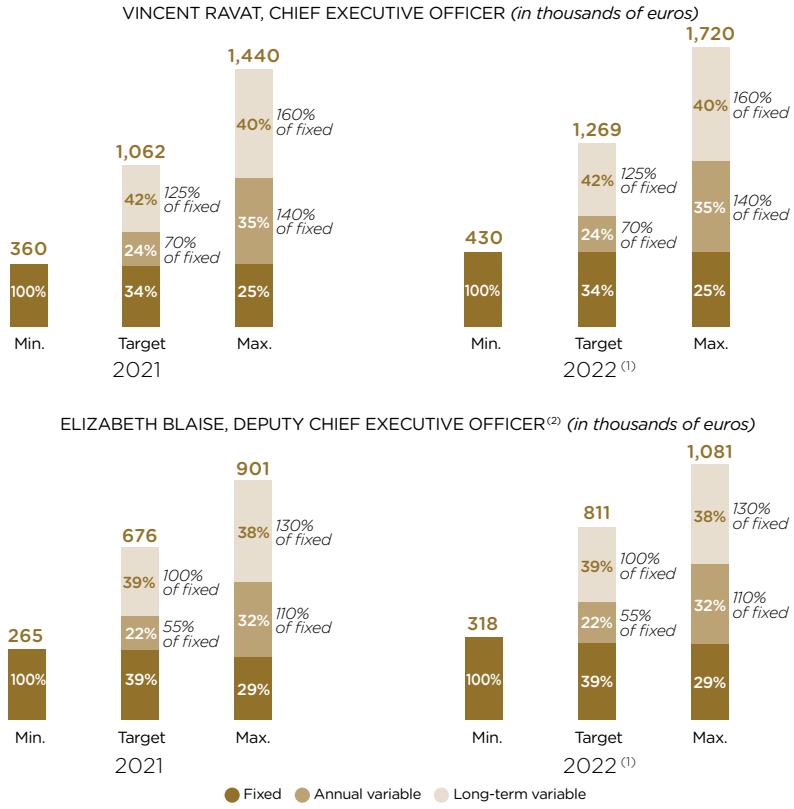
CONVERGENCE OF INTERNAL AND EXTERNAL INTERESTS

- 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 payment of 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.

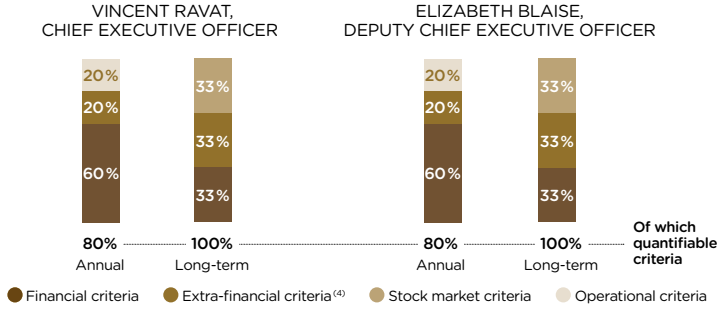
COMPENSATION STRUCTURE



EQUITY RATIOS (3)

Chief Executive Officer	Deputy Chief Executive Officer
9.2 2021 average	**5.9** 2021 average
10.3 2021 median	**6.6** 2021 median

2022 VARIABLE COMPENSATION CRITERIA FOR EXECUTIVES (1)



(1) Subject to approval at the General Meeting on April 28, 2022. / (2) As the Deputy Chief Executive Officer continued in her role as Chief Financial Officer in 2021, and for the duration of her current appointment, half of her compensation is based on her corporate office and half on her employment contract. / (3) Calculation methodology detailed in the 2021 Universal Registration Document. / (4) 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.





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 **recovery rate**, which assesses the effective proportion of rent, charges and work invoiced to tenants and effectively received by the Company.

CHANGE IN SHOPPING CENTER FOOTFALL

	2021 vs. 2020	2020 vs. 2019	2021 vs. 2019
Change over 7 months open(4)	-6.2%	-8.5%	-14.2%
Change over 12 months(5)	-4.4%	-20.7%	-24.2%

CHANGE IN RETAILER SALES

	2021 vs. 2020	2020 vs. 2019	2021 vs. 2019
Change over 7 months open(4)	-2.8%	+1.4%	-1.4%
Change over 12 months(5)	-3.3%	-17.8%	-20.5%

(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) Scope including the weekly change concerning the months of operations without shopping center closures: January, June, July, August, September, October and December. / (5) Scope including 12 months of operations for 2019, 2020 and 2021.

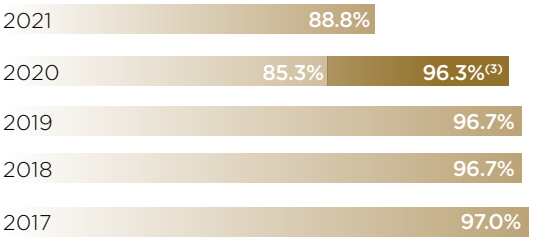
CHANGE IN THE OCCUPANCY COST RATIO



CHANGE IN THE CURRENT FINANCIAL VACANCY RATE



CHANGE IN THE RECOVERY RATE

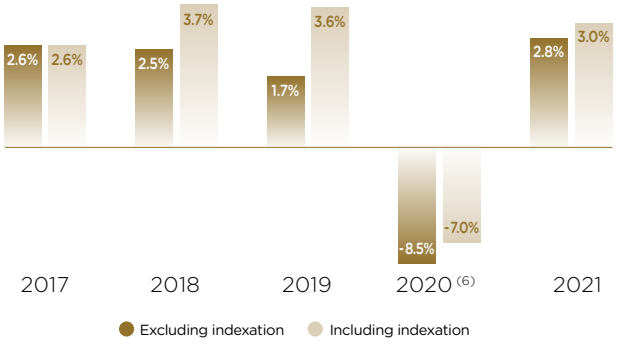


FINANCIAL PERFORMANCE

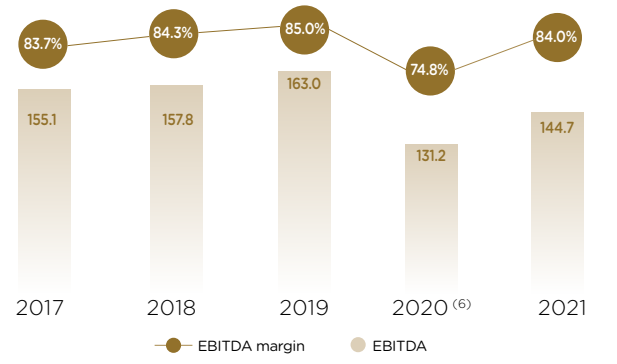
Financial performance is primarily assessed based on:

- **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;
- **Funds from operations** (FFO(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 recurrent income and 70% of 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



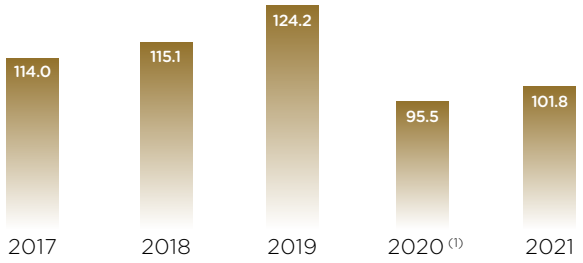
CHANGE IN EBITDA *(in millions of euros)* AND THE EBITDA MARGIN *(in %)*



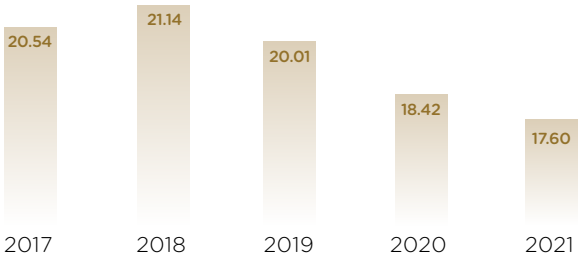
(1) Occupancy cost calculation not effective due to the periods when stores were ordered to close in 2020 and 2021. / (2) Indicator notably affected by the integration within Mercialys' portfolio of the Dijon Chenôve shopping center, acquired at the end of December 2020 with a view to relaunching this asset. / (3) Rate restated for relief measures issued and to be awarded to retailers for the two lockdowns in 2020 (2020 rate adjusted at end-December 2021). / (4) EBITDA margin: earnings before interest, taxes, depreciation, amortization and other operating income and expenses. Margin calculated on rental revenues. / (5) FFO, Funds From Operations. / (6) Highly negative impact of the health crisis.

FINANCIAL PERFORMANCE

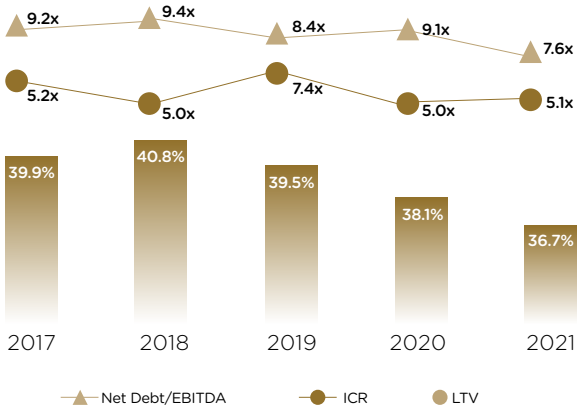
CHANGE IN FUNDS FROM OPERATIONS (FFO)
(in millions of euros)



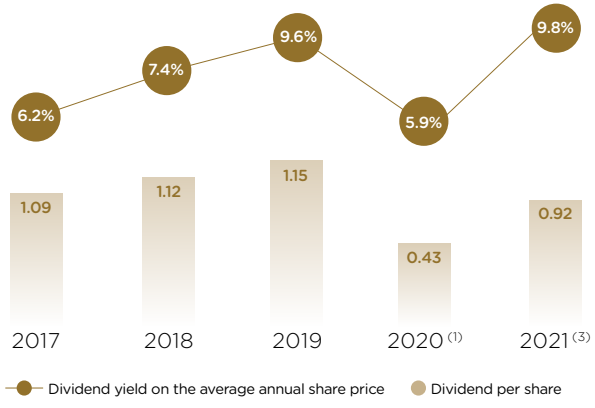
CHANGE IN EPRA NDV (2)
(in euros per share)



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



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



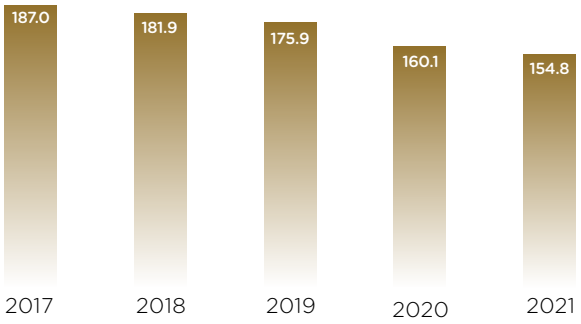
(1) Highly negative impact of the health crisis. / (2) NDV, Net Disposal Value. / Subject to approval at the General Meeting on April 28, 2022.

SUSTAINABILITY PERFORMANCE

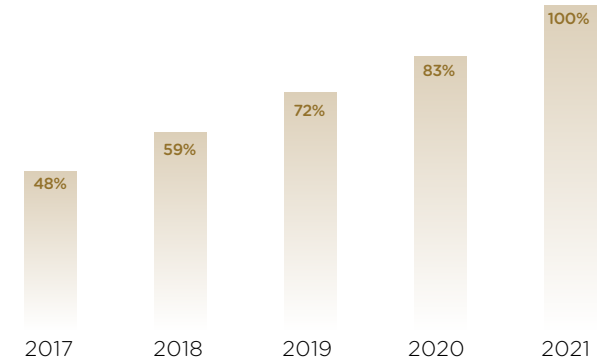
Mercialys' sustainability performance is monitored based on the following aspects:

- **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.

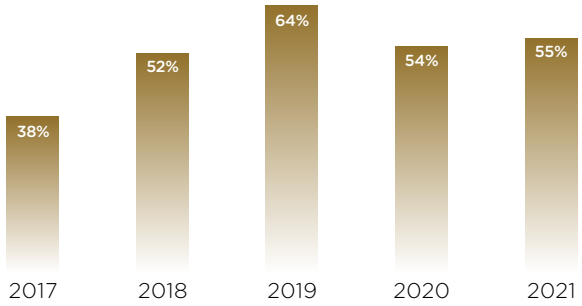
CHANGE IN ENERGY INTENSITY PER SQUARE METER
(in kWh/sq.m. - current basis)



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



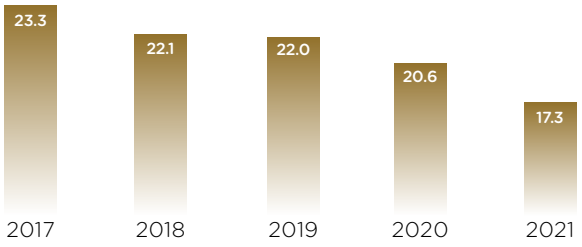
CHANGE IN THE SHOPPING CENTERS' WASTE RECOVERY RATE
(current basis)



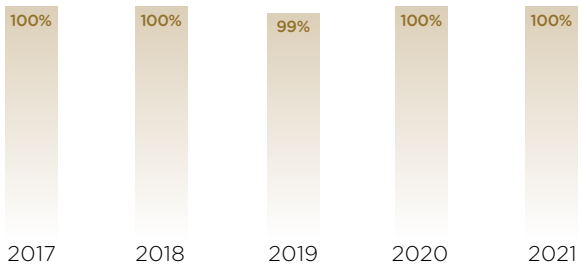
SUSTAINABILITY PERFORMANCE

CHANGE IN DIRECT AND INDIRECT CARBON EMISSIONS

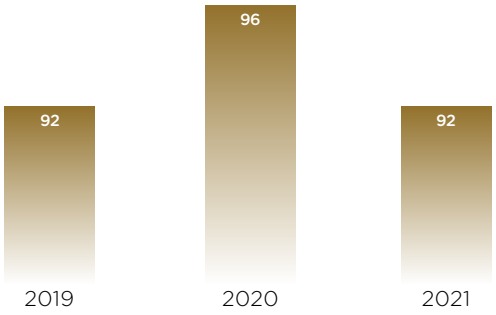
(Scopes 1 and 2 – in kg of CO_2 equivalent/sq.m. - market-based method – current basis)



CHANGE IN THE PERCENTAGE OF EMPLOYEES TRAINED



CHANGE IN THE WORKPLACE GENDER EQUALITY INDEX



Mercialys' sustainability performance levels are regularly recognized by industry benchmarks and rating agencies, with particularly exceptional results in 2021.

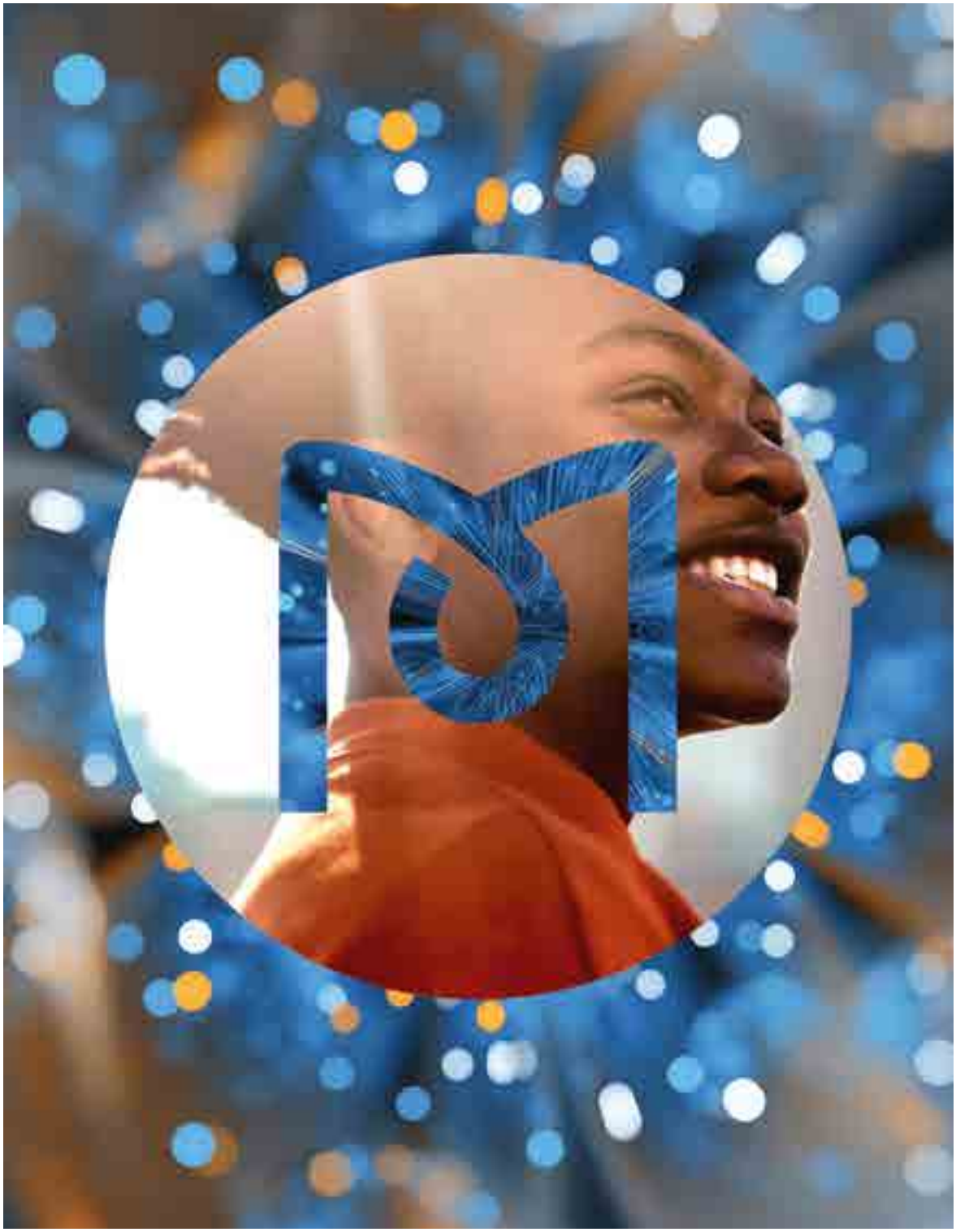
Mercialys maintained first place in its category (revenues of Euro 150 to 500 million) in the Gaïa Rating agency's 2021 ranking for the second consecutive year, and confirmed its CDP A List status for the fourth year running, achieving international recognition for its efforts to reduce its carbon footprint and combat climate change, despite the more demanding criteria adopted.

The Company also maintained its GRESB[1] Green Star status for the fifth consecutive year, while moving up one position in its category to achieve third place. Lastly, its strong commitment to information and reporting transparency was recognized once again, by EPRA, with two new Gold Awards, and at the 12th *Grands Prix de la Transparence* ceremony[2], where it received the award for Best Universal Registration Document, confirming Mercialys' leading position 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.

	2017	2018	2019	2020	2021
GRESB	Score: 84/100 Green Star status achieved	Score: 87/100 Green Star status	Score: 90/100 Green Star status	Score: 85/100[3] Green Star status	Score: 89/100 Green Star status
CDP	Rating: A-	Rating: A Inclusion in the A List	Rating: A A List status maintained	Rating: A A List status maintained	Rating: A A List status maintained
Gaïa	Score: 79/100 Member of the Gaïa index	Score: 82/100 Member of the Gaïa index	Score: 85/100 Member of the Gaïa index	Score: 87/100 #1 in its category Member of the Gaïa index	Score: 89/100 #1 in its category Member of the Gaïa index
SUSTAINALYTICS	-	-	Score: 11.74[4]	Score: 9.4	Score: 9.1
MSCI	Rating: A	Rating: BBB	Rating: A	Rating: A	Rating: A
ISS-oekom	Rating: C-	Rating: B- Prime status achieved	Rating: B- Prime status maintained	Rating: B- Prime status maintained	Rating: B- Prime status maintained
TRANSPARENCE	#3 on SBF 120 Year's Most Improved Award	#1 on SBF 120 Grand Prix "All Categories" Award	Classified out of category Registration Document Award	#1 on SBF 120 Grand Prix "All Categories" Award	Best Universal Registration Document
EPRA	BPR Gold Award sBPR Gold Award	BPR Gold Award sBPR Gold Award	BPR Gold Award sBPR Gold Award	BPR Gold Award sBPR Gold Award	BPR Gold Award sBPR Gold Award
	#12 on SBF 120	#4 on SBF 120	#4 on SBF 120	#4 on SBF 120	Score: 85/100 #3 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 Grands Prix de la Transparence 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.



3rd place
GRESB ranking 2021
(Green Star status)

84 %
EBITDA
margin

€101.8M
Funds From
Operations (FFO)

1

COMMENTS ON THE FISCAL YEAR

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1.1 Activity report

The shopping center sector in France was significantly affected, from January 2021, by the government measures relating to the health crisis. Looking beyond the impact of the health crisis on consumer confidence and consumption, these measures impacted Mercialys' operations during the first half of the year, through the various curfew levels and the closure of "non-essential" stores, as well as during the second half of the year, with the French State's introduction of a requirement, for several weeks in the third quarter, to show a "health pass" to access certain sites.

However, Mercialys' portfolio once again showed its resilience in this difficult context. This is illustrated by the level of footfall in Mercialys' shopping centers at end-2021, which came to 86% of the normalized level for 2019. Alongside this, full-year retailer sales across Mercialys' portfolio came to 99% of the normalized level from 2019. This excellent performance highlights the fact that across the Company's assets, purchases are driven primarily by satisfying utilitarian needs, with the health crisis leading to a stronger focus on efficiency and practicality.

With the relevant positioning of Mercialys' assets and their strong positions in their catchment areas, the recurrent financial vacancy rate remained effectively under control at 3.2% at end-2021, significantly lower than at end-2020 (3.8%).

The income statement at end-December 2021 reflects the Company's operational performance, as well as the impact of the sales completed at end-2020 and the contrasting impacts of the health crisis. Invoiced rents are up +3% like-for-like, but down -1.5% compared with end-2020 to Euro 170.4 million. Net rental income is up +8.6% to Euro 160.0 million. EBITDA came to Euro 144.7 million, up +10,3%, while the EBITDA margin shows a significant increase to 84.0% at end-2021 compared with 74.8% in 2020. Funds From Operations (FFO) are up +6.5% to Euro 101.8 million, and +5.0% per share to Euro 1.10.

In addition, Mercialys further optimized its strong balance sheet positions in 2021, thanks to its operational management, the good level of resilience shown by its asset values, the success of its divestment policy and the strengthening of its liquidity arrangements. The loan to value (LTV) ratio was reduced by -140bp *versus* the end of 2020, with an LTV of 36.7% excluding transfer taxes and 34.4% including transfer taxes. The rating agency Standard & Poor's also acknowledged the Company's robust business and sound balance sheet, confirming Mercialys' financial rating of BBB and upgrading its outlook from Negative to Stable during the year. Considering the limited contraction in its asset appraisal values (excluding transfer taxes, on a like-for-like basis) of -3.1% over the full year in 2021, with -0.9% for the second half of the year, EPRA NDV came to Euro 17.60 per share, down -4.5% over 12 months, but up +2.5% in the second half of 2021.

In view of all of these elements, the Company's Board of Directors will submit a proposal at the General Meeting on April 28, 2022 for a dividend of Euro 0.92 per share for 2021, representing 85% of FFO for the year, offering a yield of 5.2% on the NDV of Euro 17.60 per share at end-2021 and 10.7% on the year's closing price.

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 0.39 per share;
- the distribution based on 70% of exempt profits for 2021 from the disposal of properties and investments in real estate companies, *i.e.* Euro 0.01 per share;
- the distribution based on 70% of exempt profits for 2020 from the disposal of properties and investments in real estate companies, *i.e.* Euro 0.38 per share;
- the distribution of exempt income recorded on the Company's balance sheet for Euro 0.14 per share.

The ex-dividend date is May 3, 2022, and the dividend will be paid on May 5, 2022.

1.1.1 Contrasting impacts of the health crisis in Mercialys' accounts for 2021

As in 2020, the shopping center sector was significantly affected in 2021 by the health crisis and the mitigation measures put in place by the French government. From January 31, retailers classed as "non-essential" in shopping centers initially with a gross leasable area of over 20,000 sq.m., then 10,000 sq.m. (from March 6) and finally all shopping centers (from April 3) were ordered to close until May 19, 2021. Alongside this, sit-down restaurants, which had been closed since the fourth quarter of 2020, were only able to open again without specific restrictions from June 30, 2021. In addition, the level of operational activity for nine Mercialys shopping centers was negatively affected for several weeks during the third quarter of 2021, primarily in August, due to the French State's introduction of a requirement to show a "health pass" to access certain sites.

These constraints affected the profitability of retailers that had already been impacted by these same measures in 2020, and affected all of the collections for rent, charges and work for 2021. However, the French government made a public commitment to put in place support packages, in addition to the solidarity fund, for retailers that were ordered to close during the first half of 2021. A decree was published on November 16, 2021, introducing support for rent or fees and charges for certain retail and service activities that were forbidden from welcoming members of the public with a view to preventing the spread of the Covid-19 epidemic. These measures are expected to benefit the collection rate for retail property companies.

Impacts of the support measures granted to tenants by Mercialys for the two lockdowns in 2020 on the accounts at end-December 2021

The continued health crisis in 2021 impacted the operational indicators and the accounts for the year.

Firstly, the retailer support measures rolled out by Mercialys for the two lockdown phases in 2020.

On the one hand, Mercialys had set a maximum support budget of Euro 13.5 million to help its tenants faced with the economic impacts of the first lockdown in 2020 (March 15 to May 11). At end-December 2020, the negotiations with retailers relating to the first lockdown led to agreements being signed for a total of Euro 9.4 million. The accounts at end-December 2021 reflect the progress made with these negotiations as follows:

- **Euro 2.0 million of new relief granted and to be awarded**, with 100% recognized in the accounts at December 31, 2021 under invoiced rents. As these relief measures relate to doubtful receivables covered by provisions in Mercialys' accounts at end-December 2020, they have resulted in reversals of provisions for doubtful receivables for the corresponding amounts. As a result, these rent relief measures are neutral in terms of the Company's results. The balance of the Euro 13.5 million support budget for the first lockdown, with Euro 2.1 million recorded in the 2020 accounts under the impairment of doubtful receivables, may be subject to the same treatment if negotiations with the remaining retailers are finalized;
- Euro 1.5 million impact for items being spread in the accounts, recognized under invoiced rents, linked to the negotiations with arrangements in exchange completed in 2020. For reference, Euro 6.4 million of negotiations from 2020 were spread in the accounts over the remaining firm term of the leases, with Euro 1.1 million already recognized in the accounts at end-December 2020. The recognition of the remaining Euro 3.8 million will be spread over 2022 to 2026, with Euro 1.4 million, Euro 1.3 million, Euro 0.6 million, Euro 0.3 million and Euro 0.1 million respectively.

On the other hand, negotiations have continued moving forward with retailers in connection with the second lockdown in 2020 (October 30 to November 28):

- en line with the French government's recommendations, Mercialys had offered to waive part of their 2020 fourth-quarter rent for the retailers affected by the second lockdown in 2020. The impact of this measure was estimated at Euro 6.3 million and recognized in full in the accounts at end-December 2020 under invoiced rents as provisions for relief to be granted. During 2021, the negotiations with retailers resulted in an effective amount of relief granted or to be awarded of Euro 4.8 million, lower than initially estimated by Mercialys. The reversal of provisions for relief to be granted therefore led to Euro 1.5 million of net income under invoiced rents at end-December 2021 for the section of these provisions that were no longer applicable;
- as it is not in a position to quantify the specific support measures for sit-down restaurants, Mercialys' end-December 2020 accounts also included Euro 0.5 million of provisions for the impairment of doubtful receivables associated with this segment's arrears for the month of November 2020. The total amount of support granted within this framework during 2021 came to Euro 0.3 million, once again resulting in net income for the amount of the Euro 0.2 million differential that was no longer applicable, when reversing the provisions for the impairment of doubtful receivables;
- lastly, a tax credit mechanism was introduced by the French government in 2020 for the relief granted by landlords in connection with the second lockdown, with various restrictions for each type of tenant and requirements for tenants to provide specific information. Mercialys had not recognized any impact for this mechanism in its accounts at December 31, 2020. In view of the aforementioned support measures put in place during 2021 for the second lockdown in 2020, the Company recorded Euro 1.4 million of income reflecting this tax credit under net rental income in its accounts at December 31, 2021.

In addition, to cover any residual risk concerning arrears (rent and charges) from the second and third quarters of 2020, Mercialys recorded Euro 13.2 million of exceptional provisions at end-December 2020, including the Euro 4.1 million balance from the support budget not yet awarded at the time in connection with the first lockdown.

In 2021, Mercialys continued moving forward with negotiations with its retailers and its collection actions for rent and charges billed for the second and third quarters of 2020. The resolution of these arrears made it possible to generate income linked to the reversal of provisions for the impairment of doubtful receivables concerning the Euro 13.2 million of exceptional provisions recorded at end-December 2020, with Euro 7.2 million in the accounts at end-December 2021. The remaining amount of these exceptional provisions came to Euro 4.0 million at end-2021.

The collection rate for 2020 is broken down for each quarter in the following table. It is presented based on the full amount of rent and charges excluding tax billed to tenants ("gross" rate), while also taking into account the amounts of rent relief already granted or still to be awarded to retailers, in addition to provisions for the impairment of doubtful receivables.

	Gross collection rate		Collection rate including the rent relief already granted or still to be awarded	Collection rate including the rent relief already granted or still to be awarded and the provisions for impairment of doubtful receivables
	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2021
1st quarter of 2020	97.4%	98.2%	99.5%	99.5%
2nd quarter of 2020	63.9%	73.6%	90.5%	100.0%
3rd quarter of 2020	93.4%	96.9%	96.9%	100.0%
4th quarter of 2020	86.2%	91.2%	98.6%	100.0%
2020 FULL YEAR	**85.3%**	**90.1%**	**96.3%**	**99.9%**

Exceptional provision for 2021 to mitigate the residual risk linked to the health situation in 2021

Lastly, as mentioned above, in view of the government arrangements intended to enable eligible retailers to specifically pay their rent and charges for the periods when they were ordered to close in 2021, Mercialys has not determined any additional support measures.

However, with the ongoing health crisis and its potential impacts weakening retailers, the Company considered it prudent to record an exceptional provision for arrears (rent and charges) for the whole of 2021. This provision aims to cover potential defaults, which could notably be seen if the various public support measures were discontinued and is not intended to grant relief measures to retailers or specific categories of retailers. Its total amount of Euro 7.8 million represents around one month of rent billed for 60% of the rental base, with this rate corresponding to the base of retailers closed during the lockdown periods.

The collection rate for 2021 is broken down for each quarter in the following table. As Mercialys has not granted any rent relief to its tenants for this period, this represents a "gross" collection rate, as defined previously. The residual risk concerning the 2021 receivables not covered by the exceptional provision and by the standard provisions for doubtful receivables totaled Euro 13.1 million at December 31, 2021.

	Gross collection rate	Residual arrears for rent and charges excluding tax *(€M)*
	Dec. 31, 2021	Dec. 31, 2021 (excluding provisions)
1st quarter of 2021	86.7%	7.2
2nd quarter of 2021	80.9%	9.9
3rd quarter of 2021	95.3%	2.5
4th quarter of 2021	92.2%	4.3
2021 FULL YEAR	**88.8%**	**24.0**

Between December 31, 2021, the closing date for these annual financial statements, and February 10, 2022, an additional Euro 4.4 million of rent and charges were collected, taking the total collection rate for 2021 up to 91.0%.

The overall impacts of the health crisis can be broken down as follows:

Impacts	Period concerned	Profit and loss heading	Amount before potential deferral (€M)	Treatment in profit and loss (€M)
Negotiations finalized	1st lockdown	Invoiced rents	(2.0)	(3.5) [(a)]
Negotiations finalized associated with the documentation to be received from tenants	2nd lockdown	Invoiced rents	+1.1	+1.1 [(b)]
Subtotal			**(0.9)**	**(2.4)**
Arrears relating to the 2nd and 3rd quarters	1st lockdown	Provisions for doubtful receivables	+9.2	+9.2 [(c)]
Arrears for November relating to sit-down restaurants	2nd lockdown	Provisions for doubtful receivables	+0.5	+0.5 [(d)]
Subtotal			**+9.7**	**+9.7**
Tax credit	2nd lockdown	Net rental income	+1.4	+1.4 [(e)]
Exceptional provision	2021	Provisions for doubtful receivables	(7.8)	(7.8)
TOTAL			**+2.4**	**+1.0**

(a) Euro -3.5 million comprising Euro -2.0 million for new relief granted, with 100% recognized in the accounts at December 31, 2021 for the first lockdown from 2020, and Euro -1.5 million for amounts spread in the accounts for the 2020 negotiations relating to the same lockdown;

(b) Euro +1.1 million comprising Euro -4.8 million for relief granted for the negotiations concerning the second lockdown, Euro +6.3 million for the reversal of provisions for relief to be granted as a result of this (therefore generating Euro +1.5 million of net income for the section that was no longer applicable) and Euro -0.3 million for the relief granted and to be awarded for the month of November 2020 for sit-down restaurants;

(c) Euro +9.2 million comprising Euro +2.0 million for the reversal of provisions for doubtful receivables resulting from the new relief granted for the first lockdown in 2020, and Euro +7.2 million for the reversal of provisions for doubtful receivables relating to the additional collection for 2020;

(d) Euro +0.5 million for the reversal of provisions for doubtful receivables relating to rent for the month of November 2020 for sit-down restaurants (therefore generating Euro +0.2 million of net income for the section that was no longer applicable);

(e) Euro +1.4 million for the tax credit recognized to date in connection with the documentation to be provided by retailers that benefited from rent relief for the second lockdown in 2020.

1.1.2 Well positioned in a retail market that is evolving, but within which the physical format is still relevant, Mercialys will capitalize on four core pillars to drive its growth over the medium term

These operational results highlight, following two years of the health crisis, the model's robustness, while the balance between tenants and the Company does not appear to have seen any significant changes.

Mercialys is continuing to develop strong competitive positions in buoyant peripheral areas. During the last few years, the appeal of these out-of-town locations in French regional cities has notably been reflected in housing construction trends, which have generally been more favorable for the regions that Mercialys' portfolio is positioned around compared with the national average.

Within these vibrant communities, Mercialys' retail sites are deeply anchored in everyday consumption practices. The classification of around 40% of the Company's rental base as "essential retail" during the various lockdowns highlights this core characteristic of recurrent visits. A survey conducted with around 4,000 clients registered for Mercialys' loyalty program in January 2022 also confirmed the shopping centers' appeal despite a health environment that was favorable for online purchases at the expense of physical retail. 59% of the clients surveyed said that they prefer to buy in-store, while 13% have a 50:50 split between in-store and online. This interest in physical retail is supported by their need to see the product (35% of respondents), the notion of proximity (27%), the ability to benefit from advice (15%), the activities and events organized (10%), and the commercial offers available (11%).

Alongside this, the criteria that might encourage clients to buy online are the practicality of this experience (27%), the absence of any physical store in their living area (22%), the availability of products (21%) and the pricing applied (29%).

These answers highlight the human factor's core positioning in terms of the desirability of physical retail, as well as the need for a combination between physical and digital in order to meet their expectations for practicality and product availability. This accounts for the success of "phygital" retailers: the market share gain seen for online sales by retailers, from 10% in 2019 to 13.4% in 2021 [(1)], benefited from the restrictions linked to the health measures, as well as the ramping up of multichannel sales by traditional retailers. Online sales growth for traditional retailers significantly outpaced pure players on average (66% vs 18%) in 2021 [(2)]. These developments indicate that the future of retail will be hybrid, while ensuring the sustainability of the shopping center's role in the client journey. They also show that it will be necessary to capitalize on client knowledge that is specific to retailers, as well as knowledge built up by the landlord, in order to ensure the continued appeal of sites and stores.

(1) FEVAD.
(2) Knight Frank.

With a portfolio that has proven its resilience and a balance sheet that will enable it to move forward with investments again, Mercialys will continue to focus its efforts over the medium term on four key areas for development aimed at further strengthening the shopping centers' capabilities.

1. Developing services

This proprietary web and mobile marketplace enables consumers to buy food and non-food products online directly from their center's retailers. Mercialys shopping centers need to become, locally, a bridge between physical and digital retail.

In 2021, Mercialys continued to develop this service. 31 sites across the portfolio now offer Ocitô to their clients, with 308 retailers present. Mercialys will continue to bring more retailers on Board in 2022 in order to further strengthen the appeal of the selection available.

Ocitô is designed to meet the need for hybrid retail among shopping center visitors in order to ramp up the capabilities of these sites and support retailers to develop a more extensive regional network, making it possible to optimize the spaces and their logistics, in addition to further strengthening the reversion potential for rents.

The operational feedback gained on Ocitô in 2020 and 2021 has made it possible to identify consumers' needs more effectively. On the one hand, the service is used in the vast majority of cases by clients from the catchment area, primarily through click and collect orders, with the proportion of home delivery requests remaining marginal. This trend is aligned with the fundamentals of physical retail at Mercialys centers: a practical aspect encouraging recurrent but short visits. On the other hand, orders shipped by post are in virtually all cases to destinations outside of the catchment area. Meeting this need through Ocitô enables retailers to access additional markets. The platform also provides access to e-commerce for independent retailers that have not developed this tool by themselves, while offering a channel that will generate additional traffic for retailers that have their own systems in place.

2. Capitalizing on client knowledge

The development of Ocitô, based on a series of local marketplaces, is being made possible without extensive advertising investment through access to 1.4 million clients from Mercialys' loyalty base, as well as the SEO work carried out for the Ocitô site with the main search engines.

The client data collected directly by Mercialys, in accordance with GDPR [(1)], is rich on account of its features (contact data, visits, personal data, purchases, etc.) and the levels of analysis that it makes possible (data for Mercialys' entire portfolio, per business sector, per retailer, per shopping center, etc.). This rich data is intended to:

- effectively satisfy visitors by identifying their needs, missing services or offers, and potential irritants;
- support retailers through more targeted and therefore more efficient and effective client communications, recommendations for locations and comparative performance analysis;
- extend, over the medium term, the scope of this data, particularly in terms of clients preparing to make purchases, providing services and potentially monetizing certain aspect.

This data also makes it possible to optimize client transit times in shopping centers so that they visit them more often, increasing both retailer sales and rental reversion potential.

3. Capitalizing on all spaces

Mercialys' multifunctionality strategy is focused on the digitalization of the retail offering across its sites, as well as capitalizing on all of their spaces, representing close to 815,000 sq.m.. Efficient and effective use is a major challenge. The "Climate and Resilience Act" of August 22, 2021 aims to combat the proliferation of artificial ground cover and sets a target for "net zero artificialization" over time, which will support growth in the value of existing assets. Only projects with a sales area of less than 10,000 sq.m. will be able to be carried out, subject to certain conditions (project's integration into regional regeneration or urban development sectors or development operations within an existing urban space, or offsetting with the transformation of artificial ground cover into non-artificial).

Restrictions concerning the potential for construction over the medium term will help develop the value of existing assets, which will need to offer a wider range of uses for their users, clients and retailers.

Building on the success of the first two Cap Cowork spaces in Angers and Grenoble, Mercialys continued to roll out this service in 2021 in Nîmes and Toulouse. Within three years, more than 5,000 sq.m. of coworking offices will be opened across the portfolio, with expected revenues of Euro 1.5 million. They will be operated directly by Mercialys' teams, contributing to this activity's profitability.

Mercialys' development portfolio also includes healthcare centers, complementing the pharmacies that are already present at most of its shopping centers.

4. Implementing the development pipeline and positioning the Company on opportunities for targeted accretive acquisitions

Through its successful divestment policy, Mercialys has financial flexibility in place that will enable it to resume an investment policy once the health situation has stabilized.

A growth strategy will be able to be rolled out through acquisitions or the development portfolio.

At end-December 2021, the Company's project portfolio represented Euro 493.8 million looking ahead to 2027, with around Euro 33.7 million of potential additional rental income, for a target average yield rate of 7%. This portfolio, which concerns 28 sites out of the 50 shopping centers held by Mercialys, includes retail space projects (redevelopments, extensions, retail parks), dining and leisure projects, and tertiary activity projects (housing, healthcare, 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 profile over the long term.

(1) General Data Protection regulation

(in millions of euros)	Total investment	Investment still to be committed	Target net rental income	Target net yield on cost *(%)*	Completion date
Committed projects [1]	**19.9**	**18.5**	**0.5**	**na**	**2022/2026**
Dining and leisure	2.1	1.2	0.1	6.5%	2022/2023
Tertiary activities	17.8	17.3	0.4	na	2026
Controlled projects	**125.4**	**121.0**	**8.8**	**7%**	**2022/2025**
Retail	81.1	76.8	5.7	7%	2022/2025
Dining and leisure	0.1	0.1	0.0	7%	2022
Tertiary activities	44.3	44.2	3.1	7%	2022/2023
Identified projects	**348.4**	**348.4**	**24.4**	**7%**	**2023/2027**
Retail	102.3	102.3	7.2	7%	2024/2026
Dining and leisure	35.0	35.0	2.5	7%	2025/2026
Tertiary activities	211.1	211.1	14.8	7%	2023/2027
TOTAL [2]	**493.8**	**487.9**	**33.7**	**7%**	**2022/2027**

(1) In the 2022 pipeline, the investments to be committed, for the dining and leisure section, correspond to the creation of two restaurants in the parking area at the Angers site and a food court at the Sainte-Marie site on Reunion Island. The tertiary activities primarily include the Saint-Denis mixed-use urban project, north of Paris, with an expected IRR of over 8%, as well as coworking spaces.

(2) Excluding the impact of mixed-use high-street projects, which could also generate margins.

The different types of projects are:

- 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.

Mercialys' sound balance sheet could also enable it to carry out accretive external growth operations. These would be focused on retail property or related activities, including shopping centers, retail parks and hypermarkets. Lastly, Mercialys is capitalizing on its know-how by taking part in calls for tenders for mixed-use development projects organized by cities or local authorities looking to reposition their neighborhoods.

1.1.3 Success of the divestment strategy, illustrating the assets' underlying value

During the fourth quarter of 2021, Mercialys completed the sale of two assets: the Marseille Canebière Monoprix store and the Carré Duparc retail park in Sainte-Marie (Reunion Island).

In addition, Mercialys sold various plots in jointly-owned properties at non-strategic and fragmented sites in 2021. The combined total of assets sold during the year came to Euro 28.0 million.

The Company also signed preliminary sales agreements without financing conditions for the Annecy and Saint-Etienne hypermarkets. These assets, acquired in 2014 and since subject to transformation work, illustrate Mercialys' value creation strategy. These sales have also enabled Mercialys to continue reducing its exposure to its primary tenant, the Casino group (22.4% of Mercialys' total rental income at end-2021 and 20.7% proforma for these sales).

The Bordeaux Pessac shopping center, held by the OPCI fund UIR2, in which Mercialys has a 20% interest (this OPCI real estate investment fund is recorded in Mercialys' accounts under non-consolidated securities in non-current assets), was also subject to a preliminary sales agreement in 2021 and the corresponding condition precedent was lifted in January 2022.

Lastly, preliminary sales agreements were signed for various geographically dispersed assets in 2021.

These divestments represent a total volume of Euro 110 million including transfer taxes, with Euro 28.0 million of sales completed and Euro 82.0 million of preliminary sales agreements, with 94% no longer subject to conditions precedent to date.

Overall, the transaction values for the sales and preliminary sales agreements secured by Mercialys (excluding UIR2) are slightly higher than the end-June 2021 appraisals.

These divestments are in line with Mercialys' asset rotation strategy and the portfolio's realignment around sites with potential for growth in the medium term. They will enable Mercialys to further consolidate its balance sheet and give it financial flexibility with a view to capitalizing on value-creating investment opportunities outside of the Company's current scope.

1.1.4 EPRA Net Disposal Value (NDV) up +2.5% over six months and down -4.5% over 12 months

Mercialys' portfolio value came to Euro 3,138.2 million including transfer taxes, down -1.5% over six months and -3.7% over 12 months. Like-for-like[(1)], it is down -0.6% over six months and -2.8% over 12 months.

Excluding transfer taxes, the portfolio value was Euro 2,945.1 million, also down -1.7% over six months and -3.9% over 12 months. Like-for-like [(1)], it is also down -0.9% over six months and -3.1% over 12 months.

At end-December 2021, Mercialys' portfolio mainly comprised 50 shopping centers [(2)], with 25 large regional shopping centers and 25 leading local retail sites.

The average appraisal yield rate was 5.71% at December 31, 2021, compared with 5.74% at June 30, 2021 and 5.72% at December 31, 2020.

The EPRA Net Asset Value indicators are as follows:

	EPRA NRV			EPRA NTA			EPRA NDV		
	Dec. 31, 2020	June 30, 2021	Dec. 31, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2021	Dec. 31, 2020	June 30, 2021	Dec 31, 2021
€/ share	21.18	20.32	20.51	19.04	18.26	18.39	18.42	17.17	17.60
Change over 6 months	-3.7%	-4.1%	+1.0%	-3.3%	-4.1%	+0.7%	-7.4%	-6.8%	+2.5%
Change over 12 months	-7.4%	-7.6%	-3.2%	-7.1%	-7.2%	-3.4%	-7.9%	-13.7%	-4.5%

The EPRA NDV came to Euro 17.60 per share, up +2.5% over six months and down -4.5% over 12 months. The Euro 0.82 per share change over 12 months takes into account the following impacts:

- dividend payment: Euro -0.42;
- Funds From Operations (FFO): Euro +1.09;
- change in unrealized capital gains (*i.e.* difference between the net book value of assets on the balance sheet and their appraisal value excluding transfer taxes): Euro -0.98, including a yield effect for Euro -0.08, a rent effect for Euro -0.92 and other effects [(3)] for Euro +0.02;
- change in fair value of fixed-rate debt: Euro -0.33;
- change in fair value of other items: Euro +0.01;
- the capital increase in connection with the option for the 2021 dividend to be paid in shares, as well as the change in treasury shares: Euro -0.18.

1.1.5 Balance sheet with a very defensive profile, enabling Mercialys to position itself on new investments or acquisitions

Mercialys has continued to optimize the management of its bond maturities and, in 2021, redeemed Euro 99.2 million of the bond issue maturing in March 2023, reducing the outstanding nominal amount to Euro 469.5 million. These bonds were canceled in the Company's books.

During the first quarter of 2022, Mercialys aims to complete the early refinancing of the bond issue due to mature in March 2023 by exercising its make-whole early redemption option, which would require new financing to be issued. The Company could also launch the refinancing of other bond maturities, including the July 2020 issue for a nominal total of Euro 300 million.

Alongside this, Mercialys has extended and further strengthened its undrawn liquidity arrangements. These arrangements, based on bilateral facilities and a revolving credit facility, were increased by Euro 75 million during the year, including a new Euro 50 million line set up, and the maturity of 92% of the available lines at end-2020 was extended in 2021. In addition, Mercialys began working in 2021 to set up environmentally responsible financing, with environmental clauses incorporated into four undrawn bilateral lines representing a combined total of Euro 165 million.

This development will enable the Company to extinguish various lines due to mature with a banking partner that now has only a limited presence in France for a total of Euro 75 million, and, from the first quarter of 2022, to terminate the current account advance made available by the Casino group for Euro 35 million before it was due to mature in December 2022.

At end-December 2021, drawn debt represented Euro 1,354.5 million, made up of three bond issues and a private placement, with a residual nominal amount of Euro 1,219.5 million, as well as commercial paper, with Euro 135 million outstanding at end-December 2021.

The real average cost of drawn debt was 2.0% [(4)] for the full year in 2021, virtually stable compared with end-June 2021 (1.9%) and significantly higher than the full-year figure for 2020 (1.4%). This change primarily reflects the full-year impact of the bond refinancing operation carried out in July 2020.

(1) Sites on a constant scope and a constant surface area basis.
(2) Added to these are three geographically dispersed assets with a total appraisal value including transfer taxes of Euro 8.5 million.
(3) Including impact of revaluation of assets outside of organic scope, equity associates, maintenance capex and capital gains on asset disposals.
(4) This rate does not include the net expense linked to the bond redemption premium, the bond redemption costs, the proceeds from unwinding swaps and the exceptional amortization relating to the partial redemption of the 2023 issue.

The average maturity of drawn debt was 3.2 years at December 31, 2021, compared with 3.6 years at end-June 2021 and 3.5 years at end-December 2020.

Mercialys has a healthy financial structure, with an LTV ratio excluding transfer taxes [1] of 36.7% at December 31, 2021 (compared with 38.3% at June 30, 2021 and 38.1% at December 31, 2020) and an LTV ratio including transfer taxes of 34.4% on the same date (*versus* 36.0% at June 30, 2021 and 35.8% at December 31, 2020). The Company has significantly optimized its financial structure through the effective management of its investments and its active divestment policy, implemented under very satisfactory valuation conditions, despite an investment market that continued to be affected by the uncertain health context and a collection rate that did not yet seem to be fully normalized at end-2021.

The ICR [2] was 5.1x at December 31, 2021, compared with 5.6x at June 30, 2021 and 5.0x at December 31, 2020, reflecting the impacts of the health crisis on EBITDA and the impacts of the July 2020 bond refinancing on financial expenses.

On May 19, 2021, Standard & Poor's confirmed its BBB rating for Mercialys, while its outlook was upgraded from negative to stable on September 13, 2021.

Alongside this, Mercialys has maintained a high level of hedging for its debt, with a hedged or fixed-rate debt position (including commercial paper) representing 86% at end-December 2021, compared with 87% at end-June 2021 and 92% at end-December 2020.

(1) LTV (Loan To Value): net financial debt/(portfolio market value excluding transfer taxes + market value of investments in associates for Euro 55.8 million in 2021 and Euro 56.4 million in 2020, 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

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://ec.europa.eu/info/business-economy-euro/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)	Dec. 31, 2021	Dec. 31, 2020
Rental revenues	**172,232**	**175,440**
Service charges and property tax	(45,260)	(44,390)
Charges and taxes billed to tenants	38,476	38,555
Net property operating expenses	(5,403)	(22,248)
Net rental income	**160,043**	**147,357**
Management, administrative and other activities income	2,801	3,035
Other income	1,559	53
Other expenses	(4,953)	(6,150)
Personnel expenses	(14,763)	(13,121)
Depreciation and amortization	(39,157)	(40,777)
Reversals of/(Allowances for) provisions	(997)	1,343
Other operating income	28,760	242,125
Other operating expenses	(29,810)	(209,381)
Operating income	**103,484**	**124,484**
Income from cash and cash equivalents	177	61
Gross finance costs	(30,842)	(21,891)
(Expenses)/ Income from net financial debt	**(30,665)**	**(21,830)**
Other financial income	296	233
Other financial expenses	(3,466)	(3,024)
Net financial items	**(33,835)**	**(24,621)**
Tax expense	(848)	(2,019)
Share of net income from associates and joint ventures	2,264	(3,695)
Consolidated net income	**71,065**	**94,148**
Attributable to non-controlling interests	8,882	8,316
Attributable to owners of the parent	62,183	85,833
Earnings per share (1)		
Net income attributable to owners of the parent *(in euros)*	0.67	0.94
Diluted net income attributable to owners of the parent *(in euros)*	0.67	0.94

(1) Based on the weighted average number of shares over the period adjusted for treasury shares.
Undiluted weighted average number of shares in 2021 = 92,839,729 shares.
Fully diluted weighted average number of shares in 2021 = 92,839,729 shares.

1.2.1.2 Consolidated statement of financial position

Assets

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Intangible assets	5028	4,052
Property, plant and equipment other than investment property	6,922	1,605
Investment property	1,935,117	2,050,907
Right-of-use assets	8,590	8,902
Investments in associates	37,907	38,918
Other non-current assets	50,733	73,865
Deferred tax assets	1,346	1,728
Non-current assets	**2,045,642**	**2,179,976**
Trade receivables	36,865	38,217
Other current assets	34595	40,660
Cash and cash equivalents	257,178	464,611
Investment property held for sale	60,086	111
Current assets	**388,724**	**543,599**
TOTAL ASSETS	**2,434,366**	**2,723,575**

Total equity and liabilities

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Share capital	93,887	92,049
Additional paid-in capital, treasury shares and other reserves	649,231	600,875
Equity attributable to owners of the parent	**743,118**	**692,925**
Non-controlling interests	202,011	202,193
Shareholders' equity	**945,129**	**895,118**
Non-current provisions	1,008	1,207
Non-current financial liabilities	1,237,101	1,355,914
Deposits and guarantees	23,003	22,295
Non-current lease liabilities	8,353	8,655
Other non-current liabilities	5,716	15,311
Non-current liabilities	**1,275,181**	**1,403,381**
Trade payables	16,477	15,394
Current financial liabilities	150,144	348,553
Current lease liabilities	1,030	985
Current provisions	11,443	9,942
Other current liabilities	34,826	50,193
Current tax liabilities	136	9
Current liabilities	**214,056**	**425,076**
TOTAL EQUITY AND LIABILITIES	**2,434,366**	**2,723,575**

1.2.1.3 Consolidated cash flow statement

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Net income attributable to owners of the parent	62,183	85,833
Non-controlling interests	8,882	8,316
Consolidated net income	**71,065**	**94,148**
Depreciation, amortization [1] and provisions, net of reversals	49,249	53,372
Calculated expenses/(income) relating to stock options and similar	(47)	24
Other calculated expenses/(income) [2]	(1,280)	(2,419)
Share of net income from associates and joint ventures	(2,264)	3,695
Dividends received from associates and joint ventures	3,014	6,234
Income from asset disposals	(8,962)	(47,542)
Expenses/(income) from net financial debt	30,665	21,830
Net financial interest in respect of lease agreements	295	334
Tax expense (including deferred tax)	848	2019
Cash flow	**142,583**	**131,695**
Taxes received/(paid)	(409)	(3,298)
Change in working capital requirement relating to operations, excluding deposits and guarantees [3]	(7,141)	5,696
Change in deposits and guarantees	708	792
Net cash flow from operating activities	**135,742**	**134,885**
Cash payments on acquisitions of [4]:		
• investment properties and other fixed assets	(15,913)	(61,593)
• non-current financial assets	(115)	(1,833)
Cash receipts on disposals of [4]:		
• investment properties and other fixed assets	30,746	188,386
• non-current financial assets	5	-
Investments in associates and joint ventures	-	-
Impact of changes in scope with change of control	-	-
Change in loans and advances granted	-	1,799
Net cash flow from investing activities	**14,724**	**126,757**
Dividends paid to shareholders of the parent company (final)	(22,398)	(43,957)
Dividends paid to shareholders of the parent company (interim)	-	-
Dividends paid to non-controlling interests	(9,063)	(8,194)
Capital increase and reduction	-	(1)
Other transactions with shareholders	-	-
Changes in treasury shares	264	(1,825)
Increase in borrowings and financial debt	230,000	1,097,167
Decrease in borrowings and financial debt	(526,700)	(901,800)
Repayment of lease liabilities	(985)	(959)
Interest received	16,359	23,447
Interest paid	(45,474)	(32,933)
Net cash flow from financing activities	**(357,999)**	**130,947**
CHANGE IN CASH POSITION	**(207,529)**	**392,588**
Net cash at beginning of year	464,600	72,012
Net cash at end of year	257,071	464,600
• of which cash and cash equivalents	257,178	464,611
• of which bank overdrafts	(108)	(11)

(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*	*(318)*	*(340)*
• *se rights received from tenants and spread out over the fixed term of the lease*	*(1 848)*	*(2 472)*
• *deferred financial expenses*	*697*	*434*
• *interest on non-cash loans*	*54*	*24*

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
(3) The change in working capital requirement breaks down as follows:		
• *trade receivables*	*3 375*	*(31 420)*
• *trade payables*	*1 087*	*1 555*
• *other receivables and payables*	*(11 603)*	*35 561*
Total working capital requirement	*(7 141)*	*5 696*

(4) At the end of December 2020, cash outflows relating to acquisitions and cash inflows relating to disposals were presented on a gross basis, excluding the impact of the exchange between Mercialys and SCI AMR of the real estate assets of Gassin (disposal), Montauban and Valence 2 (acquisitions), which gave rise to the payment of a balance in favor of Mercialys for Euro 37 million.

1.2.2 Main highlights of 2021

Impacts relating to the Covid-19 pandemic

The shopping center sector in France was significantly affected, from January 2021, by the government measures relating to the health crisis. First of all, local curfews were set from January 2, then extended nationwide. From January 31, all non-food stores with over 20,000 sq.m. of gross leasable area, as well as non-food stores in shopping centers with a gross leasable area of over 20,000 sq.m., were closed. In addition, shopping centers were not authorized to offer click and collect services from this date until the sites reopened. The closure restrictions were ramped up from March 6, in all French Departments under stronger supervision measures, reducing the limit for gross leasable area authorized to open to 10,000 sq.m.. Lastly, on April 3, the French government introduced a third national lockdown and also ordered the closure of all stores considered to be non-essential, regardless of their size.

This scope for closures was more restrictive than in 2020 and, combined with the asset sales completed at the end of 2020 by Mercialys, including the sale of four Monoprix stores, was reflected in an open annualized rental base of 36% for the Company's portfolio between April 3 and May 19, 2021, compared with 40% during the first lockdown from March to May 2020.

On May 19, the French government authorized the reopening of "non-essential" stores. Mercialys' shopping centers were able to once again welcome members of the public across their entire retail space (excluding indoor sit-down dining), in accordance with strict health protocols and restrictions on minimum space ratios. Indoor restaurants were able to reopen from June 9, subject to various health measures and minimum space ratios. These restrictions on minimum space ratios were lifted on June 30, 2021 for venues open to the public, and France has not been subject to any curfew measures since June 20, 2021. However, the level of operational activity for nine Mercialys shopping centers was negatively affected for several weeks during the third quarter of 2021, primarily in August, due to the French State's introduction of a requirement to show a "health pass" to access certain sites.

This latest order to close stores may have affected the profitability of retailers that were already impacted by these same measures in 2020, and affected the collection rate for rent, charges and work for the first half of 2021. However, the French government made a public commitment to put in place support packages, in addition to the solidarity fund, that will notably enable retailers that were ordered to close to honor their rent payments. A decree was published on November 16, 2021, introducing support for rent or fees and charges for certain retail and service activities that were forbidden from welcoming members of the public with a view to preventing the spread of the Covid-19 epidemic. These support measures aim to enable retailers to honor their payments for rent and charges for the period when shopping centers were closed during the first half of 2021, which will benefit the collection rate for retail property companies. As a result, Mercialys has not written off any receivables for the period of government-ordered closures.

Alongside this, Mercialys continued to formalize and put in place the support measures granted to its tenants in 2021 for the government-ordered closure periods in 2020.

Concerning the safety of the Company's employees, the arrangements for working from home, which had already been strengthened in 2020, were maintained in 2021 and adapted in line with changes in the health situation and the recommendations issued by the French Ministry of Labor, Employment and Economic Inclusion.

Company's financing and balance sheet

Mercialys has extended the maturity of its undrawn financing facilities. On the one hand, through the Euro 225 million revolving bank credit facility, with 80% extended to December 2024, compared with December 2022 previously. On the other hand, through the one-year extension of an undrawn Euro 25 million bilateral bank line. In addition, through the determination of new firm maturities of five years and three years respectively on one and two undrawn bilateral facilities, two of which also saw their amounts increased, for a combined total of Euro 115 million, *versus* Euro 90 million previously. Lastly, through a new undrawn bilateral line set up for Euro 50 million. The Company launched work to set up a more environmentally responsible financing structure, with environmental clauses incorporated into four undrawn bilateral lines representing a combined total of Euro 165 million.

The Company's undrawn financial resources totaled Euro 480 million at December 31, 2021, compared with Euro 405 million at end-December 2020. This change will enable the Company to extinguish various lines due to mature with a banking partner that now has only a limited presence in France for a total of Euro 75 million, and, from the first quarter of 2022, to terminate the current account advance made available by the Casino group for Euro 35 million before it was due to mature in December 2022.

The Company has also continued to optimize the management of its bond maturities and, in 2021, redeemed Euro 99.2 million of the bond issue maturing in March 2023. These bonds are canceled in the Company's books. The outstanding amount of the bond issue maturing in March 2023 therefore represented Euro 469.5 million at end-2021.

Lastly, to contribute to its strong balance sheet positions, Mercialys' General shareholders' Meeting on April 22, 2021 decided to offer each shareholder an option for the full dividend of Euro 0.43 per share for the year ended December 31, 2020 to be paid in cash or in new Company shares. This operation enabled Mercialys to further strengthen its equity by Euro 17.1 million with the creation of 1,837,332 new ordinary shares, representing nearly 2% of the capital based on the capital at April 30, 2021. Following this operation, Mercialys' share capital on May 21, 2021 was increased to Euro 93,886,501, split into 93,886,501 ordinary shares with a par value of Euro 1, fully paid-up and all of the same category.

Following the exercising of this option for payment in shares, the Casino group dropped below the threshold representing 20% of Mercialys' capital and voting rights, and indicated on May 31, 2021 that it held 18,559,506 Mercialys shares, representing 19.77% of the Company's capital and 19.82% of its voting rights. In December 2021, the Casino group indicated that it had sold 3% of Mercialys' capital through a total return swap (TRS) maturing in March 2022, taking the Group's interest in Mercialys to 16.77% of the capital and 16.86% of voting rights.

Sales operations

During the fourth quarter of 2021, Mercialys completed the sale of two assets: the Marseille Canebière Monoprix store and the Carré Duparc retail park in Sainte-Marie (Reunion Island). The Company also signed preliminary sales agreements without financing conditions for the Annecy and Saint-Etienne hypermarkets. These assets illustrate Mercialys' value creation strategy. They had been transformed since their acquisition in 2014. In addition, Mercialys has sold or signed sales commitments for various plots at non-strategic and fragmented sites. Lastly, the Bordeaux Pessac shopping center, held by the OPCI fund UIR2, in which Mercialys has a 20% interest (this OPCI real estate investment fund is recorded in Mercialys' accounts under non-consolidated securities in non-current assets), was also subject to a preliminary sales agreement in 2021 and the corresponding condition precedent was lifted in January 2022.

These divestments represent a total volume of Euro 110 million including transfer taxes, with Euro 28.0 million of sales completed and Euro 82.0 million of preliminary sales agreements, with 94% no longer subject to conditions precedent on the date of this document.

Overall, the transaction values for the sales and preliminary sales agreements secured by Mercialys (excluding UIR2) are slightly higher than the end-June 2021 appraisals.

1.2.3 Summary of the main key indicators for the period

	Dec. 31, 2021
Organic growth in invoiced rents	+3.0%
EBITDA [(1)]	€144.7m
EBITDA/rental revenues	84.0%
Funds From Operations (FFO) [(2)]	€101.8m
Funds From Operations [(3)] (FFO) per share	€1.10
Fair value of the portfolio (including transfer taxes)	€3,138.2m
Change *vs.* Dec. 31, 2020 (current basis)	-3.7%
Change *vs.* Dec. 31, 2020 (like-for-like)	-2.8%
EPRA NDV per share	€17.60
Change *vs.* Dec. 31, 2020	-4.5%
Loan to Value (LTV) – excluding transfer taxes	36.7%

(1) Earnings before interest, taxes, depreciation, amortization and other operating income and expenses.

(2) FFO: Funds From Operations = 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. 92,839,729 shares.

1.2.4 Review of activity

Main management indicators

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

At Jan. 31, 2022	Number of leases	Annual MGR * + variable rents (€M)	Share of leases expiring (% annual MGR + variable)
Expired at December 31, 2021	328	18.1	10.7%
2022	159	8.3	4.9%
2023	110	7.8	4.6%
2024	150	9.2	5.5%
2025	129	7.6	4.5%
2026	196	20.7	12.2%
2027	218	38.2	22.6%
2028	211	14.9	8.8%
2029	183	11.2	6.6%
2030	262	23.2	13.7%
2031 and beyond	188	9.6	5.7%
TOTAL	**2,134**	**168.8**	**100.0%**

* *MGR: minimum guaranteed rent.*

The stock of expired leases at end-2021 reflects the negotiations underway, refusals to renew leases with the payment of compensation for eviction, global negotiations for each retailer, tactical delays, etc.

Negotiations with the retailers continued to move forward in 2021 with a view to securing Mercialys' rental flows. Taking into account all of the lease renewals and relettings during the year, whereas at the end of 2020 the leases expired or due to expire at December 31, 2021 represented 20.9% of the Company's total rental base, they were down to just 10.7% on the publication date.

As part of the negotiations with retailers concerning the store closures and lockdown phases, in exchange for the rent relief granted, Mercialys was often able to obtain extensions of the firm term of leases (tenants waiving or deferring their next three-year break, renewing their lease early or signing a new lease), achieving an extension of the average firm term of leases across its portfolio by 9.1 months at December 31, 2021, ensuring the sustainability of its rental flows.

The **collection rate** is still impacted by the health crisis. The shopping center sector in France was significantly affected, from January 2021, by the government measures relating to the health crisis. Meanwhile, the French government made a commitment to put in place support packages, in addition to the solidarity fund and the mechanism covering fixed costs, which should notably enable tenants that were ordered to close to honor their rent payments. Following the signing of the corresponding decree in November 2021, eligible retailers will receive compensation from the government in February 2022. The delays with rolling out these support measures impacted the collection rate for rent and charges for 2021. In view of the government arrangements intended to enable retailers to specifically pay their rent and charges for the periods when they were ordered to close in 2021, Mercialys has not determined any additional support measures. For all the rent and charges (excluding tax) billed by Mercialys, the collection rate came to 88.8% at end-December 2021.

The gross collection rate for 2020 was 90.1% at end-December 2021. Restated for the rent relief already granted or to be awarded and provisions for doubtful receivables, this rate came to 99.9%.

The **current financial vacancy rate** - which excludes "strategic" vacancies following decisions to facilitate the deployment of extension and redevelopment plans - came to 3.2% [(1)] at December 31, 2021, significantly lower than at end-December 2020 (3.8%), end-June 2021 (4.0%) and end-September 2021 (3.4%), highlighting the appeal of Mercialys' sites.

The **total vacancy rate** [(2)] was 4.9% at December 31, 2021, once again showing a marked reduction compared with end-2020 (5.4%), end-June 2021 (5.7%) and end-September 2021 (5.0%).

The **reversion** achieved on renewals and relettings came to an average of -3.0% (-1.8% excluding the retailer Camaïeu, which was subject to liquidation proceedings and a takeover by a new investor). This shows a significant sequential improvement compared with -6.5% for the year to end-June 2021 (-5.4% excluding Camaïeu) and -3.6% for the year to end-September 2021 (-2.0% excluding Camaïeu).

The analysis of the **occupancy cost ratio** [(3)] is ineffective for the full year in 2021 due to the periods when stores were ordered to close. Furthermore, as certain retailers' activities may show strong seasonality during the year, especially in the fourth quarter, any analysis for periods of less than one year is even more complex and potentially not relevant. At December 31, 2019, this ratio showed a very moderate level of 10.4%.

(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 works including tax)/ sales revenue including tax

The rents received by Mercialys come from a very diverse range of retailers: with the exception of retailers that are part of the Casino group (details presented below) and H&M (2.5%), no other tenant represents more than 2% of total rental income.

Casino group retailers accounted for 22.4% of total rental income at December 31, 2021, down slightly from June 30, 2021 (22.6%) and December 31, 2020 (22.7%). This change is linked in particular to the sale of the Marseille Monoprix store in the fourth quarter of 2021.

This consolidated accounting exposure is calculated factoring in all of the rent paid by Casino group retailers. 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 adjusted upwards for Mercialys' 25% minority interest in SCI AMR, which holds three Monoprix stores and two hypermarkets operating under the Géant Casino banner, Mercialys' economic exposure to rent from retailers operated by the Casino group is 19.6%.

Exposure to the Casino group will continue to be scaled back in 2022 (20.7% proforma for the hypermarkets under preliminary sales agreements at end-2021) through the completion of the sales of two hypermarkets (Saint Etienne and Annecy).

The lease schedule for these top two Mercialys tenants is presented below:

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
Saint-Étienne	100%	Hypermarket	07/2014	06/2026	3 -6 -9 -12 commercial lease
Quimper	100%	Hypermarket	12/2014	12/2026	3 -6 -9 -12 commercial lease
Annecy	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
Le Puy	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

H&M GROUP LEASE SCHEDULE

Site	Lease start date	Lease end date	Lease characteristics
Grenoble	05/2010	05/2020	3 -6 -9 -10
Marseille	04/2011	04/2021	3 -6 -9 -10
Angers	07/2011	07/2021	3 -6 -9 -10
Clermont-Ferrand	08/2013	08/2023	3 -6 -9 -10
Mandelieu	01/2016	01/2028	12-year commercial lease, 6-year firm period
Brest	02/2016	02/2028	12-year commercial lease, 6-year firm period
Lanester	07/2016	07/2028	12-year commercial lease, 6-year firm period
Toulouse	07/2016	07/2028	12-year commercial lease, 6-year firm period
Aix-en-Provence	08/2016	08/2028	12-year commercial lease, 6-year firm period
Besançon	12/2016	12/2028	12-year commercial lease, 6-year firm period
Quimper	05/2017	05/2029	3 -6 -9 -12
Morlaix	07/2017	07/2029	12-year commercial lease, 6-year firm period
Narbonne	07/2017	07/2029	12-year commercial lease, 6-year firm period
Nîmes	08/2017	07/2029	12-year commercial lease, 6-year firm period

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 *(%)*	
	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021
National and international retailers	1,454	108.4	64.6%	64.2%
Local retailers	629	22.6	12.7%	13.4%
Casino cafeterias/restaurants	2	0.2	0.6%	0.1%
Monoprix	1	1.2	1.0%	0.7%
Géant Casino and other entities	48	36.4	21.1%	21.6%
TOTAL	**2,134**	**168.8**	**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 divestment 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 large food stores, health and beauty, culture, gifts and sport, as well as more innovative activities:

	Percentage of rent *(%)*	
	Dec. 31, 2020	Dec. 31, 2021
Restaurants and catering	8.6%	8.4%
Health and beauty	12.3%	12.6%
Culture, gifts and sports	16.0%	16.3%
Personal items	31.5%	30.5%
Household equipment	6.9%	7.2%
Food-anchored tenants	21.5%	21.8%
Services	3.2%	3.2%
TOTAL	**100.0%**	**100.0%**

The **rental income structure** at December 31, 2021 shows that the majority of leases, in terms of overall rental income, include a variable clause. However, the vast majority of leases include a guaranteed minimum rent or do not have a variable clause (98.0% in terms of overall rents):

	Number of leases	Annual MGR + variable *(€M)*	Percentage of rent *(%)*	
	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021
Leases with variable clause	1,293	97.0	59%	58%
• *of which MGR*		*93.7*	*56%*	*56%*
• *of which variable rent with MGR*		*0.6*	*1%*	*0%*
• *of which variable rent without MGR*		*2.8*	*2%*	*2%*
Leases without variable clause	841	71.7	41%	42%
TOTAL	**2,134**	**168.8**	**100%**	**100%**

The rental income structure at December 31, 2021 shows a predominant share of leases indexed against the French retail rent index (ILC). For the vast majority of Mercialys' leases, indexation corresponds to the change in this index between the second quarters of N-2 and N-1 and the third quarters of N-2 and N-1.

	Number of leases	Annual MGR + variable *(€M)*	Percentage of rent *(%)*	
	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021
Leases index-linked to the retail rent index (ILC)	1,769	156.4	94%	95%
Leases index-linked to the Construction Cost Index (ICC)	131	6.5	5%	4%
Leases index-linked to the tertiary activities rent index (ILAT) and non-adjustable leases	214	2.5	1%	2%
TOTAL	**2,114**	**165.4**	**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)	Dec. 31, 2020	Dec. 31, 2021	Change *(%)*
Invoiced rents	172,911	170,352	-1.5%
Lease rights and despecialization indemnities	2,529	1,879	-25.7%
Rental revenues	**175,440**	**172,232**	**-1.8%**
Property taxes	(14,248)	(13,570)	-4.8%
Rebilling to tenants	12,684	11,606	-8.5%
Non-recovered property taxes	**(1,564)**	**(1,964)**	**+25.6%**
Service charges	(30,142)	(31,690)	+5.1%
Rebilling to tenants	25,871	26,870	+3.9%
Non-recovered service charges	**(4,271)**	**(4,821)**	**+12.9%**
Management fees	(5,860)	(6,306)	+7.6%
Rebilling to tenants	4,585	4,183	-8.8%
Losses on and impairment of receivables	(19,694)	(2,205)	-88.8%
Other expenses	(1,279)	(1,076)	-15.9%
Net property operating expenses	**(22,248)**	**(5,403)**	**-75.7%**
NET RENTAL INCOME	**147,357**	**160,043**	**+8.6%**

The **-1.5 point** change in invoiced rents primarily reflects the following factors:

- the impact of indexation for **+0.3 points**, representing Euro 0.4 million;
- the upturn in the contribution by Casual Leasing despite the major opening restrictions for **+0.2 points**, representing Euro +0.4 million;
- the virtually stable level of variable rents in the context of the same opening restrictions for Euro 0.1 million;
- the actions carried out on the portfolio, including the deferral of rental measures due to the lockdown, for **-2.1 points**, representing Euro -3.7 million;
- the accounting impact of the rent relief granted to retailers in connection with the health crisis for **4.6 points**, representing Euro +8.0 million;
- the asset acquisitions and sales completed in 2020 and 2021 for **-4.5 points**, representing Euro -7.7 million;
- other effects primarily including strategic vacancies linked to current redevelopment programs for -0.1 points, representing Euro -0.1 million.

Taking into account the effects presented above, organic growth in invoiced rents shows an increase of 3.0 points.

The turnaround in organic growth in 2021, from -6.0% at end-March to -4.0% at end-June, -2.9% at end-September and +3.0% at end-December, reflects the robust level of letting activity despite more than 3.5 months of closures during the first half of the year, as well as base effects concerning the impacts of the health crisis, particularly in relation to the fourth quarter of 2020.

These elements, presented in detail in section 1.1.1, came to Euro -10.4 million in invoiced rents in 2020 and Euro -2.4 million in 2021, with a Euro +8.0 million change reflected in organic growth.

Lease rights and despecialization indemnities [(1)] received over the period came to Euro 0.7 million at December 31, 2021, compared with Euro 0.9 million at December 31, 2020, with the following breakdown:

- Euro 0.7 million of lease rights linked to reletting activities (*vs.* Euro 0.9 million in 2020);
- a non-significant amount of despecialization indemnities, as in 2020.

After taking into account deferrals over the firm period of leases as required under IFRS, lease rights for 2021 totaled Euro 1.9 million, compared with Euro 2.5 million for 2020.

Rental revenues therefore came to Euro 172.2 million at December 31, 2021, down -1.8% from end-2020.

Net rental income 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 12.2 million for 2021, significantly lower than end-2020 (Euro 28.1 million), linked in particular to the impact of the reversal of provisions, resulting from relief measures granted to tenants as part of the health crisis support measures from 2020 that were finalized in 2021, as well as the reversal of provisions that were no longer applicable.

Net rental income is up +8.6% to Euro 160.0 million. The change compared with end-2020 is linked to very significant base effects, with Euro 13.7 million of provisions recorded for the impairment of trade receivables due to the impact of the health crisis in 2020. In 2021, Euro 9.7 million of these provisions from 2020 were reversed as a result of both the collection operations completed and the rent relief granted. Alongside this, an exceptional provision for Euro 7.8 million was recorded in the 2021 accounts concerning arrears for rent and charges for the year. Lastly, Mercialys recorded Euro 1.4 million of income in 2021 relating to the tax credit for landlords that granted rent relief as recommended by the French government in relation to the second lockdown from 2020.

(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)	Dec. 31, 2020	Dec. 31, 2021	Change *(%)*
Net rental income	**147,357**	**160,043**	**+8.6%**
Management, administrative and other activities income	3,035	2,801	-7.7%
Other income and expenses	(6,096)	(3,395)	-44.3%
Personnel expenses	(13,121)	(14,763)	+12.5%
EBITDA	**131,174**	**144,687**	**+10.3%**
% rental revenues	74.8%	84.0%	na

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 2021 totaled Euro 2.8 million, compared with Euro 3.0 million for 2020.

No **property development margin** was recorded in 2021.

The Euro 1.6 million of other current income recognized in 2021 includes dividends received from the OPCI fund created in partnership with Union Investment in 2011. Ownership of this OPCI real estate investment fund is split between Union Investment (80%) and Mercialys (20%), and it is recorded in Mercialys' accounts under non- consolidated securities in non-current assets. Mercialys operates this fund and is in charge of asset management and letting. These dividends, similar to net rental revenues, are recognized as operating income. A compensation payment, concerning a guarantee that Mercialys was covered by for the Arles site, was also recorded in 2021.

Other current expenses mainly comprise overheads. Overheads primarily include financial communications costs, directors' fees, corporate communications costs, shopping center communications costs, marketing research costs, fees paid to the Casino group for services under the Services Agreement (back-office support), professional fees (Statutory Auditors, consulting, research) and real estate portfolio appraisal costs.

For 2021, these expenses totaled Euro 5.0 million, compared with Euro 6.1 million in 2020. This change notably takes into account the changes in the services covered by the Services Agreement, some of which ended in 2021, as well as the Company's committed efforts to moderating operating costs.

Personnel expenses totaled Euro 14.8 million in 2021, compared with Euro 13.1 million in 2020. For reference, Mercialys is continuing to gradually bring back in-house support activities that were previously outsourced under the Services Agreement signed with the Casino group. In 2020, the IT support, HR support and real estate management control activities were brought back in-house. At the end of 2021, the insurance management and corporate legal activities were also brought back in-house. In addition, work was carried out in 2021 to prepare to bring the accounting, cash management, rental management, and technical and administrative management functions back in-house. These changes led to an increase in Mercialys' payroll, alongside a gradual reduction in billing under the Agreement recognized in other current expenses.

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 (see paragraph above concerning management, administrative and other activities income).

As a result, EBITDA [(1)] came to Euro 144.7 million in 2021, compared with Euro 131.2 million in 2020, up +10.3%. The EBITDA margin also shows a significant increase to 84.0%, compared with 74.8% at December 31, 2020.

1.2.5.3 Net financial items

Net financial income totaled Euro 33.8 million at December 31, 2021, compared with Euro 24.6 million at December 31, 2020. Restated for the impact of non-recurring items (hedging ineffectiveness, banking default risk, bond redemption premium, bond redemption costs, proceeds from the unwinding of swaps and exceptional amortization relating to the partial redemption of the 2023 issue), which represented a Euro (1.1) million net expense at end-December 2021, *versus* Euro 1.1 million of net income at end-December 2020, net financial income taken into account to calculate Funds From Operations (FFO) came to Euro 32.8 million at end-2021, compared with Euro 25.7 million at end-2020. This change primarily reflects the impact of the refinancing operation carried out in July 2020.

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

The following table presents a breakdown of net financial items:

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2021	Change *(%)*
Income from cash and cash equivalents *(a)*	**61**	**177**	**na**
Cost of debt taken out *(b)*	(31,450)	(36,872)	+17.2%
Impact of hedging instruments *(c)*	7,698	9,023	+17.2%
Cost of property finance leases *(d)*	0	0	na
Gross finance costs excluding exceptional items	**(23,752)**	**(27,849)**	**+17.2%**
Exceptional amortization of costs relating to the early repayment of financial debt *(e)*	(2,544)	(759)	-70.2%
Gross finance costs *(f) = (b)+(c)+(d)+(e)*	**(26,296)**	**(28,607)**	**+8.8%**
Net finance costs *(g) = (a)+(f)* [1]	**(26,236)**	**(28,431)**	**+8.4%**
Cost of revolving credit facility and bilateral loans (undrawn) *(h)*	(2,724)	(3,165)	+16.2%
Other financial expenses *(i)*	(300)	(300)	-0.1%
Other financial expenses excluding exceptional items *(j) = (h)+(i)*	**(3,024)**	**(3,465)**	**+14.6%**
Non-recurring financial expenses *(k)*	**0**	**(2,235)**	**na**
Other financial expenses *(l) = (j)+(k)*	**(3,024)**	**(5,700)**	**+88.5%**
TOTAL FINANCIAL EXPENSES *(M) = (F)+(L)*	**(29,321)**	**(34,307)**	**+17.0%**
Income from associates	233	296	+27.8%
Other financial income	4,406	0	na
Other financial income *(n)*	**4,639**	**296**	**na**
Total financial income *(o) = (a)+(n)*	**4,700**	**473**	**na**
NET FINANCIAL INCOME = *(M)+(O)*	**(24,621)**	**(33,835)**	**+37.4%**

(1) Net finance costs in 2020 and 2021, in accordance with the conditions for calculation set by the covenants for the Company's bank lines, do not take into account the Euro 4.4 million of net income for 2020 and the Euro 2.2 million net expense for 2021 linked to the bond redemption premiums, the bond redemption costs and the proceeds from unwinding swaps.

1.2.5.4 Funds From Operations (FFO) and net income attributable to owners of the parent

A. Funds From Operations (FFO)

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2021	Change *(%)*
EBITDA	**131,174**	**144,687**	**+10.3%**
Net financial income (excluding non-recurring items [1]	(25,748)	(32,755)	+27.2%
Reversals of/(Allowance for) provisions	1,343	(997)	na
Other operating income and expenses (excluding capital gains on disposals and impairment)	(1,480)	(1,419)	-4.1%
Tax expense	(2,019)	(848)	-57.9%
Share of net income from associates and joint ventures (excluding capital gains, amortization and impairment)	2,203	3,583	+62.6%
Non-controlling interests (excluding capital gains, amortization and impairment)	(9,932)	(10,498)	+5.7%
FFO	**95,541**	**101,754**	**+6.5%**
FFO per share [2]	***1.04***	***1.10***	***+5.0%***

(1) Impact of hedging ineffectiveness, banking default risk, bond redemption premium, bond redemption costs, proceeds from unwinding swaps and exceptional amortization relating to the partial redemption of the 2023 issue.
(2) Calculated based on the average undiluted number of shares (basic), i.e. 92,839,729 shares.

Other operating income and expenses (excluding capital gains on disposals and impairment) came to Euro (1.4) million (Euro (1.5) million at end-2020) and primarily include the net impacts of provisions, as well as the launch of the Ocitô and Cowork activities.

The tax regime for French SIIC (REIT) companies exempts them from paying tax on their income from real estate activities, provided that at least 95% of net income from rental revenues 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.

2021 recorded a **tax expense** of Euro -0.8 million, primarily comprising the CVAE corporate value-added tax. At end-2020, the tax expense was Euro 2.0 million.

The **share of net income from associates and joint ventures (excluding capital gains, amortization and impairment)** came to Euro 3.6 million at December 31, 2021, compared with Euro 2.2 million at December 31, 2020. 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), SCI Rennes Anglet (in which Mercialys has a 30% stake), and SAS Saint-Denis Genin (in which Mercialys has a 30% stake). The change in this share over the period reflects the assets sold at the end of December 2020 to SCI AMR, as well as the impact of rent relief granted by associates in connection with the health crisis, in addition to the impact of the collection in 2021 of rent and charges billed in 2020.

Non-controlling interests (excluding capital gains, amortization and impairment) came to Euro (10.5) million at December 31, 2021, compared with Euro (9.9) million at December 31, 2020. They are linked to the 49% stake held by BNP Paribas REIM France in the companies Hypertethis Participations and Immosiris. As Mercialys retains exclusive control, these subsidiaries are fully consolidated.

In view of these items, **Funds From Operations (FFO)**, which correspond to net income before amortization, capital gains or losses on disposals net of associated costs, potential asset impairments and other non-recurring effects, came to Euro 101.8 million (*versus* Euro 95.5 million for 2020), up +6.5%. Considering the average number of shares (basic) at end-December, FFO represents Euro 1.10 per share at December 31, 2021, compared with Euro 1.04 per share at December 31, 2020, up +5.0%. This performance significantly exceeded the target set for FFO per share to be at least stable in 2021 *versus* 2020.

B. Net income attributable to owners of the parent

(in thousands of euros)	Dec. 31, 2020	Dec. 31, 2021	Change *(%)*
FFO	95,541	101,754	+6.5%
Depreciation and amortization	(40,777)	(39,157)	-4.0%
Other operating income and expenses	34,223	369	na
Hedging ineffectiveness, banking default risk and impact of partial redemption of the 2023 issue	1,127	(1,080)	na
Share of net income from associates, joint ventures and non-controlling interests (amortization, depreciation and capital gains)	(4,282)	296	na
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**85,833**	**62,183**	**-27.6%**

Depreciation and amortization came to Euro 39.2 million in 2021, down -4% from 2020 due to the assets sold, while investment remained at a very moderate level over the period.

Other operating income and expenses not included in Funds From Operations (FFO) correspond notably to the net amount of capital gains on property disposals and provisions for impairment of assets.

Other operating income came to Euro 28.6 million at December 31, 2021, compared with Euro 240.7 million at December 31, 2020. This amount includes:

- income from asset sales completed over the period for Euro 27.7 million;
- income associated with reversals of provisions on assets sold for Euro 0.8 million.

Other operating expenses totaled Euro (28.2) million at December 31, 2021, compared with Euro 206.5 million at December 31, 2020. This amount mainly includes:

- the net book value of assets disposed of during 2021 and costs relating to these disposals for Euro (19.5) million;
- provisions recorded for the impairment of investment properties for Euro -8.7 million.

On this basis, the amount of net capital gains recorded in the consolidated financial statements at December 31, 2021 for asset disposals came to Euro 9.0 million (*vs.* Euro 47.5 million for 2020). Capital gains from asset disposals completed in 2021 and available for distribution at 70% with the SIIC status totaled Euro 8.5 million. As the sale that accounts for the majority of this capital gain was carried out by a Mercialys subsidiary, this subsidiary will pay a dividend to Mercialys in 2022 corresponding to this capital gain, which will in turn be distributed by Mercialys in 2023.

Net income attributable to owners of the parent, as defined by IFRS, came to Euro 62.2 million for 2021, compared with Euro 85.8 million for 2020.

1.2.5.5 Financial structure

A. Debt cost and structure

At December 31, 2021, Mercialys' **drawn debt** totaled Euro 1,354.5 million, with the following breakdown:

- a bond issue with a residual nominal amount of Euro 469.5 million, with a fixed coupon of 1.787%, maturing in March 2023;
- 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 a nominal amount of Euro 300 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;

- Euro 135 million of outstanding commercial paper, with a slightly negative average rate.

Cash and cash equivalents came to Euro 257.1 million at December 31, 2021, compared with Euro 464.6 million at December 31, 2020. 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 +135.7 million;
- cash receipts/payments related to disposals/acquisitions of assets completed in 2021: Euro +14.7 million;
- dividend payments to parent company shareholders and non-controlling interests: Euro -31.5 million;
- issues and repayment of borrowings net of the change in outstanding commercial paper: Euro -296.7 million;
- net interest paid: Euro -29.1 million.

Net financial debt came to Euro 1,101.5 million at December 31, 2021, compared with Euro 1,188.8 million at December 31, 2020.

The **real average cost of drawn debt** at December 31, 2021 was 2.0% (1), virtually stable compared with end-June 2021 (1.9%) and significantly higher than the rate recorded in 2020 (1.4% (2)). This change primarily reflects the full-year impact of the refinancing operation carried out in July 2020.

Alongside this, Mercialys has maintained a high level of **hedging for its debt**, with a hedged or fixed-rate debt position (including commercial paper) representing 86% at end-December 2021, compared with 87% at end-June 2021 and 92% at end-December 2020.

B. Liquidity and debt maturity

The **average maturity of drawn debt** was 3.2 years at December 31, 2021, compared with 3.6 years at end-June 2021.

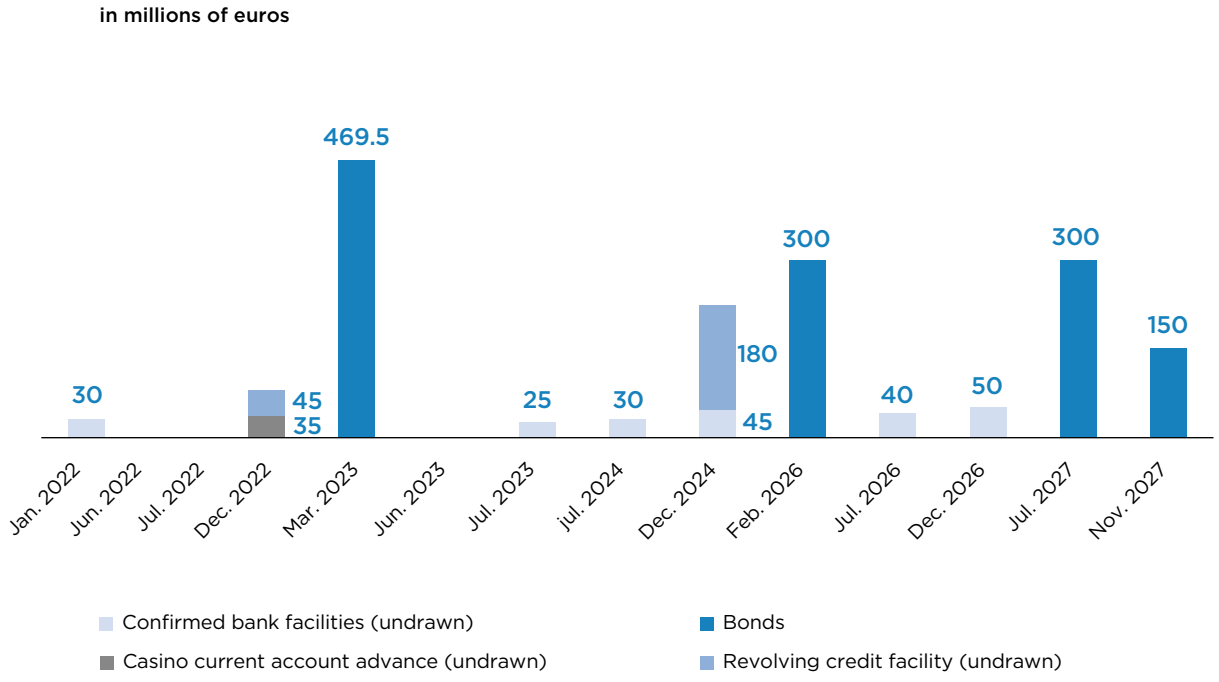
Mercialys also has Euro 480 million of **undrawn financial resources**, enabling it to benefit from a satisfactory level of liquidity:

- a Euro 225 million revolving bank credit facility, with 20% due in December 2022 and 80% in December 2024. The EURIBOR margin is 125 basis points (for a BBB rating); if undrawn, this facility is subject to payment of a non-use fee representing 40% of the margin;
- six bilateral confirmed bank facilities for a total amount of Euro 220 million, maturing between January 2022 and December 2026. The EURIBOR margins are 150 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 40% of the margins;
- a Casino current account advance for up to Euro 35 million, maturing at December 31, 2022. The EURIBOR margin is progressive; if undrawn, this facility is subject to payment of a non-use fee representing 40% of the margin.

The bilateral facility maturing in January 2022 and 20% of the RCF, representing a total of Euro 75 million, will not be renewed. In addition, during the first quarter of 2022, the current account advance made available by the Casino group for Euro 35 million was terminated ahead of schedule before it was due to mature in December 2022.

Mercialys also has a Euro 500 million commercial paper program, set up during the second half of 2012. It has been used for Euro 135 million (outstanding at December 31, 2021).

The following chart presents Mercialys' **bond debt maturity schedule and undrawn financial resources** (excluding commercial paper) at December 31, 2021:



(1) This rate does not include the net expense linked to the bond redemption premium, the bond redemption costs, the proceeds from unwinding swaps and the exceptional amortization relating to the partial redemption of the 2023 issue.
(2) This rate does not include the net proceeds linked to the bond redemption premium, the bond redemption costs, the proceeds from unwinding swaps and the exceptional amortization relating to the partial redemption of the 2023 issue.

C. Bank covenants and credit rating

Mercialys' financial position at December 31, 2021 satisfied all the various covenants included in the different credit agreements.

The **loan to value (LTV) ratio excluding transfer taxes** came to 36.7% at end-December 2021, compared with 38.1% at end-December 2020, well below the contractual covenants. An LTV covenant of less than 55% applies to 72% of the confirmed bank lines, with an LTV covenant of less than 50% for the other 28% of these facilities. The Company has improved its very balanced financial structure, with its management of liabilities and sales more than offsetting the effects of the economic and health crisis, which were reflected in a collection rate that had not yet normalized in 2021, as well as pressure on site appraisal values.

The LTV including transfer taxes was 34.4% at end-December 2021, compared with 36.0% at June 30, 2020 and 35.8% at end-December 2020.

	Dec. 31, 2020	Dec. 31, 2021
Net financial debt *(in millions of euros)*	1,188.8	1,101.5
Appraisal value excluding transfer taxes *(in millions of euros)* (1)	3,122.0	3,000.9
LOAN TO VALUE (LTV) - EXCLUDING TRANSFER TAXES	**38.1%**	**36.7%**

(1) Including the market value of investments in associates for Euro 55.8 million for 2021 and Euro 56.4 million for 2020, 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 2021, significantly higher than the contractual covenant (ICR > 2x), compared with 5.0x at end-December 2020.

	Dec. 31, 2020	Dec. 31, 2021
EBITDA *(in millions of euros)*	131.2	144.7
Net finance costs *(in millions of euros)* (1)	-26.2	-28.2
INTEREST COVERAGE RATIO (ICR)	**5.0x**	**5.1x**

(1) Net finance costs in 2020 and 2021, in accordance with the conditions for calculation set by the covenants for the Company's bank lines, do not take into account the Euro 4.4 million of net income for 2020 and the Euro 2.2 million net expense for 2021 linked to the bond redemption premiums, the bond redemption costs and the proceeds from unwinding swaps.

The two other contractual covenants are also met:

- **the fair value of assets excluding transfer taxes** at December 31, 2021 was Euro 2.9 billion, which sets a fair value of investment properties excluding transfer taxes of over Euro 1 billion);
- zero **pledged debt** at December 31, 2021 (below the covenant, which caps the pledged debt to fair value ratio excluding transfer taxes at 20%).

On May 19, 2021, Standard & Poor's confirmed its BBB rating for Mercialys, while its outlook was upgraded from negative to stable on September 13, 2021.

1.2.5.6 Equity and ownership structure

Consolidated equity totaled Euro 945.1 million at December 31, 2021, compared with Euro 895.1 million at December 31, 2020.

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

- net income for 2021: Euro +71.1 million;
- payment of the dividend for 2020 of Euro 0.43 per share (including an option for payment in shares) and dividends paid to non-controlling interests: Euro -48.6 million;
- capital increase following the option for the dividend to be paid in shares: Euro +17.1 million;
- transactions on treasury shares: Euro +0.3 million;
- change in fair value of financial assets and derivatives: Euro +10.1 million.

The **number of outstanding shares** at December 31, 2021 was 93,886,501, compared with 92,049,169 at December 31, 2020.

	2019	2020	2021
Number of shares outstanding			
• At start of period	92,049,169	92,049,169	92,049,169
• At end of period	92,049,169	92,049,169	93,886,501
Average number of shares outstanding	92,049,169	92,049,169	93,179,835
Average number of shares (basic)	**91,789,610**	**91,532,357**	**92,839,729**
Average number of shares (diluted)	**91,789,610**	**91,532,357**	**92,839,729**

At December 31, 2021, Mercialys' shareholding structure had the following breakdown: Casino group (16.77%), Generali Group (7.85%), treasury stock (0.52%), other shareholders (74.85%).

1.2.5.7 Dividends

Mercialys' Board of Directors will submit a proposal at the General Meeting on April 28, 2022 for a dividend of Euro 0.92 per share, compared with Euro 0.43 per share for 2020. The payout corresponds to 85% of 2021 FFO and offers a yield of 5.2% on the NDV of Euro 17.60 per share at end-2021 and 10.7% on the year's closing price.

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 0.39 per share;
- the distribution based on 70% of exempt profits for 2021 from the disposal of properties and investments in real estate companies, *i.e.* Euro 0.01 per share;
- the distribution based on 70% of exempt profits for 2020 from the disposal of properties and investments in real estate companies, *i.e.* Euro 0.38 per share;
- the distribution of exempt income recorded on the Company's balance sheet for Euro 0.14 per share.

The ex-dividend date is May 3, 2022, and the dividend will be paid on May 5, 2022.

1.2.6 Changes in the scope of consolidation and valuation of the asset portfolio

1.2.6.1 Asset acquisitions

No significant acquisitions were recorded in 2021.

1.2.6.2 Completions

No significant completions were recorded in 2021.

1.2.6.3 Disposals

During the fourth quarter of 2021, Mercialys completed the sale of two assets: the Marseille Canebière Monoprix store and the Carré Duparc retail park in Sainte-Marie (Reunion Island).

In addition, Mercialys sold various plots in jointly-owned properties at non-strategic and fragmented sites in 2021. The combined total of assets sold during the year came to Euro 28.0 million.

The Company also signed preliminary sales agreements without financing conditions for the Annecy and Saint-Etienne hypermarkets. These assets, acquired in 2014 and since subject to transformation work, illustrate Mercialys' value creation strategy. These sales have also enabled Mercialys to continue reducing its exposure to its primary tenant, the Casino group (22.4% of Mercialys' total rental income at end-2021 and 20.7% proforma for these sales).

The Bordeaux Pessac shopping center, held by the OPCI fund UIR2, in which Mercialys has a 20% interest (this OPCI real estate investment fund is recorded in Mercialys' accounts under non-consolidated securities in non-current assets), was also subject to a preliminary sales agreement in 2021 and the corresponding condition precedent was lifted in January 2022.

Lastly, preliminary sales agreements were signed for various geographically dispersed assets in 2021.

These divestments represent a total volume of Euro 110 million including transfer taxes, with Euro 28.0 million of sales completed and Euro 82.0 million of preliminary sales agreements, with 94% no longer subject to conditions precedent to date.

Overall, the transaction values for the sales and preliminary sales agreements secured by Mercialys (excluding UIR2) are slightly higher than the end-June 2021 appraisals.

These divestments are in line with Mercialys' asset rotation strategy and the portfolio's realignment around sites with potential for growth in the medium term. They will enable Mercialys to further consolidate its balance sheet (loan to value (LTV) ratio excluding transfer taxes of 38.3% at end-June 2021) and give Mercialys financial flexibility with a view to capitalizing on value-creating investment opportunities outside of the Company's current scope.

1.2.6.4 Appraisal valuations and changes in scope

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

At December 31, 2021, BNP Real Estate Valuation, Catella Valuation, Cushman & Wakefield, CBRE and Galtier updated their valuation of Mercialys' portfolio:

BNP Real Estate Valuation conducted the appraisal of 35 sites at December 31, 2021, based on an on-site inspection of one site during the second half of 2021 and an update of the June 30, 2021 appraisals for the other sites. 11 on-site inspections were carried out during the first half of 2021;

Catella Valuation conducted the appraisal of 15 sites at December 31, 2021, based on an on-site inspection of four sites during the second half of 2021 and an update of the June 30, 2021 appraisals for the other sites;

Cushman & Wakefield conducted the appraisal of 9 sites at December 31, 2021, based on an update of the appraisals carried out at June 30, 2021;

CBRE conducted the appraisal of one site at December 31, 2021, based on an update of the appraisal carried out at June 30, 2021;

Galtier performed the appraisal for Mercialys' remaining sites, *i.e.* two sites, at December 31, 2021, based on an update of the appraisals carried out at June 30, 2021;

On this basis, the portfolio value was Euro 3,138.2 million including transfer taxes at December 31, 2021, compared with Euro 3,258.3 million at December 31, 2020. Excluding transfer taxes, this value was Euro 2,945.1 million at end-2021, compared with Euro 3,065.6 million at end-2020.

The portfolio value including transfer taxes is therefore down -3.7% over 12 months (-2.8% like-for-like [1]) and -1.5% over six months (-0.6% like-for-like). The change in the portfolio value excluding transfer taxes is consistent with the same proportions (-1.7% over six months and -0.9% like-for-like).

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

The average appraisal yield rate was 5.71% at December 31, 2021, compared with 5.74% at June 30, 2021 and 5.72% at December 31, 2020.

Type of property	Average yield rate Dec. 31, 2020	Average yield rate Jun 30, 2021	Average yield rate Dec. 31, 2021
Regional and large shopping centers	5.44%	5.44%	5.43%
Neighborhood shopping centers	7.31%	7.45%	7.33%
Total portfolio [1]	5.72%	5.74%	5.71%

(1) Including other assets (independent cafeterias and other standalone units).

The following table presents the breakdown of Mercialys' portfolio by fair value and gross leasable area (GLA) by type of property at December 31, 2021, as well as the corresponding appraised rental income:

Type of property	Number of assets	Appraisal value (excl. transfer taxes) Dec. 31, 2021		Appraisal value (incl. transfer taxes) Dec. 31, 2021		Gross leasable area Dec. 31, 2021		Appraised potential net rental income	
		(M€)	(%)	(M€)	(%)	(m^2)	(%)	(M€)	(%)
Regional and large shopping centers	25	2,499.7	84.9%	2,662.1	84.8%	640,783	78.8%	144.6	80.7%
Neighborhood shopping centers	25	437.4	14.9%	467.6	14.9%	171,133	21.0%	34.3	19.1%
Subtotal	**50**	**2,937.1**	**99.7%**	**3,129.7**	**99.7%**	**811,916**	**99.8%**	**178.9**	**99.8%**
Other sites [1]	3	8.0	0.3%	8.5	0.3%	1,414	0.2%	0.3	0.2%
TOTAL	**53**	**2,945.1**	**100.0%**	**3,138.2**	**100.0%**	**813,330**	**100.0%**	**179.2**	**100.0%**

(1) Including other assets (independent cafeterias and other standalone units).

1.2.7 Outlook

Excluding the health situation's potential impacts on its operations, Mercialys has set the following objectives for 2022:

- growth in Funds From Operations (FFO) per share to reach at least +2%;
- dividend to range from 85% to 95% of 2022 FFO.

1.2.8 Subsequent events

In January 2022, Mercialys canceled, ahead of schedule, the current account advance granted by the Casino group (this line had never been drawn down) for a total of Euro 35 million.

On February 17, 2022, the Company successfully placed a new Euro 500-million bond issue with a 7-year maturity and 2.5% coupon with a diverse investor base.

At the same time, on February 16, 2022, Mercialys launched a partial buyback offer on the Euro 300-million bond issue maturing in July 2027. The nominal amount accepted by the Company as part of the buyback offer amounted to Euro 100 million. These bonds will be cancelled in the Company's books. The remaining outstanding amount of the bond maturing in July 2027 therefore stands at Euro 200 million.

This bond issue also enabled the Company to exercise in full its early repayment option (make-whole) on its bond maturing in March 2023 for a nominal amount of Euro 469.5 million.

These transactions have contributed to the extension of the average maturity of the drawn debt, which, at December 31, 2021, was 3.2 years, as well as the financial conditions thereof.

1.2.9 EPRA performance measurements

Mercialys applies the EPRA [1] recommendations for theindicators 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 2021, end-June 2021 and end-December 2020:

	Dec. 31, 2020	June 30, 2021	Dec. 31, 2021
EPRA earnings *(€ per share)*	1.04	0.60	1.10
EPRA NRV *(€ per share)*	21.18	20.32	20.51
EPRA NTA *(€ per share)*	19.04	18.26	18.39
EPRA NDV *(€ per share)*	18.42	17.17	17.60
EPRA net initial yield *(%)*	5.28%	5.26%	5.24%
EPRA topped-up net initial yield *(%)*	5.33%	5.32%	5.32%
EPRA vacancy rate *(%)*	5.4%	5.7%	4.9%
EPRA cost ratio (including direct vacancy costs) *(%)*	27.0%	11.7%	18.5%
EPRA cost ratio (excluding direct vacancy costs) *(%)*	25.6%	9.8%	16.6%
EPRA capital expenditure *(€M)*	61.6	6.6	15.9

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)	Dec. 31, 2020	June 30, 2021	Dec. 31, 2021
Net income attributable to owners of the parent	**85.8**	**31.4**	**62.2**
Share of net income from associates, joint ventures and non-controlling interests (amortization, depreciation and capital gains)	4.3	(0.1)	(0.3)
Hedging ineffectiveness, banking default risk and impact of partial redemption of the 2023 issue	(1.1)	(0.7)	1.1
Other operating income and expenses	(34.2)	5.6	(0.4)
Depreciation and amortization	40.8	19.6	39.2
EPRA EARNINGS	**95.5**	**55.7**	**101.8**
Average number of shares (basic)	91,532,357	92,136,487	92,839,729
EPRA EARNINGS PER SHARE *(€)*	**1.04**	**0.60**	**1.10**

The calculation of the Funds From Operations (FFO) reported by Mercialys is identical to that for the EPRA earnings. There are no adjustments to be made between these two indicators.

(1) EPRA, European Public Real Estate Association

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

	Dec. 31, 2020		
(in millions of euros)	**EPRA NRV**	**EPRA NTA**	**EPRA NDV**
IFRS equity attributable to shareholders	**692.9**	**692.9**	**692.9**
Includes [1] / Excludes [2]:			
i) Hybrid instruments	0.0	0.0	0.0
Diluted EPRA NAV	**692.9**	**692.9**	**692.9**
Includes [1]:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	1,021.9	1,021.9	1,021.9
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 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	**1,732.3**	**1,732.3**	**1,732.3**
Excludes [2]:			
v) Deferred tax in relation to fair value gains of IP [7]	0.0	0.0	
vi) Fair value of financial instruments	14.1	14.1	
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		(4.1)	
Includes [1]:			
ix) Fair value of fixed interest rate debt			(45.9)
x) Revaluation of intangibles to fair value	0.0		
xi) Real estate transfer tax [8]	192.7	0.0	
NAV	**1,939.0**	**1,742.3**	**1,686.4**
Fully diluted number of shares	91,532,357	91,532,357	91,532,357
NAV per share *(in euros)*	**21.18**	**19.04**	**18.42**

(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)	June 30, 2021 EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	**708.4**	**708.4**	**708.4**
Includes [1] / Excludes [2]:			
i) Hybrid instruments	0.0	0.0	0.0
Diluted EPRA NAV	**708.4**	**708.4**	**708.4**
Includes [1]:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	974.3	974.3	974.3
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 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	**1,700.2**	**1,700.2**	**1,700.2**
Excludes [2]:			
v) Deferred tax in relation to fair value gains of IP [7]	0.0	0.0	
vi) Fair value of financial instruments	13.3	13.3	
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		(4.0)	
Includes [1]:			
ix) Fair value of fixed interest rate debt			(92.1)
x) Revaluation of intangibles to fair value	0.0		
xi) Real estate transfer tax [8]	189.0	0.0	
NAV	**1,902.6**	**1,709.6**	**1,608.1**
Fully diluted number of shares at end of period	93,636,064	93,636,064	93,636,064
NAV per share *(in euros)*	**20.32**	**18.26**	**17.17**

(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)	Dec. 31, 2021 EPRA NRV	EPRA NTA	EPRA NDV
IFRS equity attributable to shareholders	**743.1**	**743.1**	**743.1**
Includes [1] / Excludes [2]			
i) Hybrid instruments	0.0	0.0	0.0
Diluted EPRA NAV	**743.1**	**743.1**	**743.1**
Includes [1]:			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	957.5	957.5	957.5
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]	17.9	17.9	17.9
iii) Revaluation of tenant leases held as finance leases [5]	0.0	0.0	0.0
iv) Revaluation of trading properties [6]	2.1	2.1	2.1
EPRA diluted NAV at fair value	**1,720.6**	**1,720.6**	**1,720.6**
Excludes [2]:			
v) Deferred tax in relation to fair value gains of IP [7]	0.0	0.0	
vi) Fair value of financial instruments	2.2	2.2	
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		(5.0)	
Includes [1]:			
ix) Fair value of fixed interest rate debt			(76.5)
x) Revaluation of intangibles to fair value	0.0		
xi) Real estate transfer tax [8]	193.1	0.0	
NAV	**1,916.0**	**1,717.8**	**1,644.1**
Fully diluted number of shares	93,394,908	93,394,908	93,394,908
NAV per share *(in euros)*	**20.51**	**18.39**	**17.60**

(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)	Dec. 31, 2020	June 30, 2021	Dec. 31, 2021
Investment property – wholly owned	3,065.6	2,996.6	2,945.1
Assets under development (-)	0.0	0.0	0.0
Completed property portfolio excluding transfer taxes	**3,065.6**	**2,996.6**	**2,945.1**
Transfer taxes	192.7	189.0	193.1
Completed property portfolio including transfer taxes	**3,258.3**	**3,185.6**	**3,138.2**
Annualized rental revenues [(1)]	178.5	174.2	171.2
Non-recoverable expenses (-) [(2)]	(6.4)	(6.6)	(6.8)
Annualized net rents	**172.1**	**167.6**	**164.4**
Notional gain relating to expiration of step-up rents, rent-free periods or other lease incentives	1.7	1.9	2.5
Topped-up net annualized rent	**173.8**	**169.5**	**166.9**
EPRA NET INITIAL YIELD	**5.28%**	**5.26%**	**5.24%**
EPRA "TOPPED-UP" NET INITIAL YIELD	**5.33%**	**5.32%**	**5.32%**

(1) In 2020, annualized rental revenues included a normalized view of the Casual Leasing business, which was exceptionally affected by the health crisis. In 2021, the Casual Leasing business was affected by the shopping centers being closed for more than 3.5 months; however, the annualized rental revenues included in the NYI calculation correspond to the amounts recorded in the accounts.

(2) Non-recoverable expenses for 2020 include an annualized view of the acquisitions of the Montauban, Valence 2 and Dijon Chenôve sites, acquired by Mercialys on December 23, 2020.

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 4.9% at end-December 2021, significantly lower than the level from end-June 2021 (5.7%) and end-December 2020 (5.4%). "Strategic" vacancies following decisions to facilitate extension or redevelopment plans represent 170bp within this vacancy rate.

(in millions of euros)	Dec. 31, 2020	June 30, 2021	Dec. 31, 2021
Rental value of vacant units	10.0	10.3	8.7
Rental value of the entire portfolio	183.9	180.6	179.3
EPRA VACANCY RATE	**5.4%**	**5.7%**	**4.9%**

1.2.9.5 EPRA cost ratios

(in millions of euros)	Dec. 31, 2020	June 30, 2021	Dec. 31, 2021	Comments
Administrative and operating expense line per IFRS income statement [1]	(19.2)	(9.2)	(19.7)	Personnel expenses and other costs
Net service charge costs/fees	(5.8)	(4.2)	(6.8)	Property taxes and non-recovered service charges (including vacancy costs)
Rental management fees	(1.3)	(0.5)	(2.1)	Rental management fees
Other income and expenses [2]	(21.0)	4.1	(3.3)	Other property operating income and expenses excluding management fees
Share of joint venture administrative and operating expenses	0.0	0.0	0.0	
Total	**(47.3)**	**(9.9)**	**(31.9)**	
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)	**(47.3)**	**(9.9)**	**(31.9)**	**A**
Direct vacancy costs [3]	2.5	1.6	3.3	
EPRA costs (excluding vacancy costs) (B)	**(44.8)**	**(8.3)**	**(28.6)**	**B**
Gross rental revenues less ground rent costs [4]	175.4	84.7	172.2	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)	**175.4**	**84.7**	**172.2**	**C**
EPRA COST RATIO INCLUDING DIRECT VACANCY COSTS	**-27.0%**	**-11.7%**	**-18.5%**	**A/C**
EPRA COST RATIO EXCLUDING DIRECT VACANCY COSTS	**-25.6%**	**-9.8%**	**-16.6%**	**B/C**

(1) The administrative and operating expense line per IFRS income statement does not include personnel costs that are capitalized for projects or allocated to sales, for Euro 2.4 million at December 31, 2021, Euro 1.3 million at June 30, 2021 and Euro 1.4 million at December 31, 2020.

(2) Other income and expenses for 2021 include various non-recurring impacts linked to the health crisis

(3) 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.

(4) Gross 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:

	Dec. 31, 2020			June 30, 2021			Dec. 31, 2021		
(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	44.8	0.0	44.8	0.4	0.0	0.4	1.5	0	1.5
Developments	7.8	0.0	7.8	0.3	0.0	0.3	2.8	0	2.8
Investment properties	8.0	0.0	8.0	5.8	0.0	5.8	9.4	0	9.4
Incremental lettable space	*3.3*	*0.0*	*3.3*	*1.8*	*0.0*	*1.8*	*2.0*	*0*	*2.0*
No incremental lettable space	*3.0*	*0.0*	*3.0*	*1.9*	*0.0*	*1.9*	*4.1*	*0*	*4.1*
Tenant incentives	*0.1*	*0.0*	*0.1*	*0.5*	*0.0*	*0.5*	*1.2*	*0*	*1.2*
Other material non-allocated types of expenditure	*1.6*	*0.0*	*1.6*	*1.6*	*0.0*	*1.6*	*2.0*	*0*	*2.0*
Capitalized interest (if applicable)	1.0	0.0	1.0	0.0	0.0	0.0	1.8	0	1.8
Total Capex	**61.6**	**0.0**	**61.6**	**6.5**	**0.0**	**6.5**	**15.5**	**0**	**15.5**
Conversion from accrual to cash basis	0.0	0.0	0.0	0.2	0.0	0.2	0.4	0	0.4
TOTAL CAPEX ON CASH BASIS	**61.6**	**0.0**	**61.6**	**6.6**	**0.0**	**6.6**	**15.9**	**0**	**15.9**

Development capital expenditure notably concerns the development of strategic projects (Ocitô and coworking).

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.

1.3 Real estate portfolio

1.3.1 Portfolio valued at Euro 3,138.2 million including transfer taxes at December 31, 2021

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.

Moreover, Mercialys complies with the Code of Ethics for French REITs (*sociétés d'investissement immobilier cotées* - SIIC) in terms of the rotation of appraisers.

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.

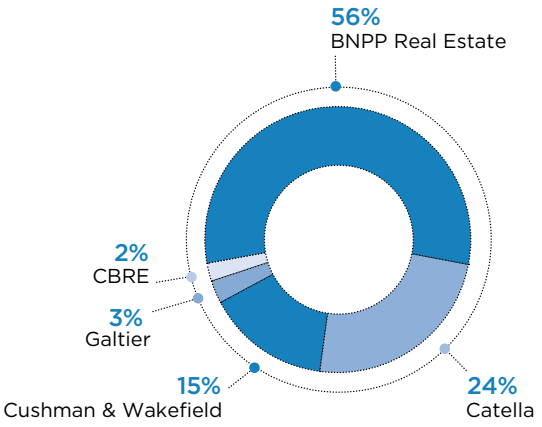
The discount rate used takes into account the market risk-free rate (TEC 10-year OAT), plus a risk premium and a real estate market liquidity premium, as well as potential risk premiums for obsolescence and rental risk.

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, 2021 and December 31, 2021: BNPP Real Estate Valuation, Catella Valuation, Cushman & Wakefield Valuation, CBRE Valuation and Galtier Valuation.

BREAKDOWN OF VALUATIONS PER EXPERT

(as% of the number of assets valued)



Based on these elements, the portfolio was valued at Euro 3,138.2 million including transfer taxes at December 31, 2021 compared with Euro 3,258.3 million at December 31, 2020. Excluding transfer taxes, this value was Euro 2,945.1 million at end-2021, compared with Euro 3,065.6 million at end-2020.

The portfolio value including transfer taxes is therefore down -3.7% over 12 months (-2.8% like-for-like [(1)]) and -1.5% over six months (-0.6% like-for-like [(1)]). The portfolio value excluding transfer taxes is down -3.9% over 12 months (-3.1% like-for-like) and -1.7% over six months (-0.9% like-for-like).

The average appraisal yield rate was 5.71% at December 31, 2021, compared with 5.74% at June 30, 2021 and 5.72% at December 31, 2020.

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 rate.

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 main real estate expert, BNP Paribas Real Estate, for guidance on this point. BNP Paribas Real Estate, which appraises 56% of Mercialys' assets by number, stated that it applied a compound annual growth rate (CAGR) of net rental income of +2.3% including indexation between 2022 and 2031.

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

1.3.1.2 Real estate appraisal report prepared by Mercialys' independent valuers

Introduction

At December 31, 2021, Mercialys entrusted:

- BNPP Real Estate Valuation;
- Catella Valuation;
- CB Richard Ellis Valuation;
- Cushman & Wakefield Valuation;
- Galtier Valuation;

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

	Number of assets	Fair value excluding transfer taxes	Fair value including transfer taxes
BNPP Real Estate Valuation	35	€2,401.6M	€2,557.7M
of which, undivided share of assets held by third parties (40%)	-	*€71.5M*	*€76.4M*
BNPP Real Estate Valuation	-	€2,330.1M	€2,481.3M
Cushman & Wakefield Valuation	9	€227.1M	€242.7M
Catella Valuation	15	€247.4M	€264.0M
CB Richard Ellis Valuation	1	€130.7M	€139.7M
Galtier Valuation	2	€9.8M	€10.5M
TOTAL		**€2,945.1M**	**€3,138.2M**

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

Real estate appraisal report prepared by Mercialys' independent valuers

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, 2021.

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 based our assessments on the rental position, summaries of additional revenues, non-recoverable charges, capital projects and 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

CATELLA VALUATION

GALTIER VALUATION

Coralie COUVRET
Directeur
Galtier Valuation
Pôle Immobilier Expertises Galtier

CUSHMAN & WAKEFIELD VALUATION FRANCE

Valérie Parmentier
Partner, Valuation & Advisory

CBRE VALUATION

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

1.3.2.1 53 assets at end-2020, representing 813,330 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.

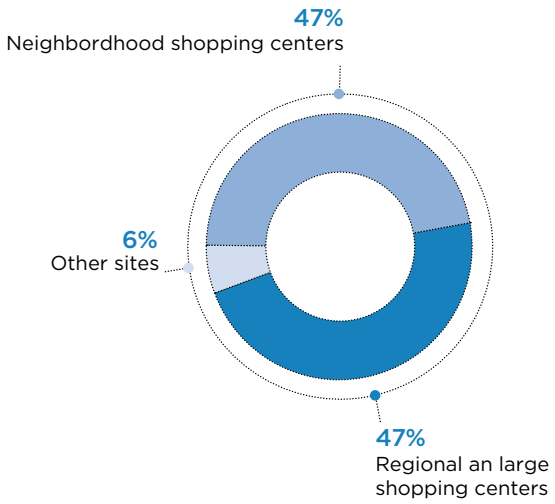
The major regional and large shopping centers and the leading neighborhood shopping centers are made up of shopping centers and adjacent large specialty stores. The other sites comprise individual units, including two cafeterias and a land reserve.

At December 31, 2021, Mercialys' portfolio was made up of 53 assets, including four large regional centers, 21 large shopping centers, 25 neighborhood shopping centers and 3 other sites, representing a total gross leasable area of 813,330 sq.m..

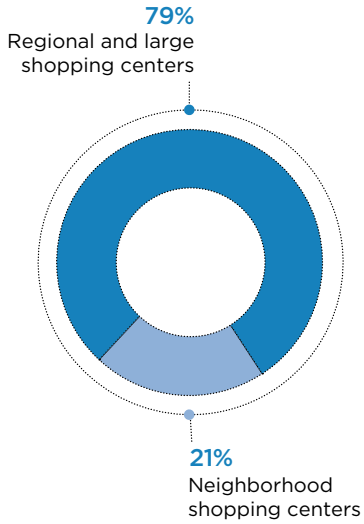
Within its 50 shopping centers, Mercialys owned - exclusively or in partnership with minority interests - the premises of the large food stores in 21 of them at end-December 2021.

BREAKDOWN BY TYPE OF ASSETS HELD BY MERCIALYS(IN NUMBER)

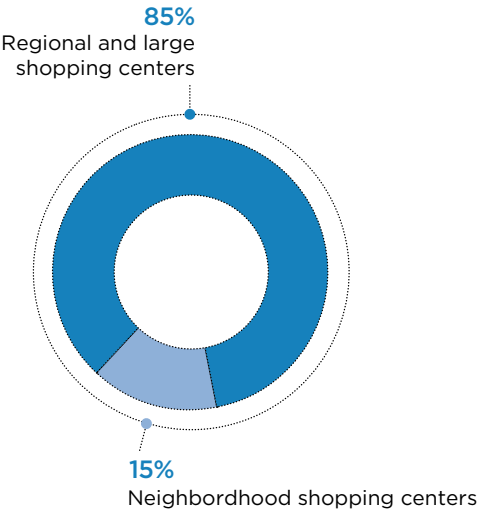
(in number)



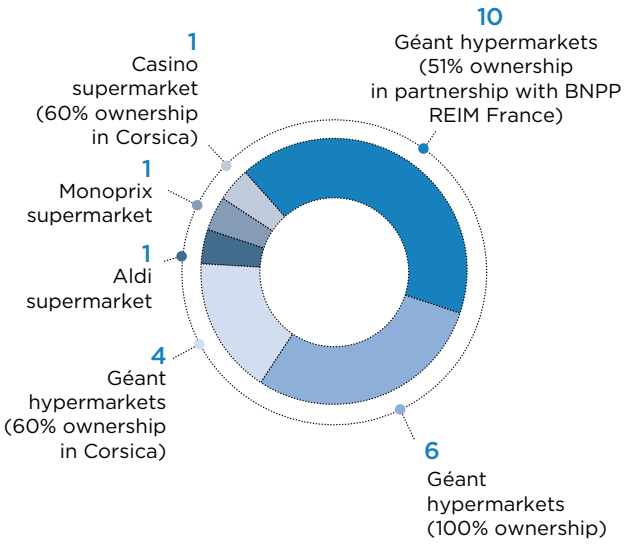
(in sq.m.)



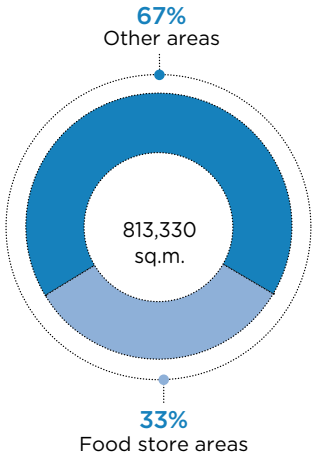
(in appraisal value, including transfer taxes)



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



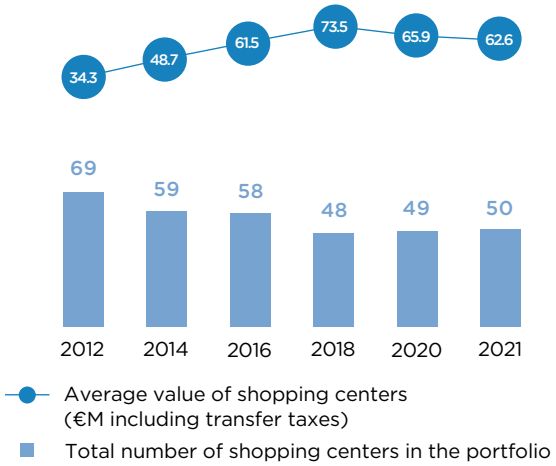
BREAKDOWN OF MERCIALYS' GROSS LEASABLE AREAS

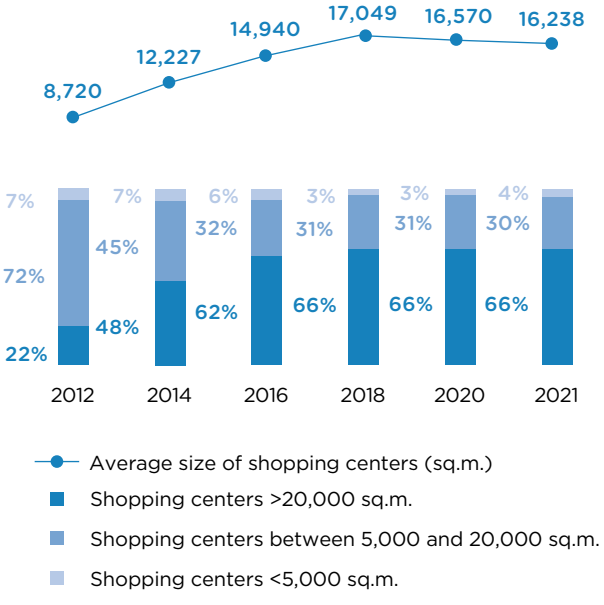


1.3.2.2 Portfolio realigned around leading retail assets in the most dynamic geographic areas

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 c.16,200 sq.m. at end-2021, compared with c.7,400 sq.m. at end-2010. Their average value was Euro 62.6 million including transfer taxes at end-2021, *versus* Euro 26.9 million at end-2010.





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.

		Appraisal value including transfer taxes		Gross leasable area	
Region	**Number of sites**	**(€M)**	**%**	**(sq.m.)**	**%**
Corsica	5	114.6	4%	47,863	6%
Île-de-France	3	42.2	1%	10,901	1%
North-East	2	224.1	7%	52,609	6%
West	9	830.0	26%	205,104	25%
Rhône-Alpes	8	584.5	19%	171,771	21%
Reunion Island	5	329.5	10%	38,144	5%
South-East	9	465.1	15%	119,723	15%
South-West	12	548.2	17%	167,215	20%
TOTAL	**53**	**3,138.2**	**100%**	**813,330**	**100%**

1.3.2.3 Detailed breakdown of the portfolio at December 31, 2021

Site name and description	**Type of asset held by Mercialys**	**Year of construction**	**Last project** *(year)*	**Built surface of the complex at Dec. 31, 2021** *(sq.m.)*	**Gross leasable area held by Mercialys at Dec. 31, 2021** *(sq.m.)*	**Of which food store surfaces at Dec. 31, 2021** *(sq.m.)* **when owned by Mercialys**	**Property management**
Corsica							
Ajaccio Rocade Mezzavia (Géant HM +45 stores +3 MSu)	Large shopping centers	1989	2018	28,773	17,264	10,015	CORIN
Bastia Port Toga (Géant HM +13 stores)	Neighborhood shopping centers	1991	2017	7,034	4,220	3,201	CORIN
Bastia Rocade de Furiani (Géant 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 (Géant HM +32 stores +2 MSu)	Neighborhood shopping centers	1972	2003	14,106	8,182	4,963	CORIN
Île-de-France							
Amilly Montargis (Géant HM +1 cafeteria +15 stores +2 MSu +1 car wash station)	Neighborhood shopping centers	1976	2013	15,192	2,189	-	SUDECO
Massena (Géant HM +25 stores +2 MSu)	Large shopping centers	1975	2016	31,677	5,812	-	SUDECO
Saint Denis Porte de Paris (Aldi +1 MSu)	Neighborhood shopping centers	1975		2,900	2,900	-	SUDECO
Reunion Island							
Le Port Sacré Cœur (Carrefour HM +90 stores +7 MSu +1 RP)	Large shopping centers	2002	2020	27,024	21,401	-	SUDECO
Saint Benoît Beaulieu (Carrefour HM +22 stores)	Neighborhood shopping centers	2000	-	7,492	2,014	-	SUDECO
Saint Pierre Front de Mer (Carrefour HM +26 stores)	Neighborhood shopping centers	1987	1992	11,629	2,118	-	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	-	SUDECO
Saint André (land bank)	Other	-	-		-	-	

Site name and description	Type of asset held by Mercialys	Year of construction	Last project *(year)*	Built surface of the complex at Dec. 31, 2021 *(sq.m.)*	Gross leasable area held by Mercialys at Dec. 31, 2021 *(sq.m.)*	Of which food store surfaces at Dec. 31, 2021 *(sq.m.)* when owned by Mercialys	Property management
North-East							
Besançon – Chateaufarine (Géant HM +85 stores +11 MSu)	Regional centers	1971	2018	58,218	38,231	-	SUDECO
Dijon Chenôve (Géant HM +41 stores +6 MSu)	Neighborhood shopping centers	1974	1999	36,092	14,378	-	SUDECO
West							
Angers – Espace Anjou (Géant HM +104 stores +8 MSu + coworking)	Regional centers	1994	2019	40,564	39,705	15,529	SUDECO
Brest (Géant HM +71 stores +7 MSu)	Large shopping centers	1968	2018	36,545	35,755	15,676	SUDECO
Chartres – Lucé (Géant HM +42 stores +4 MSu)	Large shopping centers	1977	2016	27,362	9,714	-	SUDECO
Lanester (Géant HM +4 MSu +70 stores)	Large shopping centers	1970	2016	31,267	30,357	19,057	SUDECO
Morlaix (Géant HM +40 stores +2 MSu)	Neighborhood shopping centers	1980	2017	28,871	8,054	-	SUDECO
Niort Est (Géant HM +1 cafeteria +50 stores +3 MSu +1 services village)	Large shopping centers	1972	2015	26,047	20,372	13,306	SUDECO
Quimper – Cornouaille (Géant HM +1 cafeteria +88 stores +9 MSu)	Large shopping centers	1969	2017	34,459	34,459	15,409	SUDECO
Rennes – Saint-Grégoire (Leclerc HM +86 stores +2 MSu)	Large shopping centers	1971	2017	52,858	16,999	-	GIE GRAND QUARTIER
Tours – La Riche Soleil (Géant HM +1 cafeteria +49 stores +1 MSu)	Large shopping centers	2002	2002	25,571	9,689	-	SUDECO
Rhône-Alpes							
Annecy Seynod (Géant HM +58 stores +6 MSu)	Large shopping centers	1988	2018	28,469	28,469	15,663	SUDECO
Annemasse (Géant HM +37 stores +3 MSu)	Large shopping centers	1977	2016	25,564	23,384	15,700	SUDECO
Clermont – Nacarat (Géant 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	-	SUDECO
Saint-Etienne – Monthieu (Géant HM +1 cafeteria +50 stores +5 MSu +1 service station +1 car wash station)	Large shopping centers	1972	2017	36,928	36,928	14,462	SUDECO
Vals près Le Puy (Géant HM +1 cafeteria +22 stores +5 MSu)	Neighborhood shopping centers	1979	2015	21,367	20,923	11,707	SUDECO
Villars (1 cafeteria in an Auchan SC)	Other	1985	-	30,931	931	-	G.A.C.I TROIN
Valence 2 (Géant HM +1 cafeteria +55 stores +1 MSu)	Neighborhood shopping centers	1972	2012	19,155	7,234	-	SUDECO

Site name and description	Type of asset held by Mercialys	Year of construction	Last project *(year)*	Built surface of the complex at Dec. 31, 2021 *(sq.m.)*	Gross leasable area held by Mercialys at Dec. 31, 2021 *(sq.m.)*	Of which food store surfaces at Dec. 31, 2021 *(sq.m.)* when owned by Mercialys	Property management
South-East							
Aix en Provence (Géant HM +1 cafeteria +32 stores +1 MSu)	Large shopping centers	1982	2016	26,236	18,075	16,504	SUDECO
Arles (Géant HM +35 stores +2 MSu)	Neighborhood shopping centers	1979	2017	26,791	7,328	-	SUDECO
Fréjus (Géant HM +42 stores +3 MSu)	Neighborhood shopping centers	1972	2017	19,911	18,809	13,182	SUDECO
Istres (Géant HM +44 stores +6 MSu)	Neighborhood shopping centers	1989	2015	25,584	18,934	13,288	SUDECO
Mandelieu (Géant HM +45 stores +2 MSu +1 services village)	Large shopping centers	1977	2016	31,954	8,553	-	SUDECO
Marseille – La Valentine (Géant HM +62 stores +4 MSu)	Large shopping centers	1970	2015	32,271	13,924	-	SUDECO
Marseille Barneoud (Géant HM +1 cinema +59 stores +6 MSu)	Large shopping centers	1974	1995	43,806	31,382	23,550	SUDECO
Marseille Delprat (Casino SM +11 stores)	Neighborhood shopping centers	2001	2015	5,510	1,494	-	SUDECO
Marseille Michelet (Casino SM +14 stores)	Neighborhood shopping centers	1971	2016	10,692	1,225	-	SUDECO
South-West							
Anglet (Géant HM +1 cafeteria +10 stores)	Other	1976	2016	16,524	483	-	SUDECO
Aurillac (Géant HM +1 cafeteria +24 stores)	Neighborhood shopping centers	1988	2015	16,890	3,580	-	SUDECO
Boe AGEN (Géant HM +1 cafeteria +27 stores +1 MSu)	Neighborhood shopping centers	1969	2015	18,855	5,499	-	SUDECO
Brive - Malemort (Géant HM +35 stores)	Neighborhood shopping centers	1972	2017	21,047	5,460	-	SUDECO
Carcassonne – Salvaza (Géant HM +1 cafeteria +41 stores +1 MSu)	Neighborhood shopping centers	1982	2016	19,917	2,502	-	SUDECO
Millau (Géant HM +20 stores +1 MSu)	Neighborhood shopping centers	1986	2017	12,610	836	-	SUDECO
Montpellier Argelliers Autoroute (Géant HM +23 stores +1 MSu)	Neighborhood shopping centers	1973	2017	18,725	2,325	-	SUDECO
Narbonne (Géant HM +29 stores +2 MSu)	Neighborhood shopping centers	1972	2018	20,680	20,680	10,494	SUDECO
Nîmes – Cap Costières (Géant 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	1,986	-	SUDECO
Montauban (Super U +42 stores +1 MSu)	Neighborhood shopping centers	1994	2012	19,786	4,765	-	SUDECO

Site name and description	Type of asset held by Mercialys	Year of construction	Last project *(year)*	Built surface of the complex at Dec. 31, 2021 *(sq.m.)*	Gross leasable area held by Mercialys at Dec. 31, 2021 *(sq.m.)*	Of which food store surfaces at Dec. 31, 2021 *(sq.m.)* when owned by Mercialys	Property management
Toulouse Fenouillet (Géant HM +1 cafeteria +134 stores +14 MSu +1 RP + coworking)	Regional centers	1978	2017	105,769	83,889	-	SUDECO
TOTAL				**1,364,097**	**813,330**	**274,541**	

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, HM: Hypermarket, SM: Supermarket, MM: Mini-market, CAF: Cafeteria, Other: including standalone sites.



100%
Strategic portfolio certified BREEAM In-Use

€594K
Socio-economic contribution

3rd place
SBF 120 ranking of feminization of ruling bodies

2

CORPORATE SOCIAL RESPONSIBILITY

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Mercialys has a long-standing commitment of making the integration of environmental, societal and social issues a major differentiating factor and an integral part of its governance and corporate strategy. It is reflected in the daily implementation of responsible and ethical management of shopping centers. 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 A CSR strategy built to respond to Mercialys extra-financial risks and opportunities

2.1.1 Mercialys renewed its CSR commitments

Mercialys has been implementing CSR actions since 2010, whose performance is praised each year and on multiple occasions by sustainability rating agencies (for more details on the various ratings, please refer to the Integrated report p. 35). In this respect, three examples of excellent performance in the best market standards can be cited. Firstly, in 2021, Mercialys maintained its leading position in the Gaïa Research rating in its category [(1)] for the second consecutive year. Similarly, on its 6th participation in GRESB (Global Real Estate Sustainability Benchmark), in 2021 Mercialys achieved 3rd place in the category of shopping center REITs listed in Europe, increasing by 4 points its overall score *versus* 2020. Lastly, Mercialys maintained in 2021 its place in the A list of the Carbon Disclosure Project for the 4th consecutive year.

In line with its initiatives already undertaken and its first strategic program, Mercialys unveiled its new CSR strategy in the first quarter of 2021. Called "4 Fair Impacts for 2030" it embodies the Company's new CSR ambition, with commitments for the year 2030.

It was determined *via* two preliminary works in order to respond to the main CSR risks and opportunities of Mercialys, to the expectations of its stakeholders and to changes in regulations.

First, Mercialys carried out a comparative analysis of CSR strategies adopted by French and international real estate companies, and more broadly, of recognized players in terms of CSR maturity, to understand the essential issues to take into consideration.

In addition, a broad consultation was conducted by a specialized consulting firm with the Company's stakeholders, including employees, shopping center visitors, tenant retailers, investors and banks, local authorities and non-profit organizations. A list of CSR issues previously identified as relevant for a commercial real estate company was submitted to these stakeholders for analysis. They commented on the importance they attach to them, as well as the maturity of Mercialys that they perceive on these various issues. Qualitative interviews supplemented the results of the questionnaire, in order to identify more specific recommendations or expectations of certain stakeholders. This approach made it possible to revise Mercialys' materiality matrix, which can be consulted on the Company's website. [(2)]

Based on this matrix, cross-referenced with the CSR risks and opportunities previously identified by the Mercialys Risk Prevention Committee (RPC), the 2020-2030 strategy was structured around four key commitments. Thematic workshops were then held between the Senior Management, the CSR team and the Human Resources Department, in consultation with the other Departments concerned, to work in more detail on each of these commitments and define the associated objectives, in a pragmatic approach integrating operational realities.

The Company's CSR strategy is built around four commitments, broken down into concrete objectives and accompanied by a roadmap. Mercialys is committed:

- to help achieve carbon neutrality;
- to promote more responsible retail;
- to be a major partner for regional development;
- to be an engaged employer.

(1) Revenues category between Euro 150 and 500 million.
(2) Materiality matrix published on the Company's website: https://www.mercialys.com/sustainability/sustainability-strategy-1/stakeholder-engagement.

CSR STRATEGY 4 FAIR IMPACTS FOR 2030

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

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

This new strategy was presented and approved by the Audit, Risks and Sustainable Development Committee (ARSDC) and the Board of Directors in December 2020. In addition, Mercialys will submit its climate strategy to the vote of its shareholders, in order to further involve them in the Company's CSR approach. The climate ambitions and associated action plans will be presented in a resolution to the 2022 Annual General Meeting, in accordance with the recommendations of the "Say on climate" initiative (see 19th resolution, chapter 8 p. 398 et seq).

Again with a view to involving as many stakeholders as possible, in 2021 Mercialys also began to green its financing structure. Two major criteria of Mercialys' CSR strategy have been adopted to support 4 bank credit lines, for a cumulative amount of Euro 165 million. The margins of these loans are indexed to two ESG (1) criteria which are representative of the efforts made by the Company on the day-to-day operational management of its commercial sites: BREEAM In-Use certification and scope 1 and 2 greenhouse gas emission reduction. 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.

(1) ESG: Environmental, Social and Governance.

2.1.2 CSR governance designed to effectively manage the monitoring of risks and opportunities and carry out the medium-term strategy

CSR is part and parcel of Mercialys' risk management process. Indeed, the Risks Prevention Committee (RPC) is co-chaired by the Head of Internal Control and the Company's Head of CSR. The Committee is composed of the Chief Executive Officer, the Deputy Chief Executive Officer and Chief Financial Officer, the Director of Human Resources and the Director of Compliance and Ethics.

This RPC is responsible for:

1. identifying the risks run by Mercialys;
2. identifying and assessing existing procedures;
3. implementing a plan to supplement and optimize risk handling;
4. organizing the oversight and proper application of procedures.

The 51 risks identified by the RPC are divided into 8 categories, one of which dedicated to environmental, social and societal risks. This category includes physical and transition risks related to climate change. 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 ARSDC and the Management Committee.

To prevent, mitigate and reduce CSR risks while managing objectives of "4 Fair Impacts for 2030" presented in the table below, the Company has set up a dedicated governance, both cross-functional and in conjunction with the operational Departments, at Company level and broken down by asset.

Supervising cross-functional projects

The CSR team at Mercialys is in charge of defining and implementing the Company's CSR strategy. It consists of a Head of CSR and a CSR Officer, supported by specialized consultants on specific issues. This Department reports to the Deputy Chief Executive Officer, proof of the integration of CSR issues at the heart of the Company's strategy. Site managers from various operational teams, supported by the CSR Department, then manage CSR strategy projects.

CSR strategy, risks and opportunities are regularly reviewed, validated and assessed by the Company's various governance bodies:

- the RPC, responsible for mapping the Company's risks, assesses Mercialys' risks annually (including environmental, societal and social risks);
- the ARSDC, one of the three specialized committees of the Board of Directors and whose Chairwoman has been appointed Director in charge of CSR, validates the CSR strategy and is informed at least annually of its progress;
- the Management Committee, of which the Head of CSR is a member, shares information on the operational implementation of the CSR strategy and its progress with all the Company's Departments.

For more details on the roles of the various bodies and their interactions, please refer to chapter 5. § 5.1.1, p. 318 et seq. and the diagram opposite.

The Company's executive corporate officers have 20% of their annual variable compensation indexed to the Company's CSR performance. One of their three long-term compensation objectives is systematically a CSR *objective*. The 2021 compensation criterion relates to the BREEAM In-Use certification rate of the portfolio for the Chief Executive Officer and the Deputy Chief Executive Officer. For more information, please refer to chapter 4. § 4.2.2, p. 270 et seq.

As all Mercialys employees are involved in the successful implementation of this strategy, all employees have an individual CSR objective in their annual variable compensation. It counts for 10% of their annual bonus, is job-specific, and is quantifiable for managers and qualitative for other categories of employees.

Acting at the asset level

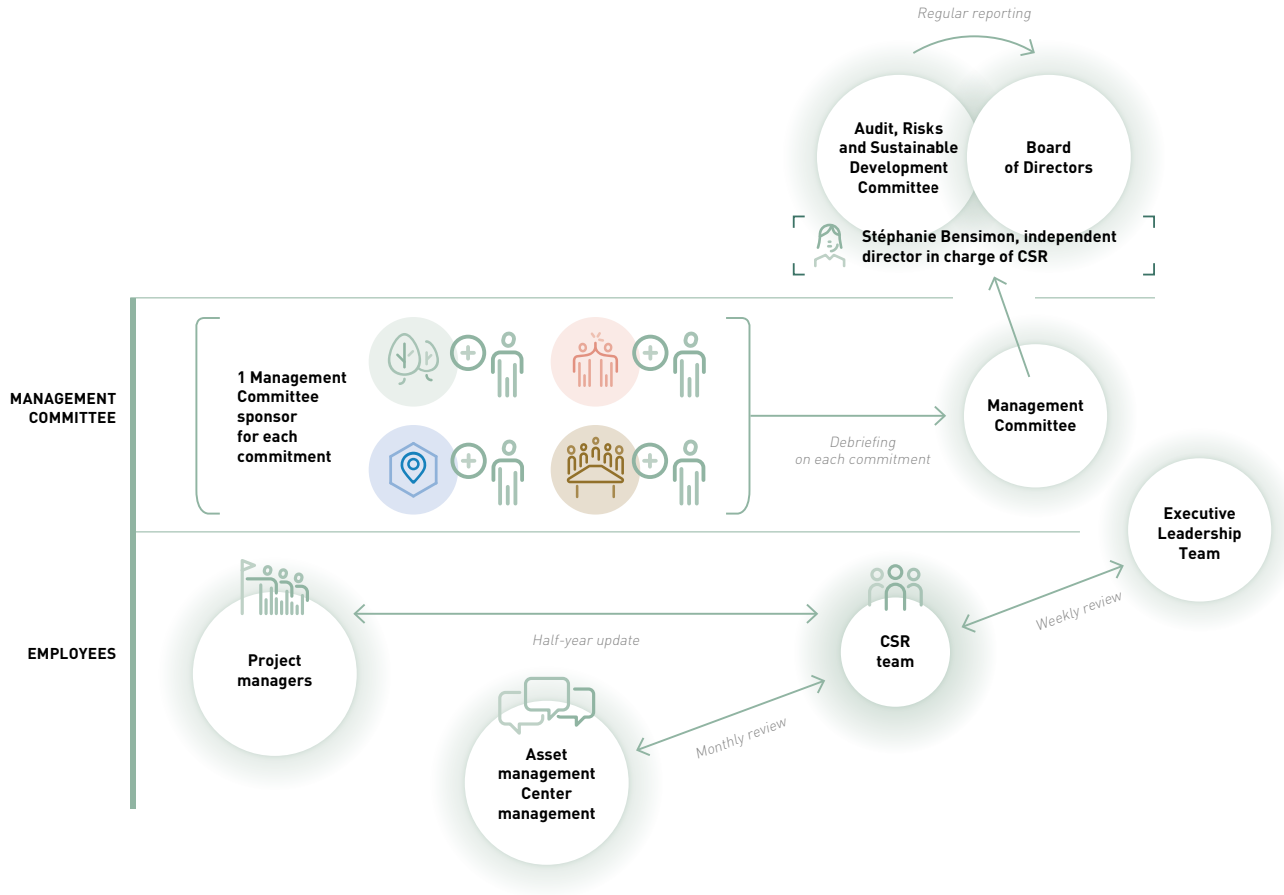
In order to steer the CSR strategy at asset level, the objectives of "4 Fair Impacts for 2030" relating to the operation of the Company's assets have been broken down by asset, so as to be relevant to the operational reality. In order to plan the actions to be implemented to achieve these objectives, 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 in 2021. They were developed jointly by the asset management, shopping center management, property manager, and supporting CSR team, and are adapted to the specificities of each site.

Then, to ensure their implementation and to detect any malfunctions as early as possible, a dedicated IT tool facilitates the monitoring, analysis and management of key CSR performance indicators. It is accessible to all Departments concerned (shopping center management, asset management, etc.), as well as to the property manager. In addition, monthly meetings by geographical area are organized with the asset management, shopping center management, property manager, and CSR team to analyze key performance indicators on energy consumption, water, waste recovery and CSR actions carried out at the center. These meetings make it possible to compare assets using different analysis criteria: in absolute value, in relative value compared to activity data, between centers in the same 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. The region's annual progress with respect to all the objectives of Mercialys' CSR strategy related to the operation of the shopping centers is also analyzed.

In addition, during the annual reviews of the business plan by asset, the center directors and asset managers present the progress of the CSR strategy "4 Fair Impacts for 2030" to the Senior Management.

Furthermore, other tools have been developed by department to address Mercialys' CSR expectations accordingly. For example, center management monitors and analyzes the centers' environmental performance on a monthly basis, asset management checks that the "construction and maintenance specifications" drawn up by Mercialys during projects and works are applied, etc.

CSR GOVERNANCE



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.

MAIN EXTRA-FINANCIAL RISKS AND OPPORTUNITIES

CSR STRATEGY PRIORITY ISSUES	DESCRIPTION OF THE RISK	DESCRIPTION OF THE OPPORTUNITY
Aim 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 (market risk) • difficulties in accessing capital due to the growing concerns of investors about climate change (reputational risk) • Physical risks related to more frequent and severe weather events (moderate to strong impact): • damage to buildings, financial impacts (increase in insurance premiums, financial impact of claims associated with more frequent and more intensive 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 would make the Company more attractive to retailers • Developing renewable energies would make Mercialys centers energy self-sufficient and protect its tenants from energy price volatility
100% of 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 with a responsible retail offering 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 engaged in our "responsible landlord tenant" commitments	• 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 commited 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 multi-functional 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 purchases	• 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 • Build on the Company's real estate projects to create local jobs
Promoting and supporting eco-mobility	• Loss of footfall due to difficulties in accessing the centers • 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 expanded 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
Developping 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 "establishing a framework to promote sustainable investments".
(2) Sustainable Finance Disclosure regulation (SFDR) (EU) 2019/2088 on "the disclosure of sustainability information in the financial services sector".

2021 KEY PERFORMANCE INDICATORS	MAIN ACHIEVEMENTS	CONTRIBUTION TO SDGs (3)
17.3kgCO_2eq./sq.m. scopes 1 & 2	● Carbon roadmap validated by SBTi ● Study carried out on all assets to individualize their energy consumption reduction objectives ● Purchase of green energy ● Installation of remote reading, optimization and management of equipment	
55% of waste recovered	● Implementation of dedicated communication tools for retailers ● Regular awareness-raising of retailers ● Deployment of the five flows and bio-waste on the portfolio ● Integration of CSR criteria in waste tenders ● Waste action plan by site	
7 liters of pesticide products used	● Implement a "zero pesticides" approach for green spaces ● Control of green space providers	
0 sq.m. artificialized	● Hypermarket decapitalization projects to increase the density of shopping centers	
100% certified strategic assets	● Environmental certification of assets ● Strategy for adapting assets to climate change and changes in use	
95% strategic assets offering responsible retail and services	● Roll out the Ocitô digital and logistics platform for retailers	
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 ● Annual operation highlighting the best CSR practices of retailers ● Definition and formalization of the "responsible landlord tenant" commitments	
93/100 average score in safety audits	● Annual audit of the security provider ● Implementation of preventive measures for health risks ● Performing thermal shocks to prevent the risk of legionella ● Installation of CO_2 sensors ● Implementation of Covid procedures	
30% of centers involved in regional dynamism	● Operations carried out in the centers ● Retailer job offers posted on the shopping centers' websites ● National partnerships with the *Fondation des Apprentis d'Auteuil*, *Initiative France* ● Director centers mentoring entrepreneurs	
52% of strategic centers with a multifunctional space	● Deployment of coworking under the Cap Cowork brand ● Installation of health centers	
82% of shopping centers and **27%** 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 tenders ● Establishment of works and maintenance specifications for real estate projects and major maintenance operations ● Put in place control arrangements	
100% of shopping centers close to public transport	● Set up ride-sharing parking spaces, bike racks, charging stations for electric vehicles ● Rising awareness of visitors	
97% of centers having hosted at least one association	● Provision of spaces for associations and organizations in shopping centers ● National partnership with *Médecins du Monde*	
92/100 on the gender equality index	● Monitoring and management of the main diversity indicators ● Signatory of the Diversity in Business Charter ● Partnerships with Arpejh	
Obtaining the **"Great Place to Work"** label	● Annual employee satisfaction survey ● Establishment of working groups on five specific topics ● Extension of teleworking ● Employee training program	
97% employees trained in ethics	● Code of ethics given to all employees ● Annual ethics training for employees ● Whistleblowing procedure in place	
Extension of the **teleworking agreement**	● Development arrangements for staff to work from home ● Signatory of the charter on the right to disconnect ● Non-profit partnerships for youth and employment with *Article 1* and *Apprentis d'Auteuil*	

(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.

2.2 For our environment

Because the real estate sector, both in its residential and tertiary segments, represents 19% of greenhouse gas emissions generated in France each year [(1)] and that global warming represents physical and transition risks for Mercialys' portfolio, the REIT 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 net-zero carbon emissions

Climate change is an essential medium and long-term challenge for all economic players, including Mercialys. 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 cross-reference table on page 121).

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 below 2 °C compared to pre-industrial temperatures.

Respect the scientifically-validated carbon roadmap

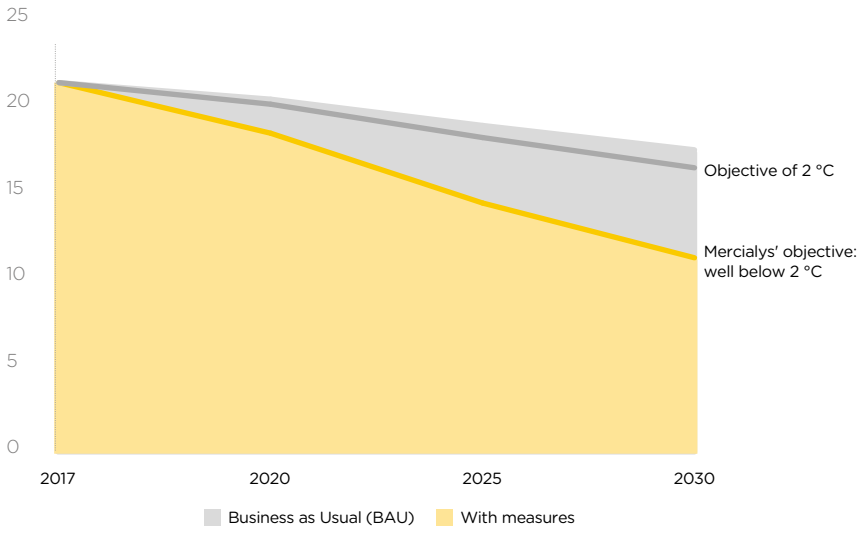
In order to define its objectives to fight climate change submitted to the SBTi, Mercialys studied three scenarios, with several time horizons (between 5 years and 2050):

- the "Business-as-Usual" (BAU) scenario, estimating the change in Mercialys' emissions if its efforts remained at the current level;
- the real estate sector "Sectoral Decarbonization Approach" (SDA), keeping levels below a rise of 2 °C (scenario RCP2.6 of the Intergovernmental Panel on Climate Change's 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".

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

MERCIALYS CARBON ROADMAP VALIDATED BY THE SBTI

(in kgCO_2eq/sq.m./year – current scope)



Although Mercialys is aware that combating climate change is beyond its direct scope of responsibility, it has set itself objectives for both in terms of energy consumption by its shopping centers' common areas and the leakage of refrigerants from air conditioning installations (scopes 1 and 2), and for its expanded carbon footprint (scope 3). Mercialys' climate strategy for the 2017 to 2030 period is thus based on the following four objectives:

(1) Source: Citepa, July 2021. Inventory of atmospheric pollutants and greenhouse gas emissions in France – Secten format.

- 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.

Furthermore, in 2021, Mercialys included in 4 credit lines representing a cumulative amount of Euro 165 million, commitments to reduce greenhouse gas emissions in scopes 1 and 2, and thus began the gradual greening of its debt (see p. 83).

In 2021 with the development of its CSR strategy "4 Fair Impacts" 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).

Continuing its actions on scopes 1 and 2

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

1/ Continue to reduce the energy consumption of the centers by using the following levers:

- the modeling of shopping centers' energy consumption, free from the impact of unexpected events (breakdown, etc.) and influencing factors (weather, occupancy, etc.), is used to identify optimization measures and investments required to improve assets' energy performance. In two years, all Mercialys assets were the subject of such a study;
- the roll-out of remote-read sub-meters across 59% of sites since 2017, with another 26% planned for 2022, means that consumption can be measured in real-time by site use. This system can also analyze energy consumption by cross-referencing it with activity data such as shopping center opening hours or footfall, to quickly identify and correct certain management anomalies;
- facilities management and supervision through building technical management systems at 92% of Mercialys' assets (to regulate temperatures, lighting time slots, etc.);
- multi-year work plans for the installation of energy-efficient equipment, such as the replacement of aging installations, or LED relamping for lighting. In two years, 80% of sites were the subject of such work. For example, and as proof of the rapid effectiveness of a LED relamping, the switch to LED lighting in La Galerie Géant Quimper shopping center in 2021, the energy consumption required for this item was halved compared to the previous year.

All these actions have made it possible to further reduce the energy consumption per square meter of the Company's shopping centers each year, to achieve -19% per square meter between 2017 and 2021. Part of this decrease is to be qualified by the impact of the closures and health measures implemented in 2021 to respond to the Covid-19 pandemic. Although all Mercialys shopping centers remained open during lockdown periods, the health crisis in 2020 had an impact on their normal operation in 2020 and 2021. Measures have been taken to reduce lighting, heating, ventilation and the operation of escalators in certain areas of the center not accessible to the public;

2/ Use less carbon-intensive energy to operate the shopping centers. Thus, since early 2021, 95% of its centers in mainland France are supplied with electricity that is 100% renewable and produced in France and all gas centers have subscribed to an offer that includes 25% biogas. Mercialys is also able to reduce its carbon footprint with the development of self-produced renewable energy. For example, in 2021, La Galerie Cap Costières in Nîmes produced and consumed 273 MWh of electricity from solar energy thanks to photovoltaic units installed above its green spaces. In addition, during replacements, the use of equipment using less carbon-intensive energy is favored. For example, the heating and air conditioning equipment in the La Galerie le Phare de l'Europe in Brest using gas have been replaced by others using electricity, with a much lower carbon impact in metropolitan France.

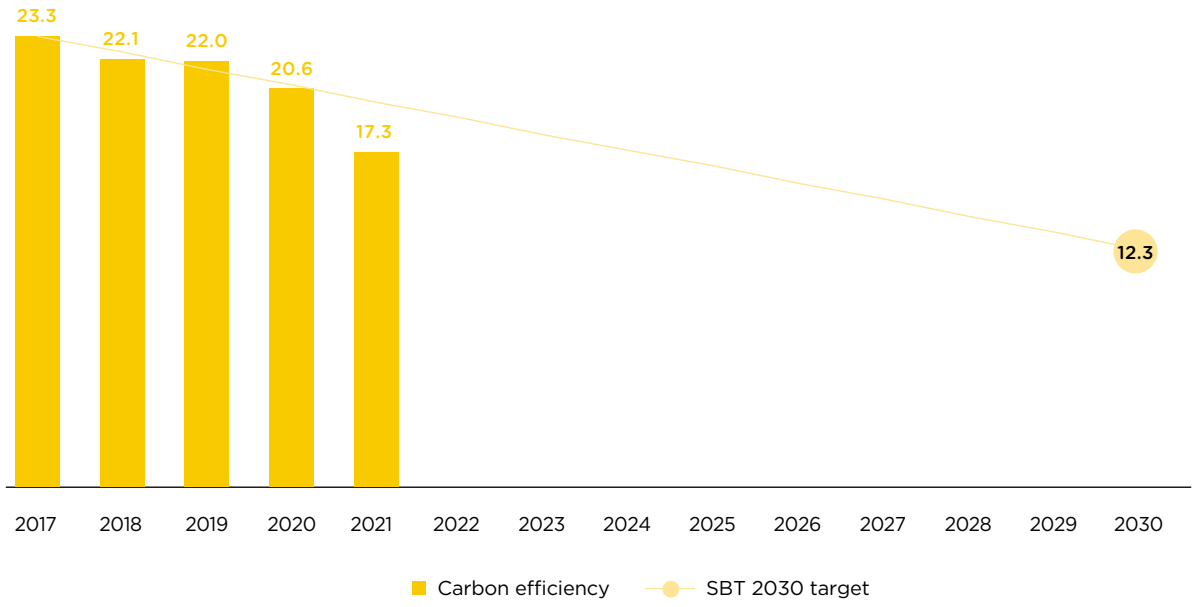
At end of 2021, 54% of the energy consumed by Mercialys' centers therefore comes from renewable sources;

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 2021 is 1.5%, well below the national average, which is 9%. (2) 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.

(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) Source: ADEME – ARMINES, 2011.

CARBON INTENSITY SCOPES 1 AND 2 PER SQ.M.

(in kgCO_2eq./sq.m. – Current scope – market based)



2021 Coverage rate: 100%

Thanks to these actions carried out over many years, Mercialys is ahead of its carbon pathway in its scopes 1 and 2, as shown in the diagram above.

Enhance the approach by integrating scope 3

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 three years, retailers' consumption has been logged for incorporation into the Company's action plans and to provide them with the benchmark information useful for their operations (average energy consumption per square meter by type of activity, for example, see p. 95 et seq.);
- advising tenants on low-carbon energy purchasing options;
- raising employees' awareness of their business travel's carbon impact. All employees are equipped with videoconferencing tools which have been the preferred option and have been widely used, particularly within the context of the 2020 health crisis. Teleworking, in place since 2017 at Mercialys, was also favored this year (see p. 112 et seq.);
- 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 (see p. 91 et seq.).

GREENHOUSE GAS EMISSIONS

	Scopes 1 and 2	Scope 3		
	Energy and refrigerant leaks for common areas *(in $kgCO_2eq./sq.m.$)*	**Tenant energy** *(in $kgCO_2eq./sq.m.$)*	**Employee travel** *(in $tCO_2eq.$)*	**Waste management** *(in $tCO_2eq./ton$)*
2017	23.3	51.5	289.0	0.280
2018	22.1	53.2	321.0	0.173
2019	22.0	65.0	190.0	0.174
2020	20.6	62.7	188.7	0.175
2021	**17.3**	**51.0**	**206.9**	**0.172**
Change 2020-2021	**-16.4%**	**-18.7%**	**+9.6%**	**-1.7%**
Change 2017-2021	**-25.9%**	**-0.9%**	**-28.4%**	**-38.4%**
2030 OBJECTIVES	**-47%**	**-46%**	**-26%**	**-26%**

Mercialys is in line with its carbon pathway and has already reached its objective relating to employee travel. In recognition of its active commitment to combating climate change, Mercialys has remained on the Carbon Disclosure Project (CDP) A List for the fourth consecutive year. This list is composed of the 200 global companies considered leaders in the fight against climate change, out of over 13,000 participants listed in the CDP's 2021 edition.

2.2.2 100% waste recovered

In 2021, Mercialys shopping centers produced more than 5,000 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 2020. In order to respond to this challenge and optimize the recovery of its operational waste, Mercialys is committed to:

- 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.

The Company has systematized the sorting of the five waste streams (cardboard, plastic, paper, glass, scrap metal) and bio-waste in the contracts of all assets whose waste management is carried out by an external service provide. (1) In 2021, Mercialys carried out works on 16% of its centers to optimize their waste sorting areas and accommodate new streams. On average, a Mercialys center sorts 4.8 flows of waste, against 2.5 in 2017, and 53% of strategic centers sort at least five waste streams. This number can be up to 9 sorting flows in a single center: cardboard, bio-waste, textiles, bulky items, hangers, paper, medical waste, glass and wood.

Additional specific 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, more than 70,000 baskets have been saved throughout Mercialys centers. In addition to contributing to the fight against food waste, this is an additional income for retailers, estimated at Euro 202,000 over the period, including Euro 55,000 for the year 2021. Other shopping centers such as Grand Quartier in Rennes and La caserne de Bonne in Grenoble recycle cigarette butts. Since 2018, 1.3 million cigarette butts were collected and recovered, the equivalent of more than 33 km of cigarette butts lined up end-to-end.

In addition, Mercialys raises retailers' awareness through frequent reminders by shopping center management, property managers and 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 adapted to each site, is distributed to tenants. The latter are intended to be simple and educational to best support retailers.

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.

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. Mercialys uses calls to tender and contracts to promote waste recovery, in line with local constraints, and monitors service providers' waste processing on a monthly basis.

(1) Excluding local authority collection or joint collection with the hypermarket.

WASTE RECOVERY

		Waste recovery rate	Coverage rate
Current scope	2017	37.9%	79%
	2018	51.9%	78%
	2019	63.9%	84%
	2020	53.7%	93%
	2021	**55.4%**	**93%**
	OBJECTIVE 2030	**100%**	

Thanks to all these actions combined, by 2021, 10% of the centers achieved the Mercialys CSR strategy objective to recover 100% of their waste.

2.2.3 Zero pesticide used

Mercialys is committed to promoting biodiversity from the ecosystems surrounding its shopping centers, with its main impact on the methods and products used to manage its green spaces.

To do so, the Company has carried out ecological audits and drawn up biodiversity action plans set out by ecologists on 81% of its portfolio since 2015. 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.

End 2021, 93% of contracts for the management of green spaces in Mercialys centers include a specific clause specifying that pesticides can only be used as a last resort and favoring 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 PESTICIDE

		Quantity of pesticide used *(in liters)*	Coverage rate
Current scope	2017	13.5	46%
	2018	12.8	46%
	2019	0.0	41%
	2020	40.0	85%
	2021	**7.0**	**83%**
	OBJECTIVE 2030	**0**	

Thus, in 2021, 83% of centers did not use pesticide for the maintenance of green spaces, favoring, for example, manual or mechanical weeding.

Mercialys also seeks to encourage biodiversity by having designated areas for local wildlife. In line with ecologists' recommendations, 73% of shopping centers have nesting boxes for birds, insect hotels, bat hotels, beehives, plant walls, green roofs, etc.

In addition to protecting biodiversity, when protected species are identified at the centers, specific measures are taken to preserve them. Within this framework, a species of orchid was discovered at La Galerie Le Phare de l'Europe in Brest. The green space service provider has been informed and is now taking special care of it when working on the site. In addition, there are lots of swallows' nests in La Galerie Géant 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.

2.2.4 Effective management of soil artificialization

A study conducted in 2021[(1)] 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 the development of regions. Concerning the protection of biodiversity, which covers environmental pollution and land use, the study shows that a purchase in a shopping center has between 4.2 and 10 times less impact than one online purchase. However, as a real estate company, the fight against the artificialization of land remains a major issue for Mercialys, on which it has been involved for several years.

Indeed, the Company is fully in line with the national objective of "zero net artificialization" of the French State Biodiversity Plan, and helps to preserve 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 an extension project of more than 2,500 square meters of its center La Galerie Géant Lanester, on surfaces already waterproofed. This project will not generate any consumption of permeable soil, and also provides for the permeability of parking spaces.

In addition, the Company is seeking to rethink the structure of its shopping centers, for example by reducing the surface areas of hypermarkets in order to transform them into several shops, or to increase their density by creating multi-storey car parks.

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

As a result, Mercialys is meeting its commitment to 2030 and, for new projects, it ensures that land densification and redevelopment are preferred. It also considers the possibilities of rewilding when appropriate.

(1) Source: EY for the French National Shopping Centers Council (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, driven in particular 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" commitments.

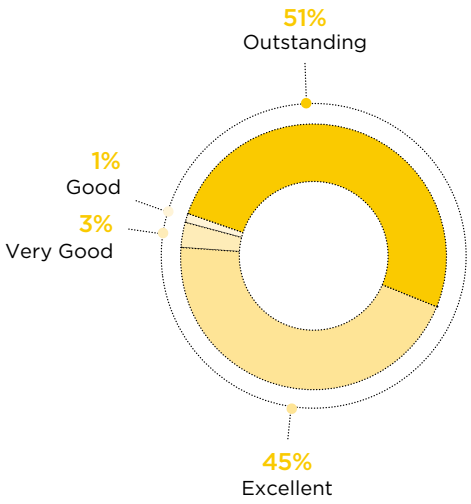
2.3.1 100% of strategic assets BREEAM In-Use certified

Mercialys has been using the international environmental certification, BREEAM In-Use, as a simple, readable and scalable management tool for the operational assessment of its assets. This tool supports teams with environmental site management, whilst offering a framework for comparing portfolio assets, identifying best practices and recognizing the work done on a daily basis. In addition, certification helps the Company to estimate and implement the work needed to protect its portfolio from the risk of obsolescence and to guarantee its environmental and societal resilience, not only as a result of its market-wide use, but also by factoring in 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. Finally, certification also addresses the issues that need to be addressed from the point of view of financial stakeholders, as evidenced by the Euro 165 million cumulative credit lines including this indicator signed in 2021 (see p. 83).

This certification is deployed across Mercialys' own asset portfolio as well as across assets held in partnership with investors, who also benefit from this expertise. In 2021, Mercialys and its partners certified 6 new assets, including La Galerie La Rocade Mezzavia in Ajaccio and Galerie La Rocade Furiani near Bastia, the first assets certified BREEAM In-Use in Corsica, and Cap Sacré-Cœur au Port and Duparc Sainte-Marie, the first certified assets in Reunion Island.

With 51% of its centers at the level "Outstanding", the highest level achievable, and 45% at the level "Excellent", Mercialys applies its portfolio to the highest environmental standards, with a view to creating sustainable value shared with all its stakeholders.

CERTIFICATION LEVEL: ASSET MANAGEMENT



These excellent results testify to Mercialys' maturity and its teams' commitment to continually improving operational performance.

ENVIRONMENTAL CERTIFICATION ON OPERATIONAL PERFORMANCE

		Percentage of certified strategic centers by value
Current scope	2017	47.7%
	2018	58.9%
	2019	71.8%
	2020	82.7%
	2021	**100.0%**
	OBJECTIVE 2030	**100%**

All the strategic centers being BREEAM In-Use certified at the end of 2021, the objective is now to maintain the certifications of these centers. In addition, the BREEAM In-Use guidelines changed in May 2020. The gradual migration of the Mercialys portfolio to this new version should enable the Company to strengthen and standardize its practices in this area.

2.3.2 100% of centers with a responsible retail offering and services

Developing an innovative omnichannel commerce

Being located in a shopping center is an advantage for retailers. They benefit from a physical environment that creates commercial, logistical and environmental synergies, as demonstrated by the French National Shopping Centers Council (*Conseil National des Centres Commerciaux* – CNCC) study mentioned on page 93, thanks to the multiple shops present in the same place and being able to implement an effective communication policy in the catchment area. In order to cope with the rise of e-commerce while maintaining this strength, Mercialys is adapting its service offering, notably through the development of the Ocitô solution set. This ecosystem of services, composed of a marketplace, logistics aggregation capacities and delivery means, enable Mercialys to respond to the issue of last mile logistics while responding to changing consumer trends.

Ocito.net is one of these solutions. It 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, click & collect or drive-through). Different brands of food and non-food products can be ordered and delivered at the same time, reducing the carbon impact of delivery. Ocito.net thus increases tenants' visibility and provides them with an online sales solution, especially for stores that do not have the resources to develop their own website and associated delivery solution. This offering is thus a major opportunity for Mercialys and its tenants to generate new revenue growth, including during the closures and lockdowns related to the health crisis, while increasing the number of visitors to the centers during normal opening hours.

Ocitô also offers retailers a range of services facilitating the consolidation and dispatch of parcels from stores (Ocito. logistique) and a suite of last-mile solutions enabling customers to receive their products even more quickly: immediate delivery, home delivery within two days, click & collect, drive-through and parcel collection lockers (Ocito. transport).

It helps to build up the societal resilience of the Company's shopping centers. At the end of 2021, the digital Ocito.net marketplace is deployed on 95% of Mercialys' strategic shopping centers, with deployment in 4 new centers in 2021.

Promoting more responsible shops

The 14th responsible consumption barometer produced by GreenFlex and ADEME [(1)] released in May 2021 highlights changes in French consumption patterns. According to this Barometer, in order to reduce the impact of their consumption, 72% of French people have changed some of their daily practices (61%) or are doing all they can to reduce their impacts (11%).

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. In 2021, a list of retailers corresponding to these criteria was drawn up and, in parallel, an inventory of the shopping centers that could accommodate such spaces was carried out to identify a pilot site.

RESPONSIBLE RETAIL AND SERVICES OFFER

		Percentage of strategic centers offering responsible retail and services
Current scope	2020	79.8%
	2021	**94.8%**
	OBJECTIVE 2030	**100%**

2.3.3 100% of our tenants engaged in our "responsible landlord tenant" commitments

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

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. In addition, the Company has reworked and distributed a generic sorting guide to help retailers easily identify what is recyclable and in which container to deposit their waste. It is accompanied by a waste booklet, specific to each center, specifying the location of waste sorting areas and practical information, such as safety instructions related to the use of equipment.

(1) Source: GreenFlex-ADEME responsible consumption barometer, 2021.

In order to encourage its tenants to reduce the overall environmental impact, Mercialys signed its first environmental lease clauses in 2013. They were generalized to all new signatures, from the first square meters. (1)

The environmental 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 the building and the leased premises. In 2021, 98% of leases signed during the year included an environmental clause, bringing the percentage of leases with an environmental clause to 46% of the total number of 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 have been held on 92% of assets in 2021.

Sharing with retailers

Mercialys is continuing to recover the energy consumption of its tenants. In 2021, the Company collected the private consumption of 66% of its tenants. This information enables it to initiate a dialogue with the brands concerned, by providing them with benchmark information and ways to improve the energy performance of their operations.

In addition, for the third consecutive year, Mercialys organized a joint awareness-raising initiative with retailers aimed at visitors to its shopping centers. During the European Sustainable Development Week, all of Mercialys' centers conducted an initiative to promote the CSR measures implemented by volunteer retailers. Stickers or signs relaying these best practices have been placed at the entrances of the retailers concerned. They have also been posted on shopping center websites.

In addition, in 2021 Mercialys signed the first "*Manifeste du Commerce et du Service Responsable*" at the French Ministry of the Economy, Finance and Recovery. Initiated by the *Génération Responsable* collective, of which the Company has been a member since 2016. It translates the commitments of retail players into a responsible approach. Mercialys is the only real estate company to have made such a commitment to retail chains and professional federations.

Measuring tenant satisfaction

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. Shopping center management then feeds back the results of these surveys to retailers and proposes an action plan to improve their satisfaction.

Structuring relations with tenants

In order to standardize the various initiatives described above and to increase cooperation between the lessor and retailers, in particular on CSR issues, Mercialys has launched the definition of a "responsible landlord tenant" commitments. 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. First of all, an analysis of the existing relationships between Mercialys and its brands was carried out, thanks to internal interviews with one or more managers of each Department in regular contact with tenants: operations, asset management, letting, legal, etc., 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

		Percentage of tenants engaged with the "responsible landlord tenant" commitments
Current scope	**2021**	**0%**
	OBJECTIVE 2030	**100%**

As this commitment is defined in 2021, the next step is to disseminate it and get retailers to adhere to this system.

(1) Excluding amendments and exceptional leases of less than one year.

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 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 management teams. This makes it possible to identify future measures to be taken and 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 three 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 security service provider. Since 2020, special attention has been paid to the application of anti-Covid measures in the centers.

The security 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.

Covid-19 health crisis management

As a result of merchandising mixes comprising lots of essential stores and the routine inclusion of one large food store, all Mercialys shopping centers remained open during both national lockdowns. The 2020 health crisis did, however, require the implementation of immediate and unprecedented measures to strengthen health rules, particularly in the centers. Lockdown and lockdown exit processes and plans were developed and adjusted as new protocols were announced by the French Government. The main measures implemented at the shopping centers as a result of this task force are based on:

- real-time visitor counting to limit the number of visitors entering at the same time and plan ahead for peak times;
- the introduction of a health pass when required by the prefects;
- managing customer routes by organizing traffic flows to prevent customers from crossing one another;
- the provision of hydroalcoholic gel at entrances and the obligation to wear a mask;
- the introduction of specific communications to ensure compliance with personal protective measures (strong signage, posting and broadcasting of radio messages at the center, regular information on websites and social networks, etc.);
- continuous cleaning and disinfection of spaces and facilities;
- supervision and adaptation of the rules for using shared facilities (children's areas, rides, etc.);
- the continuous renewal of indoor air and the installation of CO_2 sensors on 87% of centers to monitor indoor air quality.

At the end of the lockdown phases, thermal shocks were also carried out on the installations storing domestic hot water in order to prevent risks of legionella.

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

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 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.

Lastly, more broadly, Mercialys deploys procedures to ensure "cybersecurity", or the protection of its information systems and the data embedded in them. This protection is ensured by the deployment of controls through the architecture of the systems, which can be audited by external service providers. It is also the responsibility of employees, who are regularly informed of the related issues and are signatories to an individual IT Security Charter.

SAFETY AUDITS

		Average score	Percentage of shopping centers covered by a safety audit
Current scope	2018	86.5%	83%
	2019	87.3%	88%
	2020	91.7%	87%
	2021	**92.6%**	**97%**
	OBJECTIVE 2030	**95%**	

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 each year, as shown by the results, to achieve a high level of safety and health quality on the Company's sites, and in particular throughout this health crisis.

2.4 For our communities

Because Mercialys is deeply rooted in local communities, it is committed to being a major partner in regional 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 commited to rubust 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 17,000 long-term jobs, 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 local jobs by publishing job offers from retailers on each center's website. The Company increased the visibility of 139 job offers from its tenant retailers in 2021.

Furthermore, the centers' day-to-day management requires the involvement of numerous service providers (security, cleaning, etc.). In 2021, nearly 270 jobs were associated with on-site services.

In total, Mercialys' shopping centers support more than 16,800 jobs which, by nature, cannot be relocated, making Mercialys a major job provider in the regions where it operates.

Promoting jobs around shopping centers

The Company is also proactive in its support of employment in its economic region. 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 organizations. For example, a "job truck" was welcomed in the car park of La Galerie Géant Vals-près-le-Puy in Le Puy-en-Velay in 2021. This vehicle was a meeting point to promote the building trades in the region.

In addition, Mercialys has laid down the principles of a national partnership in 2021 with the *Apprentis d'Auteuil* foundation, one of whose main initiatives is to support young people in their social and professional integration. This partnership is intended to be implemented in several ways in Mercialys' shopping centers: opening of school shops, raising awareness of business creation, and discovering sales professions with on-site visits and meetings with professionals. Specifically, from January to March 2020 Mercialys hosted a "SKOLA" school shop on its site Cap Sacré Cœur in Le Port (Reunion Island) with the *Pôle Emploi* (National Employment Agency) and the *Apprentis d'Auteuil Océan Indien*, a three-month training program for 20 young people aged between 18 and 28. The course combined theory and practice to teach them the trade of sales advisor. A success of the operation, a "skoliste" was then hired by one of the shopping center's shops.

In 2021, 12% of strategic centers supported an employment or integration initiative.

Boosting regions

In order to revitalize the regions and their shops, 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, particularly retail outlets. The partnership is then implemented at the local level with each regional branch of the Company's centers. By the end of 2021, 19% of strategic centers are committed alongside the local associations of *Initiative France*, which is reflected in several 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 in 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. It is for this reason that La Galerie Cap Costières in Nîmes inaugurated an *Initiative Gard* store in the central aisle of the shopping center in 2021. From mid-June to December, 18 local companies supported by *Initiative Gard* have had free sales and exhibition areas in the shopping center.

Mercialys is also a partner of *Centre-Ville en Mouvement* and the *Fédération Nationale des Centres-Villes*, known as *Vitrines de France*, two organizations focusing on city-center retail. As such, the Company takes part in discussions on local development in the regions where it operates. Through all of these initiatives, Mercialys is involved in helping to revitalize neighborhood shops by providing its expertise and tools, in addition to financial sponsorship. Indeed, the Company has organized meetings to propose its loyalty tools and/or marketplace associations of retailers in the city center in 11% of its strategic centers.

(1) Source: French National Shopping Centers Council (CNCC), Shopping centers, creating jobs and social ties, March 2017.

TERRITORIAL DYNAMISM

		Percentage of strategic centers engaged in regional development
Current scope	2018	35.4%
	2019	32.5%
	2020	5.7%
	2021	**30.5%**
	OBJECTIVE 2030	**100%**

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.

After the first two coworking spaces opened in 2020 and operated under the "Cap Cowork" brand, Mercialys opened two new spaces on La Galerie Espaces Fenouillet near Toulouse and La Galerie Cap Costières in Nîmes. In all, this activity uses more than 1,500 sq.m.. 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 also inaugurated the first health center in a Corsican shopping center in La Galerie La Rocade Furiani near Bastia. It accommodates 9 practitioners with different specialties. New health divisions are also planned for 4 additional centers. 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.

MULTIFUNCTIONAL SPACES

		Percentage of strategic centers with multifunctional spaces
Current scope	2017	27.1%
	2018	32.6%
	2019	44.8%
	2020	48.9%
	2021	**52.0%**
	OBJECTIVE 2030	**100%**

2.4.3 100% of 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-one service providers), but also for those purchased on its behalf by its agents and service providers (tier-two and three service providers). Although the Company is not subject to certain provisions of the Sapin 2 Law, [1] or the law on the "duty of care", [2] it voluntarily implements procedures to address 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:

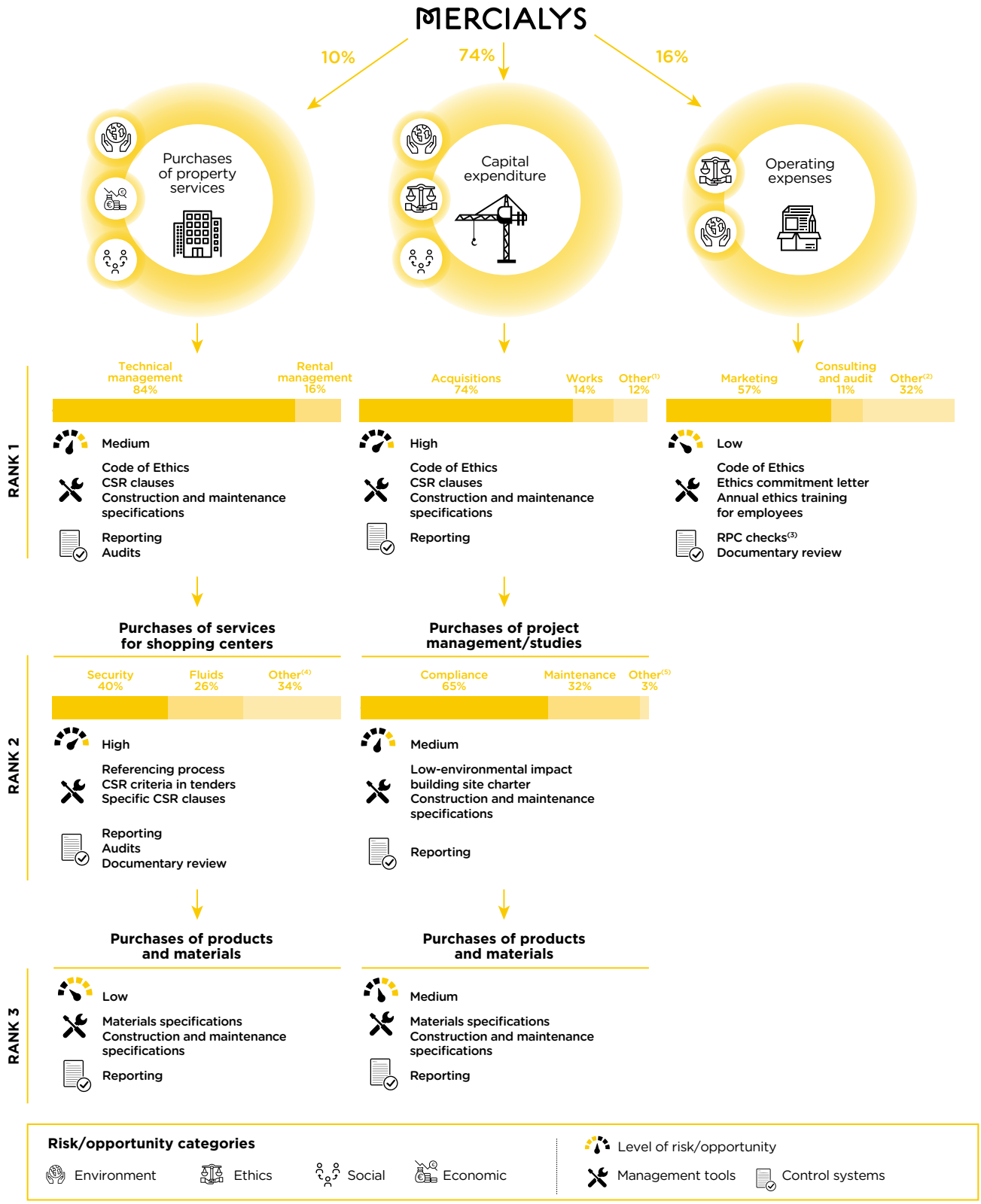
- mapping its purchases: the Company has identified the main categories of purchases made by Mercialys and its intermediaries;
- assessing its CSR risks and opportunities: each purchasing category was assessed with regard to five aspects of risk, making it possible to identify and rank the categories most at risk:
  - country risk, ethical risk,
  - environmental risk,

(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.

  - 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 the appropriate measures to be implemented to mitigate the risks or seize the opportunities identified. 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 center contracts;
- 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 below.

MAPPING PURCHASES



(1) E.g. maintenance, tools, reports.
(2) E.g. financial reporting, head office, operating costs, business travel.
(3) RPC: Risk Prevention Committee.
(4) E.g. cleaning, waste, green spaces.
(5) E.g. innovation, CSR.

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.

Mercialys thus inserted CSR clauses into the two main contracts relating to its shopping centers, *i.e.* the property management agreement and the project and construction work execution agreement. For example, the technical and property management agreement provides for the monthly tracking of energy and water consumption and waste production in Mercialys' reporting tool. The Company conducts a monthly review with the property manager to ensure the comprehensiveness of this reporting and analyze changes in consumption. The agreement 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. Under this contract, the property manager is also required to assist in the BREEAM In-Use certification of Mercialys' portfolio, and to help make tenants aware of the Company's CSR strategy.

In addition, Mercialys' property management and 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 are 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 worked with its property manager to integrate CSR into the calls for tenders issued for the services of the centers (tiers 2 and 3). The cleaning contract thus requires the use of certified products, while the contract for the maintenance of the green spaces stipulates differentiated management, and the waste management contract requires monthly reporting. In 2021, 82% of shopping centers' purchases had specific CSR clauses for each type of service.

In 2020, Mercialys asked the service providers in its centers to respond to a questionnaire to better assess their risk profile. With a 77% participation rate, it emerged that 82% are certified (quality, environment, or occupational safety) and/or follow a professional standard. In addition, half of the respondents to the questionnaire have been audited by an external firm and 88% carry out a self-assessment of their services.

In 2020, 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, the certification of materials used, etc.

Finally, aware of its impact on employment in its area of activity (see p. 99), Mercialys seeks to promote local jobs for the provision of services in its centers. In 2021, a survey was carried out to find out where its strategic suppliers [(2)] operating in its centers are coming from. Thus, 98% of shopping center purchases are "local", with service providers located within an average of 60 km of the centers, 53% located in the city or department of the center. This aspect, although previously taken into account informally, is now included as a selection criterion in new contracts and calls for tender.

(1) Excluding Corsican assets (accounting for 4% of the portfolio).
(2) Strategic suppliers: Top 10 providers by category of main services, namely: cleaning, security, waste, multi-service, green space management, HVAC, etc. (representing 59% of purchases of services provided by shopping centers).

Applying the Company's CSR requirements to its corporate purchases

Lastly, the purchases required for Mercialys to operate are mainly intellectual services (consulting, marketing, IT, etc.) and can therefore generate mainly ethical risks. In order to prevent these risks, the Director of Compliance and Ethics updates a corruption risks map and measures are put in place to prevent and mitigate such risks. For example, the Company signs confidentiality agreements when the services purchased involve the sharing of certain information, where the service providers undertake to comply with the fundamental principles listed by the Company in terms of human rights, working conditions, ethics and environmental protection.

LOCAL AND RESPONSIBLE PURCHASING

		Percentage of asset purchases covered by CSR clauses	Percentage of local centers purchases	Percentage of corporate purchases covered by CSR clauses
	2018	79.6%		22.7%
	2019	78.9%		21.4%
Current scope	2020	75.3%		25.7%
	2021	**81.9%**	**98.2%**	**26.7%**
	OBJECTIVES 2030	**100%**	**100%**	**100%**

Clauses are thus gradually incorporated into all of the Company's contracts, adapted to the specific nature of each category of purchase, and monitoring means put in place to ensure their proper application.

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, particularly action from local authorities, 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. By the end of 2021, all centers had at least one entrance located less than 500 meters from a public transport stop. At the same time, Mercialys is also involved in the installation of specific car parks:

- 98% of centers have bicycle racks;
- 60% of car parks offer spaces reserved for carpooling;
- 64% of parking lots are equipped with charging stations for electric and hybrid vehicles, most of which are free of charge.

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 hosting of associations, the organization of environmental or societal actions, promotion and awareness-raising *via* postings on these centers or on social networks.

Mercialys provides support to non-profit organizations by providing them with free pop-up stores. The Company has been a partner of *Médecins du Monde* since 2015. Through its regular presence in Mercialys' shopping centers, this non-profit organization recruited 940 donors in 2021, with annual donations totaling approximately Euro 160,000. This amount represents approximately Euro 1,570,000 per year since the start of the partnership in 2015. In addition to this national partnership, the Mercialys centers welcome numerous associations throughout the year and organize CSR actions. They can be both national in scope such as Unicef, as well as local.

In addition, 52% of centers organized a solidarity collection in 2021, like a clothing drive or a garage sale to collect clothes or toys, for example, brought by customers to be revalued for the benefit of *Secours Populaire*, *Téléthon*, the French Red Cross or local associations.

During the year 2021, although less favorable to the physical reception of associations due to the health crisis, the Mercialys centers implemented new forms of solidarity initiatives. Indeed, 44% of centers have dedicated spaces to facilitate vaccination or Covid screening, in various forms: reception of "vaccinobus" in the parking lot in Le Cap Sacré-Cœur at Le Port (Reunion Island), vaccination center in the Galerie Géant Niort shopping center, loan of vacant premises to the pharmacist of La Galerie Le Phare de l'Europe in Brest over a long period. Retailers and staff working there got priority access. In addition, La caserne de Bonne in Grenoble and La Galerie Espace Anjou in Angers supported students by providing space for coworking for free, to give them the opportunity to meet professionals, and to start building an essential address book to land an internship, a summer job, or a first job, while avoiding remaining isolated in the context of the closure of companies, schools and universities. La Galerie Géant Lanester has set up a hotline to welcome women victims of violence, in conjunction with the Information Center on the Rights of Women and Families (CDIFF) 56.

Other initiatives are also carried out digitally throughout the year. For Sustainable Development Week, for example, a tree was planted for each new registration in the Mercialys shopping center loyalty program Prim'Prim', in the continuity of the partnership between Mercialys and *Reforest'Action* begun in 2019. In all, 8,000 trees were planted in France since the start of this partnership, which represents an estimated impact of 1,200 equivalent metric tons of CO_2 stored. For each account creation, the Reunion Island centers donated one euro to the association SREPEN, which helps to preserve the island's endemic species and fight against invasive species by replanting trees.

LOCAL PUBLIC LIFE

		Percentage of centers that hosted a non-profit organization
Current scope	2019	84.1%
	2020	94.3%
	2021	**96.9%**
	OBJECTIVE 2030	**100%**

In all, these spaces allocated free of charge represent the equivalent of Euro 445,000 of rents granted by Mercialys. Combined with the time spent on the organization, donations, partnerships and sponsorship, almost Euro 594,000 was allocated to associative support in 2021.

2.5 For our talents

Because Mercialys is convinced that strong ethics, diversity in the profiles of its employees and a favorable working environment are a source of wealth and performance within companies, the Company is committed to being a engaged employer by:

- training all employees in ethical practices;
- applying principles of professional equality and inclusion;
- promoting the diversity of employee profiles and taking into account their expectations to encourage their day-to-day commitment;
- creating a working environment that respects private life and promotes professional development and commitment.

2.5.1 An employer committed to ethics, equality and inclusion

The objective clearly stated by Mercialys is to implement best practices in terms of ethics, professional equality and inclusion.

An approach to compliance that strongly involves employees in terms of ethics and compliance with regulations

Mercialys' ethics policy is run by the Director of Compliance and Ethics, who is also the Company's Ethics Officer. She reports directly to the Deputy Chief Executive Officer. She aims to enable the Company to reduce its legal risks but also to contribute to a positive reputation, which contributes to its development and boosts its ability to attract and retain talent.

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 stakeholders, both internal and external, contributing to the Company's risk mitigation, 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.

This is why Mercialys has structured its commitments around ethics-related topics. An Code of Ethics and Code of Conduct reiterates the need to respect the major international fundamental principles, legislation and respect for 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 reminds 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.

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.

As a leading player in shopping centers in France, Mercialys also sets out in its Code of Ethics and Code of Conduct the guidelines to be followed by all its employees daily.

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* a Responsible Lobbying Charter;
- 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 posted on Mercialys' intranet and website [1] in English and French.

It should be noted that, although Mercialys is not subject to certain provisions of the so-called "Sapin 2" Law, [2] the Company has 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 also on 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 is 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.

A procedure for the protection of whistleblowers is also in place. Employees are regularly reminded of this. It guarantees confidentiality, as required by law, and allows whistleblowers to contact the Ethics Officer by telephone or dedicated email. In 2021, only one report was made by this system and it was dealt with, with no particular consequences for the Company or its employees. Employees are also free to ask the Ethics Officer about any issues that they may wish to raise.

Specific charters governing certain business lines or practices supplement the Code of Ethics and the Code of Conduct. A Responsible Lobbying Charter was developed 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 2021, 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.

Furthermore, with the aim of maintaining ethical, well-balanced business relations with retailers, Mercialys is a signatory of the NEGO4GOOD charter. This charter contains the four fundamental principles of ethical and responsible negotiation.

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.

This training was attended in 2021 by 97% of employees.

INVOLVEMENT OF EMPLOYEES

	2021	2020	2019	2018	Change 2020-2021
Percentage of employees trained in ethics	**97,1%**	96,9%	82,9%	84,5%	-

In the future, Mercialys aims to have 100% of the Company's employees trained in business ethics.

Gender-balanced recruitment and workforce

In a context of gradual increase in the proportion of CDIs (permanent contracts) (89% of the workforce in 2021 *versus* 84% in 2020), Mercialys strives to achieve a balanced recruitment of women and men.

23 permanent hires were carried out in 2021, including 11 women and 12 men. In addition, eight fixed-term contracts were transformed into permanent contracts, of which six women and two men.

As at December 31, 2021, women represented 58% of Mercialys employees.

The proportion of female managers has been increasing steadily since 2018. These represent 47% of managers in 2021 *versus* 45% in 2020 and 42% in 2019.

Note the abolition of the employee college following internal promotions.

DISTRIBUTION OF WORKFORCE BY TYPE OF EMPLOYMENT CONTRACT

	2021		2020		2019		2018		2017		Change 2020-2021
Staff with permanent employment contracts (CDI)	**122**	**89%**	109	84%	93	84%	97	90%	97	86%	+11.9%
Staff with temporary employment contracts (CDD)	**15**	**11%**	20	16%	18	16%	11	10%	16	14%	-25.0%
TOTAL STAFF	**137**	**100%**	**129**	**100%**	**111**	**100%**	**108**	**100%**	**113**	**100%**	**+6.2%**

(1) The French authority for transparency in public life.

BREAKDOWN OF WORKFORCE BY GENDER

	2021		2020		2019		2018		2017		Change 2020-2021
Female managers	**48**	**47%**	41	45%	33	42%	34	41%	37	44%	+17.1%
Male managers	**55**	**53%**	50	55%	45	58%	49	59%	48	56%	+10.0%
Female employees	**0**	**0%**	12	86%	12	75%	9	82%	13	87%	-100.0%
Male employees	**0**	**0%**	2	14%	4	25%	2	18%	2	13%	-100.0%
Female supervisors	**32**	**94%**	21	88%	16	94%	14	100%	13	100%	+52.4%
Male supervisors	**2**	**6%**	3	12%	1	6%	0	0%	0	0	-33.3%
TOTAL WOMEN	**80**	**58%**	**74**	**57%**	**61**	**55%**	**57**	**53%**	**63**	**56%**	**+8.1%**
TOTAL MEN	**57**	**42%**	**55**	**43%**	**50**	**45%**	**51**	**47%**	**50**	**44%**	**+3.6%**

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.

In concrete terms:

- a specific budget dedicated to reducing the residual pay gap between men and women was renewed in 2021;
- 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;
- during maternity and paternity leave, Mercialys makes up the entire salary differential not covered by Social Security;
- employees on paternity and childcare leave benefit from three additional paid calendar days compared to the legal number of days, even though this legal number of paternity leave days was revised upwards in 2021.

As a result of these various measures, Mercialys recorded very good performances in terms of gender equality.

From 2020 onwards, and in order to take into account the specificities of each business line and to analyze the pay gaps in greater detail, it appeared relevant to measure them within six major families of business lines encompassing all management employees of the Company: asset management, letting, operations, marketing, finance and other support functions.

The historical sequence of this indicator is presented below, the calculation for the period 2016-2019 having been carried out by retroactively applying the methodology implemented in 2020.

A significant number of promotions or raises in favor of Mercialys employees had a strong impact on the indicator in 2021, which was established at +4.3% in 2021 *versus* -1.2% in 2020. It should be noted that, structurally, the small workforce of the Mercialys group subject these results to a high degree of volatility.

EQUALITY PAY W/M

	2021	2020	2019	2018	2017	Change 2020-2021
Managerial pay differential (Women *vs.* Men)	**+4.3%**	-1.2%	+3.9%	+4.1%	+1.7%	+5.5bp

A smooth reading of these figures over three years makes it possible to put these impacts into perspective.

	2019/2021	2018/2020	2017/2019	2016/2018	2015/2017
Managerial pay differential (Women *vs.* Men)	**+0.2%**	+2.3%	+3.2%	-0.7%	-2.2%

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 75 points out of 100, they must implement corrective measures that will enable them to reach at least this threshold of 75 points within three years.

Although not subject to this obligation,[(1)] Mercialys nevertheless wanted to follow this approach and apply the methodology defined by the public authorities.

(1) As Mercialys is not structured as an economic and social unit, the entities that comprise it do not exceed the workforce threshold set by the public authorities requiring the publication of this index.

	2021	2020	2019	Change 2020-2021	Change 2019-2021
Equality index, score out of 100 points	**92**	96	92	-4%	0%

The national average of the index as published at March 1st, 2021 was 85. In 2021, the index for Mercialys was 92 *versus* 96 in 2020, a slight decrease over the course of the year due to a resignation from its Management Committee. With an index of 92, at the same level as in 2019, Mercialys is still well above the national average.

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. § 4.1.1.2, p. 229).

	2021		2020		2019		2018		2017		Change 2020/2021
Women on the Management Committee	**7**	**50%**	8	50%	7	50%	2	22%	2	22%	-12.5%
Women on the Board of Directors	**5**	**50%**	5	50%	6	55%	6	55%	6	50%	-%

Committed for several years to the fight against all forms of discrimination, Mercialys has, since 2014, been a regular winner in the ranking of women in the governing bodies of the SBF 120.

After being ranked in fourth place on this list for the past three years, the Company was ranked in third position in 2021 (ranking established by Convictions RH, mandated by the French Secretary of State for gender equality and the fight against discrimination).

Continuation of a proactive policy on diversity and professional equality

Mercialys is convinced that the diversity of its employees generates collective performance, that it is beneficial for each of its employees and that it promotes the emergence and retention of talents.

The proactive policy pursued by the Company in terms of diversity and equal opportunities has contributed to the development of a management that respects differences. This policy improves team cohesion, the circulation of information and the generation of new ideas, for the benefit of economic performance.

In concrete terms, Mercialys has a long-standing commitment in these areas and has extended its commitment in 2021:

- 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;
- an agreement was 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;
- 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.

In 2021, Mercialys continued to implement its commitments on a daily basis, namely:

- promote the representation of diversity at all levels of responsibility;
- promote the enforcement of the principle of non-discrimination in all its forms in all actions by Management and in all Company decisions, particularly in all stages of human resources management;
- communicate its commitment to all of its employees, customers and suppliers in order to encourage them to adopt this approach;

Two specific awareness-raising actions were carried out during 2021 as part of actions to combat discrimination and promote professional equality:

- awareness-raising of teams on the fight against all forms of discrimination (origin, disability, age, gender, religion, sexual orientation, physical appearance) during a training course given at the end of the year to all employees;
- e-learning training offered to all employees on professional equality and the fight against sexism.

No complaints of discrimination were reported to the Ethics Officer or the Human Resources Department either in 2020 or in 2021.

Finally, the detailed results of the "Great Place To Work" reiterated by Mercialys in 2021, were once again very positive on issues related to the equal treatment of employees, similar to the feedback recorded in 2020.

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.

Workers with disabilities

Mercialys' policy concerning the employment of workers with disabilities focuses on two areas:

On the one hand, the development of partnerships to welcome interns or young graduates with disabilities. In 2021, Mercialys renewed its two partnerships with non-profit organizations dedicated to the employment of people with disabilities.

These two partnerships are as follows:

- the ARPEJEH association, which aims to promote the training, qualification and employment of young people with disabilities;
- the *Tremplin* association, which aims to involve companies in preparing for the professional integration of people with disabilities enrolled in a training program. It is particularly aimed at senior high school students and young people on work-study programs or looking for their first job. Under this partnership, one disabled student on a work-study program joined Mercialys' teams in 2019 and 2020 and for part of 2021.

On the other hand, Mercialys contributes indirectly to the employment of people with disabilities by using companies in the protected sector, in particular for the provision of services provided in its centers.

A balanced intergenerational distribution

Diversity is also reflected within Mercialys through a balanced inter-generational distribution. At the end of 2021, this showed 30% of employees under the age of 30, half of the workforce composed of experienced employees aged between 30 and 50, and 20% of employees aged over 50.

In 2021, the average age of Mercialys employees was 38 years.

	2021		2020		2019		2018		2017		2016		Change 2020-2021
Workforce under 30	**41**	**30%**	42	33%	37	33%	22	20%	33	29%	36	31%	-2.4%
Workforce aged between 30 and 50 years (inclusive)	**68**	**50%**	67	52%	54	49%	68	63%	63	56%	65	57%	+1.5%
Workforce over 50	**28**	**20%**	20	15%	20	18%	18	17%	17	15%	14	12%	+40.0%

It should be noted that 4 seniors over the age of 55 were hired on permanent contracts (CDI) in 2021.

2.5.2 An employer involved in developing employee commitment and satisfaction and in sharing the Company's values

Mercialys firmly believes that employee commitment, job satisfaction, the sharing of values and team cohesion have a decisive impact on the Company's attractiveness, development and medium-term performance.

Mercialys' involvement in these areas involves two key levers, namely the compensation policy and employee professional training.

Compensation policy

In order to develop its attractiveness and retain its employees, Mercialys implements an incentive-based compensation policy compared to other companies in the sector.

All Mercialys employees, with the exception of work-study students, receive variable compensation equal to at least 4% of their fixed salary.

The compensation for Mercialys' managers is made up of a fixed component and a variable component. The variable component can represent from 8% to 80% of the fixed component and is correlated to the achievement of three types of objectives, assessed at the start of the following year:

- for 20% of the variable component: quantitative objectives related to the Company's results;
- for 60% of the variable component: individual quantitative and qualitative objectives related to the employee's performance assessed by their manager. One of these quantitative objectives assesses the employee's execution of the CSR strategy, depending on their particular job;

- for 20% of the variable component: qualitative objectives related to the Managerial Attitudes and Conduct (*Attitudes et Comportements Managériaux* – ACM) that the Company expects from each of its employees. ACMs are based on the following six key attitudes: Leadership, Innovation, Decision-making, Commitment, Customer Responsibility and Social & Societal. They encompass all the professional qualities that Mercialys considers essential to individual and collective success.

Moreover, in 2016, Mercialys introduced a bonus share plan to help retain employees.

In 2020 and 2021 allocation plans concerning all employees and corporate officers were implemented (133 eligible employees covered by this plan in 2021).

In total, 155,986 shares were distributed in 2021.

	2021	2020	2019	2018	2017	Change 2020/2021
Number of shares distributed	**155,986**	188,433	72,890	83,199	83,947	-17.2%

In addition, since 2019, Mercialys has set up a Company Savings Plan (PEE) under which the Company matches amounts paid in by employees.

Training policy

Employee training is a vital tool for ensuring that the Company is agile and able to adjust quickly to market changes. It is also a driver of employee satisfaction, fulfillment and loyalty.

Mercialys' training policy is structured around two areas:

- development of employees' 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.);
- training in e-learning, distance learning, or 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 2021, 100% of employees took part in one or more training programs.

	2021	2020	2019	2018	2017	Change 2020-2021
Proportion of trained employees	**100%**	100%	99%	100%	100%	-

In addition, Mercialys has involved its employees as systematically as possible in its CSR approach. 74% of them were trained in CSR, Mercialys own approach in this area and the means of action implemented by the Company.

Solidarity and partnerships

Solidarity and the associated partnerships are an integral part of Mercialys' culture. Likewise, Mercialys encourages its employees to show solidarity and commit to charity, convinced that this type of commitment is likely to support their professional commitment in a positive way while, at the same time, making corporate responsibility toward civil society more human.

In 2021, Mercialys renewed its two non-profit partnerships to promote the professional integration of young people and equal opportunities. The first such partnership was with the *Télémaque* association, which strives to promote equal opportunities in education by supporting youths from modest backgrounds, starting in junior high-school. The second was signed with the non-profit organization Article 1, offering youths personalized educational support with a professional mentor, in order to help them make a success of their professional integration, and in particular to find their first job.

All Mercialys employees are also invited to show solidarity by donating days off to colleagues with a relative (ascendant or descendant) whose health situation requires significant availability or by participating in group or sporting events in charitable dimension.

Development of employee commitment and satisfaction

Mercialys considers that the commitment and satisfaction of its employees are major drivers of development and performance.

As a follow-up to the surveys carried out by Deloitte until 2019, Mercialys has been conducting an employee engagement survey since 2020 through the label "Great Place to Work". The survey carried out in this context assesses the commitment, satisfaction and quality of life of employees through the key relationships they maintain with management, with their colleagues and with their own work.

70 questions were asked, grouped into five dimensions: credibility, respect, fairness, pride and conviviality.

After only two years of participation, in 2021 Mercialys joined the club of companies labeled "Great Place to Work", with 67% positive responses as to the overall perception of the Company by its employees. The minimum threshold for this certification was set in 2021 at 65% positive responses.

The other significant results of this survey in terms of commitment and recognition are as follows:

- the participation rate stood at 90% in 2021, up 9 points year-on-year;
- a particularly positive point concerns the fact that 85% of employees consider Mercialys to be an organization with integrity and honesty;
- employees also clearly emphasize fair treatment regardless of their ethnicity (93%), gender (84%), sexual orientation (90%), age (77%), or even a possible disability (93%);
- the good balance between working and living time is also highlighted by the teams at 72% and improved in 2021 (+7 bp);
- employees think they make a positive personal contribution to the organization (83%) and find meaning in their daily activities (76%);
- the positive perception relating to team achievements (80%, +8 bp), commitment (83%, +6 bp) and adaptability of employees (80%, +5 bp) is also clearly recognized. It motivates and encourages employees to be innovative (82%);
- lastly, the Company's image (76%, +7 bp) and its civic contribution (79%, +9 bp) also fuel the pride of the teams.

In addition to this system for collecting anonymized information, a new proprietary internal platform was developed in 2021 to make it easier to digitize professional interviews and annual appraisal interviews, promoting fluid exchanges between employees and their manager and the formalization of this key stage in the relationship between the Company and each of its employees.

To ensure the full commitment of employees in the implementation of its CSR strategy, Mercialys has, since 2017, included CSR criteria in individual annual objectives. These criteria are specific to each of the Company's business lines. In 2021, 100% employees and each of the Company's two corporate officers have thus been set a CSR objective, which represents between 5% and 20% of their annual variable compensation. This objective is quantitative for managers, and qualitative for non-managers.

Over the period from 2020 to 2030, Mercialys' objectives in terms of employee involvement and sharing of values are as follows:

- maintain the Company in the list of companies "where it is good to live and work", *i.e.* a positive response score on the overall perception of the Company of at least 65%;
- exceed 70% satisfaction on the five criteria relating to respect, fairness, pride in belonging to the Company, a feeling of trust and employee responsibility;
- systematically include a CSR objective in annual employee roadmaps.

	2021	2020	2019	2018	2017	Change 2020-2021
Permanent staff turnover	**15.8%**	13.9%	22.1%	10.2%	14.2%	+1.9bp

The turnover recorded by Mercialys in 2021 is still close to 15%, a level that may be considered low in view of the prevailing pressures on employment in the real estate sector and in view of the relatively low average age of the Group's employees. This indicator also reflects, in its own way, the good level of employee satisfaction with the Company.

2.5.3 An employer committed to quality of life at work and respect for work-life balance

Mercialys is convinced of 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.

To this end, several agreements signed previously with the social partners continued or were updated in 2021:

- an agreement on teleworking extending to two the number of days when remote working is possible (excluding the application of temporary rules extending the teleworking system due to the health context and certain roles linked to site operation);
- an agreement on the organization of working hours to meet the Company's requirements while taking into account employees' aspirations;
- an agreement on the time savings account to convert into employee savings a number of days of additional paid leave or rest not taken during the year;

- an agreement on social dialog, reaffirming the importance of the role of employee representatives and setting the basic principles of collective bargaining within the Company;
- an agreement on gender equality and quality of life at work, focusing on the following areas: pay gaps, recruitment, access to training, work-life balance, raising awareness and combating sexism.

In addition, the Company's employees are covered by the following agreements:

- an agreement on the supplementary health insurance scheme, setting the terms and conditions of health insurance;
- a welfare scheme enabling employees to receive benefits on top of those paid by social security organizations;
- an agreement on the introduction of a Company Savings Plan, setting the allocation rules and the matching contribution paid by Mercialys;
- a mandatory annual bargaining agreement (NAO) for 2021 covering employee benefits, working conditions and compensation.

Mercialys pays heed to its employees' health and well-being by guaranteeing them a good work-life balance, thus maintaining a low absenteeism rate, and employs a thriving workforce with people more engaged in their work and committed to satisfying their customers.

Occupational health and safety

Occupational health and safety are key issues for employee well-being.

In 2021, the Company has made the protection of its employees one of its priorities in the face of successive waves of the different variants of the Covid-19 pandemic. It has placed all employees, for whom this was possible, in teleworking for three or four days a week so as to limit their presence in transport and the premises as much as possible, in compliance with or even anticipating government measures. Travel and face-to-face meetings were reduced to their bare necessities in 2021. Compliance with barrier gestures has been subject to strict controls (masks, number of people per room, ventilation, CO_2 control). Finally, the use of meal vouchers was renewed to compensate for the closure of company restaurants and extended to teleworking days.

	2021	2020	2019	2018	2017	Change 2020-2021
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	**1**	0	0	0	0	-
Absenteeism rate	**1.2%**	3.5%	4.4%	4.7%	3.3%	-2.3bp

During the year, Mercialys recorded no fatal workplace accidents and only one workplace accident with at least one day off work.

The rate of absenteeism fell to 1.2%, down sharply compared to previous years.

Due to regular travel by shopping centers directors, special attention is given to road safety. A comprehensive initiative – including an information booklet entitled "on the road memo", a guide on the "10 eco-driving habits" and the option to follow specific training sessions – has been introduced to raise employee awareness about the dangers of driving and to remind them how to drive safely.

In addition, in order to preserve the work-life balance of its employees, Mercialys has decided, in addition to its legal obligation, to deploy 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 the balance between private and family life, on the one hand, and professional on the other.

Finally, convinced that creating an environment favorable to employee-parents contributes to the loyalty of its employees, Mercialys signed the Corporate Parenthood Charter, even if in 2021, due to the Covid-19 pandemic, planned events such as "Parenthood day in the Company", but also various team cohesion events, were canceled in order to respect the Company's health protocol.

For the period 2020 to 2030, Mercialys' objectives are 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 strict application of the disconnection charter for all employees;
- implement a teleworking system with the highest standards;
- maintain a favorable framework for parenthood and leave policy.

Appendices

1 Additional information and data

1.1 Voluntary actions taken by the Company within the framework of regulations to which it is not subject

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 adopted best practices, although it is not subject to the following regulations:

- **Article L. 225-102-1 of the French Commercial Code instituting the Extra-Financial Performance Statement (DPEF)**

  In chapter 2 of its Universal Registration Document, Mercialys voluntarily presents the information required under the DPEF. This information is also audited on a voluntary basis. Note that, due to the nature of its business, Mercialys does not present any information on tax evasion. 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. 452;

- **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 2021, France ranks 22nd 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 Director of Compliance and Ethics (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 reporting to the Audit, Risks and Sustainable Development Committee,
  - control and assessment procedures at operational and financial levels. These procedures include in particular: 1/ the limitation of the power 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 a whistleblowing procedure, of which employees are reminded on a regular basis and which guarantees legally required confidentiality (see p. 107),
  - an 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. 107),
  - a Responsible Lobbying Charter, committing 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. 107);

- **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 ten 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. Moreover, the Company's Code of Ethics and Code of Conduct includes the subject of the duty of care that the Company has chosen to follow.

  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 and the environment (see p. 100 et seq.). An analysis and update is performed on a regular basis by the CSR Department, which reports notably to the Audit, Risks and Sustainable Development Committee,

- the adoption of measures aimed at preventing and mitigating identified risks, for example through the insertion of CSR clauses in major calls for tenders and service provision contracts, such as for property management or the execution of projects and construction work in the shopping centers (see p. 100 et seq.) or through the review of contracts and procedures to ensure their compliance with the GDPR (see p. 97 et seq.),
- the monitoring of these measures and the conduct of assessments and specific audits, such as external audits on the safety of each center, comprising monitoring the implementation of any corrective measures, which can lead to the termination of the contract in the event of non-compliance with these measures (see p. 97 et seq.), preventive environmental assessments going beyond regulatory requirements (see p. 102 et seq.), and audits on the quality of the main services in the centers (see p. 102 et seq.),
- the existence of an internal whistleblowing system, of which employees are reminded on a regular basis and which guarantees confidentiality (see p. 107);

- **European Taxonomy regulation (EU) 2020/852 of June 18, 2020 on "the establishment of a framework to promote sustainable investments"**

  Because of its size, Mercialys is not subject to the European taxonomy, which aims to define a common framework for classifying environmentally sustainable activities. Its purpose is to drive investments towards activities contributing to the environmental transition to achieve the objectives defined in the Green Deal for Europe.

  However, the Company is working to assess its share of revenue, operating expenses and eligible investments aligned with sustainable activities according to the six criteria defined in the European taxonomy, in order to be able to publish them in future years.

- **Article 104 (V) L. 1142-8 of the French Labor Code, Law No. 2018-771 of September 5, 2018 on the freedom to choose one's professional future**

  As a responsible employer, Mercialys seeks to promote diversity at all levels of the Company and to ensure professional equality between all employees, regardless of their age, gender, social, cultural, ethnic, racial or national origin, religious or political views, trade union activities, family situation, sexual orientation, health or disability. These commitments are included in its Code of Ethics and Code of Conduct, which is distributed to all Company employees, and is available in French and English on its website. It is also a signatory of the Diversity in Business Charter.

  In line with this commitment, Mercialys calculates and publishes its gender equality index score voluntarily, as a multi-criteria performance indicator that is comparable between all French companies. To this end, the French Ministry of Labor, Employment and Economic Inclusion methodology was applied (see p. 108).

1.2 Summary and additional indicators

CSR STRATEGY PRIORITY ISSUES	INDICATOR	SCOPE	EPRA CODE	UNIT	2017	2018	2019	2020	2021
For our environment	**Energy consumption**	○		MWh	54,611	54,020	54,050	46,721	**46,526**
		□		MWh	52,855	52,765	50,083	44,055	**41,485**
	Electricity consumption	○	Elec-Abs	MWh	41,578	41,683	41,339	36,421	**33,980**
		□	Elec-LFL	MWh	39,845	40,481	39,214	35,048	**31,336**
	Gas consumption	○	Fuels-Abs	MWh	11,468	10,734	10,806	8,675	**10,766**
		□	Fuels-LfL	MWh	11,445	10,682	8,964	7,381	**8,588**
	Urban heat consumption	○	DH&C-Abs	MWh	1,565	1,603	1,905	1,625	**1,779**
		□	DH&C-LFL	MWh	1,565	1,603	1,905	1,625	**1,561**
	Energy intensity per unit area	○	Energy-Int	kWh/sq.m.	187.0	181.9	175.9	160.1	**154.8**
		□	Energy-Int	kWh/sq.m.	187.3	182.1	173.3	159.7	**150.9**
	Usage energy intensity	○	Energy-Int	kWh/ visitor	0.4	0.4	0.4	0.4	**0.4**
		□	Energy-Int	kWh/ visitor	0.4	0.4	0.4	0.4	**0.4**
	Percentage of energy consumption from renewable sources			%	9.1	10.0	29.3	15.8	**54.0**
	Percentage of portfolio with a photovoltaic power plant, by value			%	48.4	48.9	48.6	48.9	**48.5**
	Scope 1 greenhouse gas emissions, location-based	○	GHG-Dir-Abs	$tCO_2eq.$	2,116	2,030	1,965	1,649	**2,028**
		□		$tCO_2eq.$	2,112	1,872	1,527	1,314	**1,402**
	Scope 2 greenhouse gas emissions, location-based	○	GHG-Dir-Abs	$tCO_2eq.$	4,251	4,372	4,850	4,348	**4,180**
		□		$tCO_2eq.$	4,045	4,110	4,475	3,982	**3,698**
	Scope 2 greenhouse gas emissions, market-based	○	GHG-Dir-Abs	$tCO_2eq.$	4,363	4,123	4,479	4,374	**3,428**
	Scopes 1 & 2 greenhouse gas emissions, location-based	○		$tCO_2eq.$	6,367	6,401	6,815	5,998	**6,208**
		□		$tCO_2eq.$	6,157	5,982	6,002	5,296	**5,100**
	Scopes 1 & 2 greenhouse gas emissions, market-based	○		$tCO_2eq.$	6,479	6,153	6,444	6,024	**5,187**
	Scopes 1 & 2 areal carbon intensity, location-based	○	GHG-Int	$kgCO_2eq./$ sq.m.	25.1	23.0	23.3	20.6	**20.7**
		□	GHG-Int	$kgCO_2eq./$ sq.m.	24.9	23.8	23.8	22.0	**21.2**
	Scopes 1 & 2 areal carbon intensity, market-based	○	GHG-Int	$kgCO_2eq./$ sq.m.	23.3	22.1	22.0	20.6	**17.3**
	Scopes 1 and 2 carbon intensity of use, location-based	○	GHG-Int	$kgCO_2eq./$ visitor	54.7	47.6	48.3	48.5	**55.0**
		□	GHG-Int	$kgCO_2eq./$ visitor	55.9	56.0	57.8	61.0	**65.5**
	Scope 3 greenhouse gas emissions related to tenants' energy consumption			$kgCO_2eq./$ sq.m.	51.5	53.2	65.0	62.7	**51.0**
	Scope 3 greenhouse gas emissions related to employees' travel			$tCO_2eq.$	289.0	321.0	190.0	188.7	**206.9**
	Scope 3 greenhouse gas emissions relating to the management of operations waste			tCO_2 eq./ metric ton	0.3	0.2	0.2	0.2	**0.2**
	Greenhouse gas emissions from upstream production		GHG-Dir-Abs	$tCO_2eq.$				1,042	**1,071**

○ *Current* □ *Like-for-like*

CSR STRATEGY PRIORITY ISSUES	INDICATOR	SCOPE	EPRA CODE	UNIT	2017	2018	2019	2020	2021
For our environment	**Total quantity of waste**	○	Waste-Abs	metric tons	5,514	6,266	6,909	5,945	**5,168**
		□	Waste-LfL	metric tons	4,558	5,225	5,080	4,339	**3,755**
	Quantity of non-hazardous industrial waste	○	Waste-Abs	metric tons	3,962	4,492	4,964	4,198	**3,517**
		□	Waste-LfL	metric tons	3,138	3,660	3,574	3,037	**2,571**
	Quantity of cardboard	○	Waste-Abs	metric tons	1,450	1,587	1,755	1,536	**1,429**
		□	Waste-LfL	metric tons	1,318	1,412	1,405	1,192	**1,080**
	Quantity of plastic	○	Waste-Abs	metric tons	32.7	37.1	25.6	24.7	**13.9**
		□	Waste-LfL	metric tons	32.7	37.1	17.5	21.2	**11.3**
	Quantity of bio-waste	○	Waste-Abs	metric tons	60.7	79.3	80.0	84.4	**65.0**
		□	Waste-LfL	metric tons	60.7	79.3	53.6	63.7	**45.0**
	Quantity of paper	○	Waste-Abs	metric tons	0.0	0.0	0.0	0.0	**1.1**
		□	Waste-LfL	metric tons	0.0	0.0	0.0	0.0	**1.1**
	Quantity of wood	○	Waste-Abs	metric tons	5.0	5.1	14.2	22.0	**22.9**
		□	Waste-LfL	metric tons	5.0	5.1	3.6	10.0	**12.9**
	Quantity of glass	○	Waste-Abs	metric tons	0.0	8.0	13.2	14.8	**9.1**
		□	Waste-LfL	metric tons	0.0	8.0	2.5	3.2	**6.4**
	Quantity of metal	○	Waste-Abs	metric tons	0.0	0.0	0.0	0.8	**3.2**
		□	Waste-LfL	metric tons	0.0	0.0	0.0	0.3	**2.1**
	Quantity of other waste	○	Waste-Abs	metric tons	3.9	58.2	57.6	63.8	**107.0**
		□	Waste-LfL	metric tons	3.9	23.4	23.7	12.4	**25.5**
	Waste sorting rate			%	28.2	28.3	28.2	29.4	**32.0**
	Waste recovery rate			%	37.9	51.9	63.9	53.7	**55.4**
	Percentage of recycled waste			%	27.1	17.5	14.1	12.0	**7.8**
	Percentage of composted waste			%	1.3	0.0	0.3	0.4	**0.4**
	Percentage of waste incinerated with energy recovery			%	2.0	9.5	9.0	7.0	**6.3**
	Percentage of waste recovered in other ways			%	8.7	24.9	40.7	34.6	**41.3**
	Total water consumption	○	Water-Abs	m^3	99,111	89,381	111,281	108,491	**82,455**
		□	Water-LfL	m^3	99,111	82,184	104,431	103,227	**77,654**
	Areal water intensity	○	Water-Int	m^3/sq.m.	1.1	0.8	1.0	0.9	**0.7**
		□	Water-Int	m^3/sq.m.	1.1	0.8	1.0	1.0	**0.8**
	Water consumption per visitor	○	Water-Int	L/visitor	1.2	0.9	1.2	1.3	**1.1**
	Quantity of pesticide used during the year			liters	13.5	12.8	0.0	40.0	**7.0**

○ *Current* □ *Like-for-like*

CSR STRATEGY PRIORITY ISSUES	INDICATOR	EPRA CODE	UNIT	2017	2018	2019	2020	2021
For our stores	**Percentage of BREEAM In-Use certified assets by value**	Cert-Tot	%	47.7	58.9	71.8	82.7	**100.0**
	Percentage of BREEAM In-Use certified shopping centers, by surface area	Cert-Tot	%	44.5	53.1	64.4	83.0	**100.0**
	Number of BREEAM In-Use certified shopping centers	Cert-Tot		11	13	15	17	**23**
	Percentage of BREEAM New Construction certified assets by value	Cert-Tot	%	8.9	8.9	8.5	8.3	**7.9**
	Number of BREEAM New Construction certified shopping centers	Cert-Tot		1	1	1	1	**1**
	Percentage of assets covered by a tenant satisfaction survey		%	55.1	66.3	89.1	94.5	**44.1**
	Percentage of leases signed during the year comprising an environmental clause		%	100.0	100.0	94.2	95.2	**97.8**
	Percentage of leases with environmental clause in the portfolio		%				39.0	**46.1**
	Percentage of shopping centers placing CSR on the agenda of a meeting with tenants		%		92.4	93.8	79.7	**91.5**
	Private energy consumption		MWh	97,106	89,602	84,034	94,412	**104,299**
	Private water consumption		m^3				150,406	**97,078**
	Percentage of tenants whose energy consumption data was collected		%	20.9	19.8	35.4	52.9	**66.1**
	Percentage of shopping centers that underwent a safety audit during the year	H&S-Asset	%		83.4	88.4	87.2	**97.2**
	Average security audit score	H&S-Asset	/100		86.5	87.3	91.7	**92.6**
For our communities	**Percentage of shopping centers that organized an employment event during the year**	Comty-Eng	%		35.4	32.5	5.7	**11.7**
	Number of jobs induced by Mercialys' business activity			17,425	17,529	17,222	17,423	**17,132**
	Percentage of strategic centers with a multi-functional space		%	27.1	32.6	44.8	48.9	**52.0**
	Percentage of asset purchases covered by CSR clauses		%		79.6	78.9	75.3	**81.9**
	Percentage of corporate purchases covered by CSR clauses		%		22.7	21.4	25.7	**26.7**
	Percentage of purchases by "local" shopping centers		%					**98.2**
	Average number of transport lines accessible to one visitor to a shopping center			3	3	3	4	**4**
	Percentage of shopping centers located less than 500 meters from a public transport stop		%	80.0	98.8	100.0	100.0	**100.0**
	Percentage of assets equipped with charging stations for electric vehicles		%	35.8	49.9	49.3	49.3	**64.2**
	Percentage of centers having carried out a CSR action during the year	Comty-Eng	%					**96.9**
	Contribution to support for local non-profits	Comty-Eng	€K				860.1	**593.7**

CSR STRATEGY PRIORITY ISSUES	INDICATOR	EPRA CODE	UNIT	2017	2018	2019	2020	2021
For our talents	**Total staff**			113	108	111	129	**137**
	Staff with permanent employment contracts (CDI)			97	97	93	109	**122**
	Staff with temporary employment contracts (CDD)			16	11	18	20	**15**
	Number of work-study students accepted during the year			12	9	4	9	**3**
	Number of interns hosted during the year			12	12	5	4	**2**
	Temporary staff			7	13	9	9	**1**
	Full-time staff			103	100	105	123	**132**
	Part-time staff			10	8	6	6	**5**
	Total number of hires	Emp-Turnover		35	19	30	44	**33**
	Number of new hires with temporary employment contracts (CDD)	Emp-Turnover		13	8	14	16	**10**
	Number of new hires with permanent employment contracts (CDI)	Emp-Turnover		22	11	16	28	**23**
	Number of redundancies	Emp-Turnover		0	0	0	0	**0**
	Number of dismissals for other reasons	Emp-Turnover		5	4	5	4	**2**
	Total number of departures	Emp-Turnover		36	25	21	14	**18**
	Permanent staff turnover	Emp-Turnover	%	14.2	10.2	22.1	13.9	**15.8**
	Average annual increase for employees		%	1.0	1.5	1.0	1.0	**0.5**
	Number of bonus shares distributed			83,947	83,199	72,890	188,433	**155,986**
	Total number of training hours	Emp-Training	hours	1,747	1,281	1,402	741	**1,525**
	Average number of training hours per employee trained	Emp-Training	hours/employee	16.0	12.2	12.9	5.8	**11.2**
	Number of permanent employees trained	Emp-Training		100	96	96	114	**129**
	Proportion of trained employees	Emp-Training	%	100.0	100.0	99.0	100.0	**100.0**
	Budget allocated to training	Emp-Training	€	198,000	295,120	127,767	122,456	**150,000**
	Number of workers with disabilities	Diversity-Emp		0	0	1	1	**0**
	Total number of women	Diversity-Emp		63	57	61	74	**80**
	Total number of men	Diversity-Emp		50	51	50	55	**57**
	Total number of female managers	Diversity-Emp		37	34	33	41	**48**
	Total number of female employees	Diversity-Emp		13	9	12	12	**0**
	Total number of female supervisors	Diversity-Emp		13	14	16	21	**32**
	Total number of male managers	Diversity-Emp		48	49	45	50	**55**
	Total number of male employees	Diversity-Emp		2	2	4	2	**0**
	Total number of male supervisors	Diversity-Emp		0	0	1	3	**2**
	Number of women on the Management Committee	Diversity-Emp		2	2	7	8	**7**
	Number of men on the Management Committee	Diversity-Emp		7	7	7	8	**7**
	Number of women on the Board of Directors	Diversity-Emp		6	6	6	5	**5**
	Number of men on the Board of Directors	Diversity-Emp		6	5	5	5	**5**

CSR STRATEGY PRIORITY ISSUES	INDICATOR	EPRA CODE	UNIT	2017	2018	2019	2020	2021
For our talents	**Number of women on permanent employment contracts promoted during the year**	Diversity-Emp		1	0	1	2	**1**
	Number of women recruited during the year	Diversity-Emp		21	10	22	27	**18**
	Number of women trained during the year	Diversity-Emp		83	61	66	82	**81**
	Average age		years	37.1	38.7	37.3	37.6	**38.0**
	Number of employees under 30	Diversity-Emp		33	22	37	42	**41**
	Number of employees between 30 and 50	Diversity-Emp		63	68	54	67	**68**
	Number of employees over 50	Diversity-Emp		17	18	20	20	**28**
	Gender equality index	Diversity-Pay	/100			92	96	**92**
	Gender pay gap for managers	Diversity-Pay	%	+1.7	+4.1	+3.9	-1.2	**+4.3**
	Number of referrals to the Ethics Officer as part of the whistleblowing procedure				0	0	0	**1**
	Percentage of employees trained in ethics during the year		%		84.5	82.9	96.9	**97.1**
	Percentage of employees trained in CSR during the year		%				74.0	**74.0**
	Percentage of employees with an individual CSR objective		%			100.0	100.0	**100.0**
	Lobbying expenses		€K				55.0	**27.3**
	Absenteeism rate	H&S-Emp	%	3.3	4.7	4.4	3.5	**1.2**
	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	0	0	**1**
	Number of occupational diseases	H&S-Emp		0	0	0	0	**0**
	Frequency rate of workplace accidents	H&S-Emp		0.0	0.0	0.0	0.0	**5.3**
	Severity rate of workplace accidents	H&S-Emp		0.0	0.0	0.0	0.0	**0.2**
	Number of employees teleworking			22	36	41	38	**33**
	Number of people eligible for teleworking			58	58	55	74	**73**
	Rate of participation in the most recent engagement survey		%	80.7	76.2	76.2	81.0	**90.1**
	Number of days donated to caregivers		days	6	5	0	7	**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			17	17	27	33	**30**
	Percentage of employees who had an annual appraisal interview	Emp-Dev	%				100.0	**100.0**

1.3 Cross-reference tables

1.3.1 Taskforce on Climate-related Financial Disclosures (TCFD) recommendations

Mercialys incorporates climate change risk management and opportunities into its corporate strategy. To ensure transparency, the Company's communications are aligned with TCFD recommendations. The table below identifies the chapters of this Universal Registration Document that relate to these recommendations.

	TCFD recommendation	Universal Registration Document consistency
Governance	a) Describe the Board's oversight of climate-related risks and opportunities	chapter 2, § 2.1.2, p. 84 and 85
	b) Describe the management's role in assessing and managing climate-related risks and opportunities	chapter 2, § 2.1.2, p. 84 and 85
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	chapter 2, § 2.1.2 p. 86, chapter 2, § 2.2, p. 88, chapter 2, § 2.2.2, p. 91
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	chapter 2, § 2.1.2, p. 86, chapter 2, § 2.2, p. 88, chapter 2, § 2.2.2, p. 91
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario	chapter 2, § 2.2.1, p. 88
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks	chapter 2, § 2.1.1, p. 82 and 83, chapter 2, § 2.1.2, p. 84 and 85 chapter 5, § 5.2.1, p. 324 to 326
	b) Describe the organization's processes for managing climate-related risks	chapter 2, § 2.1.2, p. 84 to 87, chapter 2, § 2.2.1, p. 88 to 90, chapter 2, § 2.2.2, p, 91, chapter 5, § 5.1.1., p. 318 and 319, chapter 5, § 5.1.2, p. 320 to 322
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	chapter 2, § 2.1.2, p. 84 and 85, chapter 5, § 5.2.1, p. 324 to 326
Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	chapter 2, § 2.2.1, p. 90 and 91, chapter 2, Appendix 1.2, p. 116
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	chapter 2, § 2.2.1, p. 90 and 91, chapter 2, Appendix 1.2, p. 116
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	chapter 2, § 2.1.1, p. 83, chapter 2, § 2.2.1, p. 88 and 89

1.3.2 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 249
Procedure for selecting and appointing Board members	Gov-Select	chapter 4, § 4.1.1, p. 228 and 230 to 233
Procedure for managing conflicts of interests	Gov-Col	chapter 4, § 4.1.8, p. 265

1.4 Head office indicators

INDICATOR	SCOPE	EPRA CODE	UNIT	2017	2018	2019	2020	2021	CHANGE 2020/2021
Total electricity consumption	○	Elec-Abs	MWh	216.4	234.0	147.0	16.6	**35.4**	
	□	Elec-LFL	MWh	216.4	234.0	147.0	16.6	**35.4**	+108.1%
Total energy consumption from district heating or cooling networks	○	DH&C-Abs	MWh	155.7	197.0	184.0	67.3	**160.7**	
	□	DH&C-LFL	MWh	155.7	197.0	184.0	67.3	**160.7**	+138.9%
Total fuel consumption	○	Fuels-Abs	MWh	4.2	3.9	3.2	0.0	**0.0**	
	□	Fuels-LfL	MWh	4.2	3.9	3.2	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-Dir-Abs	$tCO_2eq.$	0.83	0.77	0.58	0.00	**0.00**	
Total indirect GHG emissions		GHG-Dir-Abs	$tCO_2eq.$	43.3	53.7	37.5	11.8	**13.8**	
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	514.3	688.1	611.0	517.0	**400.9**	
	□	Water-LfL	m^3	514.3	688.1	611.0	517.0	**400.9**	-22.4%
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	6.2	7.3	2.9	0.6	**0.3**	
			% recycled	34%	26%	57%	100%	**100%**	
			% buried	66%	74%	43%	0%	**0%**	
	□	Waste-LfL	metric tons	6.2	7.3	2.9	0.6	**0.3**	-51.6%
			% recycled	34%	26%	57%	100%	**100%**	
			% buried	66%	74%	43%	0%	**0%**	

○ Current □ Like-for-like

2 Methodological note

2.1 Scope

A. Current scope

The current scope comprises the assets within the CSR scope, excluding acquisitions during the year, in accordance with the French National Shopping Centers Council (CNCC)'s CSR reporting guidelines.

B. CSR scope

The CSR scope includes assets in the portfolio at December 31 of year N, excluding "Monoprix" assets, isolated units and dismembered assets, *i.e.* assets that represent less than 1% of the Mercialys portfolio in terms of surface areas. The CSR scope therefore consists solely of shopping centers and represents 93% of the current 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 2021, they represented 87% of the current scope.

In 2020, 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 French National Shopping Centres Council' CSR reporting guidelines.

The constant scope is calculated in relation to the year 2017.

2.2 Reporting period

Environmental indicators (energy consumption, water consumption, greenhouse gas emissions, quantities of waste, etc.) are reported over a rolling twelve-month period, from October 1 of year N-1 to September 30 of year N. The data entered as "N" therefore correspond to the environmental indicators calculated from the October 1 of year N-1 to September 30 N inclusive.

The footfall used to calculate the usage indicators is reported over a rolling 12-month period, from October 1 of year N-1 to September 30 year N.

Social and societal indicators are reported on a calendar-year basis, from January 1 to December 31 of year N.

2.3 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 on behalf of Mercialys.

2.4 Business indicators

A. Surface area of common areas

Common areas are considered to be the center and heated, ventilated or chilled/cooled areas (excluding the areas that may not be accessible to the public).

B. Gross leasable area surfaces

The gross leasable areas (used for the calculation of coverage rates in surface area) are those appearing in chapter 1, § 1.3.2.3, p. 75 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.

2.5 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).

B. Greenhouse gas emissions

Greenhouse gas emissions are calculated in accordance with the GHG Protocol.

Scope 1 greenhouse gas emissions

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 ($kgCO_2eq.$) = quantity of refrigerant (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 used are derived from ADEME's Carbon Base in the most recent version available.

The GWP factors also come from the Carbon Base when they are available.

(1) Global Warming Potential (GWP): an indicator that measures the cumulative effect of all the substances that aggravate the greenhouse effect.

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.

Scope 3 employee travel

Carbon emissions related to Mercialys employee travel are reported over a period from January 1 to December 31 of year N.

C. Waste

This relates to waste:

- produced by retailers;
- left by visitors in the shopping center's waste containers.

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 a 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. For this indicator, a site is excluded from the scope 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 only in communal areas, expressed in m^3.

This indicator particularly includes:

- consumption associated with the shopping center's sanitation facilities (customer sanitation facilities and those of the shopping center's management);
- consumption related to cleaning the center (mall, compactors, etc.);
- consumption related to watering the green spaces;
- water consumption of the 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).

2.6 Social indicators

A. Management pay gap

The pay gap between female managers and male managers includes levels of managerial staff at levels C1 and C2.

B. 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.

C. Staff 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.

D. 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 off.

2.7 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 of Mercialys' centers. Based on the corresponding areas, employment ratios per square meter, specific to each business sector, were calculated. These area-based ratios are used to extrapolate store positions at all shopping centers in Mercialys' portfolio;
- 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 centers;
- in Europe for corporate purchases.

F. Accessibility by public transport

The shopping centers' accessibility is assessed based on information identified by the center directors and updated annually (stops near the shopping center, line serving the shopping center, arrival frequency, etc.).

G. 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.

3 Independent third party's report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Mercialys

Year ended the 31 December 2021

Independent third party's report on consolidated non-financial statement presented in the management report

To the General Management,

Following the entity's request and in our capacity as independent verifier, member of the network of the statutory auditors of your company (hereinafter referred to as "entity"), we present to you our report on the consolidated non-financial statement established for the year ended on the 31 December 2021 (hereafter referred to as the "Statement"), which the entity has chosen to prepare and present in its management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

As part of this voluntary process, it is the responsibility of the entity to prepare a Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement (or available on demand at the entity's headquarters).

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.

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 the information 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 (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

Nature and scope of the work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000 (1).

- 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;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- 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, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (equality in the workplace, employees' engagement 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: le Port (La Réunion) and Saint-Marie (La Réunion);
- 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;

(1) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial 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 those data;
  - tests of details, using sampling techniques, 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 and covers between 4% and 9% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (4% of the energy consumption, 6% of the surface of common areas and 9% of the market value);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities included in the consolidation perimeter.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our verification work mobilized the skills of four people and took place between October 2021 and February 2022 on a total duration of intervention of about ten weeks.

We conducted three interviews with the persons responsible for the preparation of the Statement; representing in particular the environmental, human resources and development and institutional relations departments.

Conclusion

Based on the procedures performed, 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.

Paris-La Défense, the 10 March 2022

French original signed by:

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 (permanent contracts) Breakdown of employees by age and by gender Share of women in the management committee Share of women on the Board of Directors Professional equality index Gender wage gap (C1 and C2 employees) Wage equity ratio Share of trained employees Average number of training hours per employee Frequency rate and severity rate of workplace accidents Absenteeism rate	Measures to promote diversity and equality in the workplace Employees' involvement in ethics Development of employees' engagement and satisfaction Measures to ensure quality of life in the workplace and health and safety of employees

Environmental Information

Quantitative Information *(including key performance indicators)*	*Qualitative Information* *(actions or results)*
Total quantity of waste by type of waste Waste sorting rate Waste valorization rate et 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 and related to employees' travel) Share of BREEAM In-Use certified strategic assets by value for 2020 and 2021 Share of BREEAM New Construction certified strategic assets by value Quantity of pesticides used	Definition and follow-up of the carbon roadmap Energy efficiency improvement measures Measures in favor of waste collection and valorization Measures in favor of biodiversity Measures to control the artificialization of soils Progression of a certification level for BREEAM In-Use certified assets

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 500m of a public transport stop Share of assets covered by a tenant satisfaction survey Share of assets having undergone a safety audit within the year Average security audit score Number of jobs hosted by Mercialys activity Share of assets that hosted an association Socio-economic contribution of the assets Share of strategic assets that have carried out an employment supporting action Share of leases signed during the year covered by an environmental annex Share of corporate purchases covered by CSR clauses Share of asset purchases covered by CSR clauses Share of local asset 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 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 Measure to ensure safety, health quality and well-being within the assets



3,2%
Current financial vacancy rate

€17.60
EPRA NDV per share

5.71%
Average appraisal yield rate

3

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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3.1 Consolidated financial statements

3.1.1 Financial statements

3.1.1.1 Consolidated income statement

(in thousands of euros)	Notes	Dec. 31, 2021	Dec. 31, 2020
Rental revenues		**172,232**	**175,440**
Service charges and property taxes		(45,260)	(44,390)
Charges and tax billed to tenants		38,476	38,555
Net property operating charges		(5,403)	(22,248)
Net rental income	**6.1**	**160,043**	**147,357**
Management, administrative and other activities income	6.2	2,801	3,035
Other income	6.3	1,559	53
Other expenses	6.4	(4,953)	(6,150)
Personnel expenses	6.5	(14,763)	(13,121)
Depreciation and amortization	6.6	(39,157)	(40,777)
Reversals of/(Allowances for) provisions		(997)	1,343
Other operating income	6.7	28,760	242,125
Other operating expenses	6.7	(29,810)	(209,381)
Operating income		**103,484**	**124,484**
Income from cash and cash equivalents		177	61
Gross finance costs		(30,842)	(21,891)
Expense/(Income) from net financial debt	**14.1.1**	**(30,665)**	**(21,830)**
Other financial income	14.1.2	296	233
Other financial expenses	14.1.2	(3,466)	(3,024)
Net financial items		**(33,835)**	**(24,621)**
Tax expense	7.1	(848)	(2,019)
Share of net income from associates and joint ventures	3.5	2,264	(3,695)
CONSOLIDATED NET INCOME		**71,065**	**94,148**
attributable to non-controlling interests		8,882	8,316
attributable to owners of the parent		62,183	85,833
Earnings per share [(1)]	**20.3**		
Net income attributable to owners of the parent *(€)*		0.67	0.94
Diluted net income attributable to owners of the parent *(€)*		0.67	0.94

(1) Based on the weighted average number of shares over the period adjusted for treasury shares.
Undiluted weighted average number of shares in 2021 = 92,839,729 shares.
Fully diluted weighted average number of shares in 2021 = 92,839,729 shares.

3.1.1.2 Statement of consolidated comprehensive income

(in thousands of euros)	Notes	Dec. 31, 2021	Dec. 31, 2020
Consolidated net income		71,065	94,148
Items that may be recycled as income		**10,060**	**(3,838)**
Cash flow hedges	18	10,670	(4,177)
Tax effects	7.2	(610)	339
Items that may not be recycled as income		**1**	**(1,269)**
Change in fair value of financial assets measured at fair value through the other items of comprehensive income	18	(158)	(1,249)
Actuarial gains or losses	22.1	211	(43)
Tax effects	7.2	(52)	23
Other comprehensive income for the period, net of tax		**10,061**	**(5,106)**
CONSOLIDATED COMPREHENSIVE INCOME		**81,126**	**89,041**
Attributable to non-controlling interests		8,882	8,316
Attributable to owners of the parent		72,244	80,726

3.1.1.3 Consolidated statement of financial position

Assets

(in thousands of euros)	Notes	Dec. 31, 2021	Dec. 31, 2020
Intangible assets	8.1	5,028	4,052
Property, plant and equipment	8.1	6,922	1,605
Investment property	8.1	1,935,117	2,050,907
Right-of-use assets	9	8,590	8,902
Investments in associates	3.5	37,907	38,918
Other non-current assets	10	50,733	73,865
Deferred tax assets	7.2	1,346	1,728
Non-current assets		**2,045,642**	**2,179,976**
Trade receivables	12	36,865	38,217
Other current assets	13	34,595	40,660
Cash and cash equivalents	14	257,178	464,611
Investment properties held for sale	8.2	60,086	111
Current assets		**388,724**	**543,599**
TOTAL ASSETS		**2,434,366**	**2,723,575**

Equity and liabilities

(in thousands of euros)	Notes	Dec. 31, 2021	Dec. 31, 2020
Share capital	20	93,887	92,049
Additional paid-in capital, treasury shares and other reserves		649,231	600,875
Equity, attributable to owners of the parent	20	743,118	692,925
Non-controlling interests	20.5	202,011	202,193
Equity		**945,129**	**895,118**
Non-current provisions	22	1,008	1,207
Non-current financial liabilities	14	1,237,101	1,355,914
Deposits and guarantees		23,003	22,295
Non-current lease liabilities	9	8,353	8,655
Other non-current liabilities	17.2	5,716	15,311
Non-current liabilities		**1,275,181**	**1,403,381**
Trade payables	15	16,477	15,394
Current financial liabilities	14	150,144	348,553
Current lease liabilities	9	1,030	985
Current provisions	22	11,443	9,942
Other current liabilities	16	34,826	50,193
Current tax liabilities	16	136	9
Current liabilities		**214,056**	**425,076**
TOTAL EQUITY AND LIABILITIES		**2,434,366**	**2,723,575**

3.1.1.4 Consolidated cash flow statement

(in thousands of euros)	Notes	Dec. 31, 2021	Dec. 31, 2020
Net income attributable to owners of the parent		62,183	85,833
Non-controlling interests		8,882	8,316
Consolidated net income		**71,065**	**94,148**
Depreciation, amortization [(1)] and provisions, net of reversals	6.6	49,249	53,372
Expenses/(income) relating to stock options and similar		(47)	24
Other calculated expenses/(income) [(2)]		(1,280)	(2,419)
Share of net income from equity associates and joint ventures	3.5	(2,264)	3,695
Dividends received from associates and joint ventures	3.5	3,014	6,234
Income from asset disposals	4.3/6.7	(8,962)	(47,542)
Expenses/(Income) from net financial debt		30,665	21,830
Net financial interest in respect of lease agreements	9	295	334
Tax expense (including deferred tax)	7	848	2,019
Cash flow		**142,583**	**131,695**
Taxes received/(paid)		(409)	(3,298)
Change in working capital requirement relating to operations, excluding deposits and guarantees [(3)]		(7,141)	5,696
Change in deposits and guarantees		708	792
Net cash flows from operating activities		**135,742**	**134,885**
Cash outflows on acquisitions of:			
• investment properties and other fixed assets	4.2/8.1.2.3	(15,913)	(61,593)
• non-current financial assets		(115)	(1,833)
Cash inflows on disposals of:			
• investment properties and other fixed assets	4.3	30,746	188,386
• non-current financial assets		5	-
Investments in associates and joint ventures	4.5	-	-
Impact of changes in scope with change of control		-	-
Change in loans and advances granted	4.5	-	1,799
Net cash flow from investing activities		**14,724**	**126,757**
Dividends paid to parent company shareholders	21	(22,398)	(43,957)
Dividends paid to parent company shareholders (interim)	21	-	-
Dividends paid to non-controlling interests	20.5	(9,063)	(8,194)
Increase or decrease in share capital		-	(1)
Other transactions with shareholders		-	-
Changes in treasury shares		264	(1,825)
Increase in borrowings and financial liabilities	4.1	230,000	1,097,167
Decrease in borrowings and financial liabilities	4.1	(526,700)	(901,800)
Repayment of lease liabilities	9	(985)	(959)
Interest received	4.4	16,359	23,447
Interest paid	4.4	(45,474)	(32,933)
Net cash flow from financing activities		**(357,999)**	**130,947**
CHANGE IN CASH POSITION		**(207,529)**	**392,588**
Net cash at beginning of year	14	464,600	72,012
Net cash at end of year	14	257,071	464,600
• of which cash and cash equivalents		257,178	464,611
• of which bank overdrafts		(108)	(11)

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

(2) Other calculated expenses and income mainly comprise:

• *discounting adjustments to construction leases (see note 10, p. 164)*	*(318)*	*(340)*
• *lease rights received from tenants and spread out over the fixed term of the lease*	*(1,848)*	*(2,472)*
• *deferred financial expenses*	*697*	*434*
• *interest on non-cash loans*	*54*	*24*

(in thousands of euros)	Notes	Dec. 31, 2021	Dec. 31, 2020
(3) The change in working capital requirement breaks down as follows:			
• *trade receivables*		*3,375*	*(31,420)*
• *trade payables*		*1,087*	*1,555*
• *other receivables and payables*		*(11,603)*	*35,561*
Total working capital requirement		*(7,141)*	*5,696*

3.1.1.5 Statement of 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 comprehensive income	Equity, attributable to owners of the parent [2]	Non-controlling interests	Total equity
As at December 31, 2019	**92,049**	**482,834**	**(3,601)**	**92,595**	**(371)**	**(5,546)**	**657,958**	**202,072**	**860,030**
Other comprehensive income for the period	-	-	-	(3,838)	(20)	(1,249)	(5,106)	-	(5,106)
Net income for the period	-	-	-	85,833	-	-	85,833	8,316	94,148
Consolidated comprehensive income for the period	**-**	**-**	**-**	**81,995**	**(20)**	**(1,249)**	**80,726**	**8,316**	**89,041**
Treasury share transactions (see note 20, p. 177)	-	-	149	(1,974)	-	-	(1,825)	-	(1,825)
Final dividends paid for 2019	-	-	-	(43,957)	-	-	(43,957)	(4,349)	(48,306)
Interim dividends paid for 2020	-	-	-	-	-	-	-	(3,845)	(3,845)
Share-based payments	-	-	-	24	-	-	24	-	24
As at December 31, 2020, published	**92,049**	**482,834**	**(3,452)**	**128,682**	**(391)**	**(6,795)**	**692,925**	**202,193**	**895,118**
Impact of the IFRS IC – IAS 19 decision (see note 1.2.3, p. 139)	-	-	-	130	-	-	130	-	130
As at January 1, 2021, restated	**92,049**	**482,834**	**(3,452)**	**128,809**	**(391)**	**(6,795)**	**693,054**	**202,193**	**895,247**
Other comprehensive income for the period	**-**	**-**	**-**	**10,060**	**160**	**(158)**	**10,061**	**-**	**10,061**
Net income for the period	-	-	-	62,183	-	-	62,183	8,882	71,065
Consolidated comprehensive income for the period	**-**	**-**	**-**	**72,243**	**160**	**(158)**	**72,244**	**8,882**	**81,126**
Capital increase (see note 20, p. 177)	1,837	15,268	-	-	-	-	17,106	-	17,106
Treasury share transactions (see note 20, p. 177)	-	-	(287)	551	-	-	264	-	264
Final dividends paid for 2020	-	-	-	(39,504)	-	-	(39,504)	(9,063)	(48,566)
Share-based payments	-	-	-	(47)	-	-	(47)	-	(47)
AS AT DECEMBER 31, 2021	**93,887**	**498,102**	**(3,739)**	**162,053**	**(231)**	**(6,953)**	**743,118**	**202,011**	**945,129**

(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

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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.

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, 2021, 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, 2022, the Board of Directors approved and authorized the publication of the Mercialys group consolidated financial statements for the 2021 fiscal year.

Note 1 Accounting principles, rules and methods

1.1 Reporting standards

Pursuant to regulation (EC) No. 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, 2021.

These standards are available on the European Commission website at: https://ec.europa.eu/info/business-economy-euro/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, 2021

The European Union has adopted the following standards which are mandatory for the Group for its fiscal year beginning January 1, 2021:

The following texts have no material impact on the Group's consolidated financial statements:

- amendment to IFRS 16 – Covid-19-Related Rent Concessions;
- amendments to IFRS 9 – IAS 39 – IFRS 7 – Interest Rate Benchmark Reform – Phase 2.

IFRS IC decision on the application of IAS 19 – Employee Benefits:

In May 2021, the IFRS IC published a decision on the period over which the expense associated with services received should be recognized in the context of a defined-benefit scheme with the following characteristics:

- a lump-sum payment upon retirement, entirely conditional on the beneficiary being employed by the Company until retirement age;
- the amount paid depends on length of service and is capped at a certain number of consecutive years of service.

In its decision, the IFRS IC specifies that, on the one hand, no rights are to be acquired in the event of departure before retirement age and, on the other hand, the rights are to be capped at a certain number of years of service, these being the final years of the employee's career in the company conferring the rights at the time of departure.

The application of this decision therefore reduces the commitments relating to schemes whose rights are capped at a certain length of service; the lower the cap, the greater the reduction.

The Group has finalized the analysis of the collective agreement and the company agreement in order to identify those that could be affected by this decision. The accounting impacts are detailed in note 1.2.3, p. 139.

IFRIC decision on the costs of implementing, configuring and customizing software in a SaaS ("Software as a Service") arrangement

In April 2021, the IFRS IC published a decision on the recognition of the costs of configuring or customizing software used in a SaaS ("Software as a Service") arrangement. This decision clarifies the accounting treatment of these costs which must be presented either (i) under intangible assets in accordance with IAS 38 if the customer is provided with a resource that it can control, or (ii) as an expense over the period during which the cloud services are provided in the event that the service is not distinct from the SaaS services or finally, (iii) as an expense upon receipt of services when the latter are not distinct from the SaaS services.

The Group has begun to study the contracts and analyze the various types of costs incurred in order to identify those whose initial treatment could be affected by this decision. At the date of approval of the financial statements, the analyses were still in progress. Given the technical difficulties imposed by this decision and the operational complexities associated with its implementation, the Group has not been able to apply it to its financial statements as at December 31, 2021. The Group will finalize its analyses during the first half of 2022 in order to apply this decision to its condensed financial statements as at June 30, 2022.

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 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.

1.2.3 Changes in accounting methods

The analyses carried out on previous periods pursuant to the application of the IFRS IC decision relating to IAS 19 (see note 1.1, p. 138) have no material impact and did not lead to any retroactive restatement of the 2020 fiscal year. The cumulative impacts were recorded in equity on January 1, 2021.

The application of this decision is presented as at January 1, 2021 as a reduction in the provision for retirement benefits of Euro 130,000 and an increase in consolidated reserves for the same amount.

Impacts on the key aggregates of the consolidated statement of financial position as at January 1, 2021

(in thousands of euros)	December 31, 2020, published	Impact of the IFRS IC – IAS 19 decision	January 1, 2021, restated
Non-current assets	**2,179,976**	**-**	**2,179,976**
Current assets	**543,599**	**-**	**543,599**
TOTAL ASSETS	**2,723,575**	**-**	**2,723,575**
Equity	**895,118**	**130**	**895,247**
Of which: equity attributable to owners of the parent	*692,925*	*130*	*693,054*
Of which: attributable to non-controlling interests	*202,193*	*-*	*202,193*
Non-current liabilities	**1,403,381**	**(130)**	**1,403,251**
Of which non-current provisions	*1,207*	*(130)*	*1,077*
Current liabilities	**425,076**	**-**	**425,076**
TOTAL EQUITY AND LIABILITIES	**2,723,575**	**-**	**2,723,575**

Note 2 Significant events of the fiscal year

Impacts relating to the Covid-19 pandemic

The shopping center sector in France has been significantly affected, since January 2021, by the government measures relating to the health crisis. First of all, local curfews were set from January 2, then extended nationwide. From January 31, all non-food stores with a retail space in excess of 20,000 sq.m., as well as non-food stores in shopping centers with a retail space in excess of 20,000 sq.m., were closed. In addition, shopping centers were not authorized to offer click and collect services from this date until the sites reopened. The closure restrictions were ramped up from March 6, in all French departments under stronger supervision measures, reducing the limit for gross leasable area authorized to open to 10,000 sq.m.. Lastly, on April 3, the French government introduced a third national lockdown and also ordered the closure of all stores considered to be non-essential, regardless of their size.

This scope for closures being more restrictive than in 2020, combined with the asset sales completed at the end of 2020 by Mercialys, notably including the sale of four Monoprix stores, is reflected in an open annualized rental base of 36% for the Company's portfolio between April 3 and May 19, 2021, *versus* 40% during the first lockdown between March and May 2020.

On May 19, the French government authorized the reopening of "non-essential" stores. Mercialys' shopping centers were able to once again welcome members of the public across their entire retail space (excluding indoor sit-down dining), in accordance with strict health protocols and restrictions on minimum space ratios. Indoor restaurants were able to reopen on June 9, but once again subject to various health measures and minimum space ratios. These restrictions on minimum space ratios were lifted on June 30, 2021 for venues open to the public, and France has not been subject to any curfew measures since June 20, 2021. However, the

operational activity of nine Mercialys shopping centers was negatively impacted for several weeks during the third quarter of 2021, mainly in August, due to the implementation by the State of an obligation to present a "health pass" at the entrance to certain sites.

This latest order to close stores may have affected the profitability of retailers that were already impacted by these same measures in 2020, and affected the collection rate for rent, charges and work for the first half of 2021. However, the French government has made a public commitment to put in place support packages, in addition to the solidarity fund, that will notably enable retailers that were ordered to close to honor their rent payments. In this respect, a decree was published on November 16, 2021, instituting aid relating to rents or fees and charges for certain retail outlets and services prohibited from welcoming the public in order to combat the spread of the Covid-19 epidemic. The aim of this aid scheme is to enable retailers to honor the payment of their rents and charges for the period of closure of shopping centers during the first half of 2021, which will support the recovery rate of real estate companies. As a result, no receivables were written off by Mercialys in respect of the period of government-ordered closures.

At the same time, during 2021, Mercialys continued to formalize and implement the support measures granted to its tenants for the periods of government-ordered closure in 2020 (see note 6.1, p. 148).

With regard to the safety of Company employees, the arrangements for working from home, already strengthened in 2020, were maintained in 2021 and adjusted according to changes in the health situation and recommendations from the French Ministry of Labor, Employment and Economic Inclusion.

Company financing and balance sheet

Mercialys has extended the maturity of its undrawn financing facilities. On the one hand, through the Euro 225 million revolving bank credit line, with 80% extended to December 2024, compared with December 2022 previously. On the other hand, through the one-year extension of an undrawn Euro 25 million bilateral bank credit line. In addition, through the determination of new firm maturities of three years and five years respectively on two and one undrawn bilateral credit lines, two of them having their amounts revised upwards, for a cumulative total of Euro 115 million *versus* Euro 90 million previously. Lastly, through the signature a new undrawn bilateral credit line of Euro 50 million. It should be the noted that the Company has begun the "greening" of its financing structure, introducing environmental clauses into four undrawn bilateral credit lines representing a cumulative total of Euro 165 million.

As at December 31, 2021, the Company's undrawn financial resources totaled Euro 480 million, *versus* Euro 405 million at the end of December 2020. This change will enable the Company to extinguish maturing lines with a banking partner operating only marginally in France for an amount of Euro 75 million, and to terminate early, from Q1 2022, the cash advance made available by Casino group for Euro 35 million ahead of its maturity in December 2022 (see note 28, p. 188).

The Company has also continued to optimize the management of its bond maturities and, during the 2021 fiscal year, redeemed Euro 99.2 million of the bond issue maturing in March 2023. These bonds are canceled in the Company's books. The remaining outstanding amount of the bond maturing in March 2023 therefore stood at Euro 469.5 million at the end of 2021.

Lastly, to contribute to its strong balance sheet positions, Mercialys' General Meeting of Shareholders on April 22, 2021 decided to offer each shareholder an option for the full dividend of Euro 0.43 per share for the year ended December 31, 2020 to be paid in cash or in new Company shares. This operation enabled Mercialys to further strengthen its equity by Euro 17.1 million with the creation of 1,837,332 new ordinary shares, representing nearly 2% of the capital based on the capital at April 30, 2021. Following this operation, Mercialys' share capital on May 21, 2021 was increased to Euro 93,886,501, split into 93,886,501 ordinary shares with a par value of Euro 1, fully paid-up and all of the same category.

Following the exercise of this option for payment in shares, Casino group dropped below the 20% threshold of Mercialys' capital and voting rights, and on May 31, 2021, stated that it held 18,559,506 Mercialys shares representing 19.77% of the Company's capital and 19.82% of its voting rights. Furthermore, in December 2021, Casino group announced that it had definitively completed the disposal of 3% of Mercialys' capital through a total return swap (TRS) maturing in March 2022, bringing the group's stake in Mercialys to 16.77% of its capital and 16.86% of its voting rights.

Disposal transactions

Mercialys continued to implement its asset disposal strategy in 2021. During the 4th quarter of 2021, Mercialys finalized the disposal of two assets: the Monoprix store in Marseille Canebière and the Carré Duparc retail park in Sainte-Marie, Reunion Island (previously owned by SCI Timur).

The Company also signed preliminary sales agreements without financing conditions on the Annecy and Saint-Étienne hypermarkets. These assets illustrate Mercialys' value creation strategy. Acquired in 2014, they have undergone a number of transformations. Mercialys also sold or signed agreements to sell various co-owned units on non-strategic and empty sites. Lastly, the Bordeaux Pessac shopping center, owned by OPCI UIR II in which Mercialys holds a 19.99% stake, was also the subject of a preliminary sales agreement in 2021, with the associated condition precedent being lifted in January 2022.

Total asset sales represent a volume of Euro 110 million deed in hand, of which Euro 28.0 million in finalized disposals and Euro 82.0 million under preliminary sales agreements, 94% of which are no longer subject to conditions precedent as at the date of publication of this document.

All of the disposals and preliminary sales agreements concluded by Mercialys (excl. UIR II) were carried out on the basis of a transaction value marginally higher than the appraisal value at the end of June 2021.

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 financial 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 intra-group transactions are eliminated when preparing the consolidated financial statements.

3.1 Transactions in 2021

In May 2021, SAS The Next Horizon was created. The purpose of this company, wholly-owned by Mercialys SA, is a rental management and administration of property and the provision of technical services.

3.2 Transactions in 2020

In November 2020, SARL La Diane was dissolved. This dissolution resulted in the universal transfer of assets to a new company created for this purpose, SAS Mercialys Participations. This transaction had no impact on Mercialys' consolidated financial statements.

At the end of December 2020, the capital increase of SCI AMR had led to Mercialys' dilution in AMR (see note 3.4, p. 142).

3.3 List of consolidated companies

At December 31, 2021, the Mercialys group comprised 29 consolidated companies:

	December 31, 2021			December 31, 2020		
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 SA	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	EM	30.00%	30.00%	EM	30.00%	30.00%
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 Génin	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: Full consolidation.
EM: Equity method.

3.4 Assessment of control

No event occurred in 2021 to question the method used to measure the control of the entities in the scope of consolidation.

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. 143).

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. 143).

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. SNC Aix2 is therefore accounted for using the equity method (see note 3.5, p. 143).

OPCI UIR II

Since July 2011, Mercialys has owned 19.99% of OPCI UIR II, established with UI which owns 80.01%.

In September 2020, a capital increase 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. 164).

SAS Hyperthetis Participations (see note 20.5, p. 179)

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.

Moreover, as part of the disposal of the 49% stake in SAS Hyperthetis Participations, Mercialys has a call option to purchase the company's securities or the real estate assets held by the minority interests at a guaranteed minimum price, exercisable on its initiative in 2022 (see note 23.1.2, p. 183).

SAS Immosiris (see note 20.5, p. 179)

On October 22, 2015, Mercialys set up the simplified joint-stock company, Immosiris Participations, 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.

SCI Rennes-Anglet

SCI Rennes-Anglet is 70%-owned by Casino group and 30%-owned by Mercialys SA. The company's operational and strategic decisions are made by the Managing Partner: Casino group. Mercialys sits on the Strategic Committee of SCI Rennes-Anglet and has veto rights on a number of decisions, which are considered protective and show that Mercialys has a significant influence on the company. SCI Rennes-Anglet is therefore accounted for using the equity method (see note 3.5, p. 143).

SAS Saint-Denis Genin

SAS Saint-Denis Genin is 70%-owned by 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.

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 three 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:

	2021			2020		
(in thousands of euros)	SCI AMR	SNC Aix2	SCI Rennes-Anglet	SCI AMR	SNC Aix2	SCI Rennes-Anglet
% interest	25%	50%	30%	25%	50%	30%
Net rental income	14,948	1,329	275	4,810	1,888	501
Operating income	11,313	28	787	(8,731)	980	192
Net financial items	(2,377)	(398)	-	(1,361)	(342)	(0)
Tax expense	(123)	1	2	(44)	(4)	8
Net income	**8,813**	**(370)**	**789**	**(10,136)**	**634**	**200**
Investment properties	258,996	28,151	5,652	262,140	28,899	5,260
Investment properties held for sale	-	-	-	-	-	-
Non-current financial assets	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-
Non-current assets	**258,996**	**28,151**	**5,652**	**262,140**	**28,899**	**5,260**
Trade receivables	2,369	578	40	2,321	813	332
Other current assets	8,108	71	93	7,446	47	163
Cash and cash equivalents	8,089	1,582	731	6,017	7,207	809
Current assets	**18,566**	**2,231**	**864**	**15,784**	**8,067**	**1,305**
TOTAL ASSETS	**277,562**	**30,382**	**6,516**	**277,924**	**36,966**	**6,564**
Equity	**116,042**	**13,845**	**6,359**	**119,115**	**14,523**	**6,069**
Non-current financial liabilities	150,277	15,531	-	149,118	18,239	-
Other non-current liabilities	-	242	100	-	618	100
Non-current liabilities	**150,277**	**15,773**	**100**	**149,118**	**18,856**	**100**
Trade payables	6,733	32	52	6,991	12	237
Current financial liabilities	-	184	-	1	189	1
Other current liabilities	4,508	548	9	2,702	3,385	157
Current liabilities	**11,241**	**764**	**61**	**9,694**	**3,587**	**395**
TOTAL EQUITY AND LIABILITIES	**277,562**	**30,382**	**6,516**	**277,924**	**36,966**	**6,564**

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 income for the fiscal year	Dividends	Other	End of period
Equity associates and joint ventures					
SAS Corin Asset Management	85	(28)	-	-	57
SCI AMR	22,585	(4,044)	(1,050) [1]	12,287 [2]	29,779
SNC Aix2	7,424	317	(433)	(46)	7,262
SCI Rennes-Anglet	6,260	60	(4,500)	-	1,820
SAS Saint-Denis Genin	-	-	-	-	-
FISCAL YEAR 2020	**36,355**	**(3,695)**	**(5,982)**	**12,241**	**38,918**
Equity associates and joint ventures					
SAS Corin Asset Management	57	9	-	-	66
SCI AMR	29,779	2,203	(2,971) [1]	-	29,010
SNC Aix2	7,262	(185)	(311)	158	6,924
SCI Rennes-Anglet	1,820	237	(150)	-	1,907
SAS Saint-Denis Genin	-	-	-	-	-
FISCAL YEAR 2021	**38,918**	**2,264**	**(3,642)**	**158**	**37,907**

(1) Of which Euro 817,000 in dividends not received at December 31, 2021, and Euro 399,000 at December 31, 2020.

(2) The Euro 12.3 million change was mainly comprised of the Euro 16.8 million capital increase, the impact of the change in Mercialys' stake in SCI AMR of Euro (5.5) million and the neutralization of the capital gains generated on the sale of Mercialys' real estate assets to AMR in the amount of the share held in this entity, i.e. Euro 1 million.

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)	Dec. 31, 2021	Dec. 31, 2020
Change in cash position	(207,529)	392,588
Increase in borrowings and financial liabilities [(1)]	(230,000)	(1,103,000)
Decrease in borrowings and financial liabilities [(1)]	526,700	901,800
Issue costs and loan repayment premiums [(2)]	(3,845)	(6,015)
Fair value of liabilities	1,956	(1,013)
CHANGE IN NET FINANCIAL DEBT	**87,282**	**184,360**

(1) In 2021, the increases and decreases in borrowings and financial debt correspond to the subscriptions and redemptions of commercial papers, i.e. Euro (197.5) million, and to the tender offer to buy back part of the bond issue maturing in 2023 for Euro (99.2) million (see note 14.2.6, p. 171).

In 2020, the increases and decreases in borrowings and financial debt corresponded to the subscriptions and redemptions of commercial papers, i.e. Euro (82.5) million, the new Euro 300 million bond issue (Euro 294 million net of expenses and issue premium on the cash flow statement) and to the tender offer to buy back part of the Euro 750 million bond issue maturing in 2023 for Euro (181.3) million (see note 14.2.6, p. 171).

(2) Costs and issue premiums linked to the implementation of the new bond amounted to Euro 1,474,000 and Euro 4,359,000 respectively in 2020. This new bond issue led to an increase in accrued interest on borrowings in 2021.

4.2 Reconciliation of fixed asset acquisitions

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Increase and other acquisitions of intangible assets	(2,493)	(1,899)
Increase and other acquisitions of property, plant and equipment	(5,525)	(858)
Increase and other acquisitions of investment properties [(1)]	(7,654)	(56,748)
Change in liabilities on fixed assets	(240)	(2,088)
CASH OUTFLOWS LINKED TO ACQUISITIONS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	**(15,913)**	**(61,593)**

(1) In 2020, acquisition-related cash outflows related mainly to the buyback of the Montauban and Valence 2 shopping centers from SCI AMR for Euro 19 million, and the acquisition of the Dijon Chenôve shopping center from Amundi Immobilier for Euro 24 million. These were presented as gross amounts and did not include the impact of the trade in real estate assets (Gassin – sale, Montauban and Valence 2 – acquisitions) between Mercialys and SCI AMR, which resulted in the payment of a Euro 37 million balance to Mercialys.

4.3 Reconciliation of fixed asset disposals

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Disposals of property, plant and equipment for the fiscal year [1]	18,534	176,653
Disposals of assets classified in IFRS 5 (see note 8.2, p. 161)	-	-
Investments in equity associates and joint ventures and change in loans and advances granted [2]	-	(35,349)
Income from asset disposals [1]	8,962	47,542
Change in trade receivables	3,250	(461)
CASH INFLOWS FROM DISPOSALS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	**30,746**	**188,386**

(1) In 2021, cash inflows from disposals consisted of disposals for the period (see note 6.7, p. 152) for Euro 27.4 million.
In 2020, cash inflows from disposals mainly consisted of:
a. the sale of the Asnières site for a net sales price of Euro 30.8 million;
b. disposals of the Marcq-en-Barœul site for Euro 45.9 million excluding transfer taxes, the Puteaux site for Euro 33.0 million excluding transfer taxes, the Chaville site for Euro 27.9 million excluding transfer taxes and the Gassin and Besançon hypermarkets for Euro 52.5 million and Euro 38.6 million, respectively, excluding transfer taxes, for a total net sales price of Euro 198 million;
c. other costs related to these disposals for (3.9) million euros.
These were presented as gross amounts and did not include the impact of the trade in real estate assets (Gassin – sale, Montauban and Valence 2 – acquisitions) between Mercialys and SCI AMR, which resulted in the payment of a Euro 37 million balance to Mercialys.

(2) The total amount paid out in fiscal year 2020, for the SCI AMR capital increase of Euro (16.8) million and the granting of a loan to SCI AMR for Euro (18.6) million, appears on the cash flow statement under "Cash inflows from disposals of investment properties" so as to include on the same line of the cash flow statement all impacts of the sale of assets to AMR.

4.4 Reconciliation of net interest paid

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Net finance costs presented in the income statement	**(30,665)**	**(21,830)**
Neutralization of depreciation of costs and issue/redemption premiums	5,356	7,749
Change in incurred interests and fair value hedge derivatives of financial liabilities	(3,513)	4,930
Interest paid on lease liabilities	(295)	(334)
Net interest	**(29,116)**	**(9,485)**
of which received	16,359	23,447
of which paid	(45,474)	(32,933)

4.5 Other disclosures relating to the cash flow statement

Change in loans and advances granted

In September 2020, OPCI UIR II completed the early repayment of the Euro 1.8 million loan granted to it by Mercialys SA in 2011.

Note 5 Segment reporting

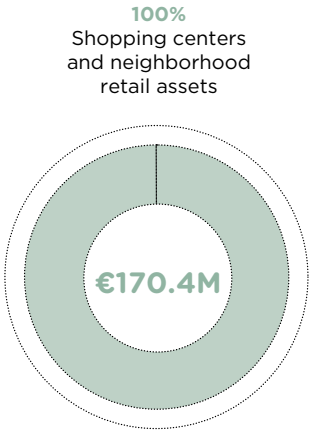
ACCOUNTING PRINCIPLE

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.

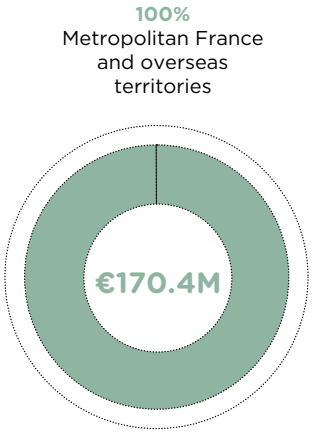
As the Group's Senior Management does not use a breakdown of operations to review operating matters, no segment reporting is provided in the financial statements.

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 period. 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)	Dec. 31, 2021	Dec. 31, 2020
Invoiced rents [1]	170,352	172,911
Lease rights and despecialization indemnities	1,879	2,529
Rental revenues	**172,232**	**175,440**
Property tax	(13,570)	(14,248)
Rebilling to tenants	11,606	12,684
Non-recovered property taxes	**(1,964)**	**(1,564)**
Service charges	(31,690)	(30,142)
Rebilling to tenants	26,870	25,871
Non-recovered service charges	**(4,821)**	**(4,271)**
Management fees	(6,306)	(5,860)
Rebilling to tenants	4,183	4,585
Losses on and impairment of receivables	(2,205)	(19,694)
Other expenses [2]	(1,076)	(1,279)
Net property operating charges	**(5,403)**	**(22,248)**
NET RENTAL INCOME	**160,043**	**147,357**

(1) Of which the variable component based on revenues: Euro 3,759,000 in 2021 versus Euro 3,738,000 in 2020.

(2) Other expenses include rents paid by the Company on construction leases and very long-term ground leases, fees paid to third parties, and non-recoverable, non-capitalizable shopping center maintenance costs.

Covid-19 impacts – First and second lockdowns in 2020

Following the first lockdown phase from March 15 to May 11, 2020, Mercialys had supported its tenants in response to the major economic impacts of the restrictions on activities, aligning itself with the core principles from the mediation process between landlords and tenants, coordinated by the French government in spring 2020. On this basis, talks were held with retailers throughout 2020, and resulted in Mercialys granting rent adjustments and waivers in the form of credits.

From October 30 to November 28, 2020, the French government ordered a second lockdown phase, with all non-essential stores to close again. For the tenants affected by these latest government-ordered closures, Mercialys offered rent waivers for November 2020 in the form of credits.

In 2021, the negotiations with retailers continued moving forward constructively, notably resulting in the contractual formalization of new negotiations for the first and second lockdowns from 2020.

- In relation to the first lockdown:

  At the end of December 2020, Mercialys had set a support budget to help its tenants cope with the economic impacts of the first lockdown in 2020, and Euro 9.4 million had been agreed by end-2020, with:

  - Euro 3.0 million of rent concessions without arrangements negotiated in exchange, which did not correspond to lease modifications as defined by IFRS 16, deducted from invoiced rents;
  - Euro 6.4 million of rent adjustments with arrangements negotiated in exchange, corresponding to lease modifications as defined by IFRS 16, with recognition spread over the remaining firm term of the corresponding leases, in accordance with accounting rules. The accounts at December 31, 2020 included a Euro 1.1 million impact, deducted against invoiced rents.

  The financial statements at the end of December 2021 reflect the progress made on these negotiations as follows:

  - Euro 2.0 million of rent concessions without arrangements negotiated in exchange were recorded as a deduction from the rent invoiced. As these relief measures relate to doubtful receivables covered by provisions in Mercialys' financial statements at end-December 2020, they have resulted in reversals of provisions for doubtful receivables for the corresponding amounts;
  - An impact of Euro 1.5 million relating to deferred rent adjustments associated with the negotiations concluded in 2020 and recognized as a deduction against invoiced rents.
- In relation to the second lockdown:
  - concerning rent for the month of November 2020, Euro 6.3 million of rent waivers without arrangements negotiated in exchange were recognized in full in the financial statements at end-December 2020. In 2021, negotiations with retailers for this period led to Euro 4.8 million of relief granted and to be granted, and the amount of provisions recorded in December was reversed, generating Euro 1.5 million of income under invoiced rents;
  - with regard to rent for sit-down restaurants, the financial statements at end-December 2020 also included Euro 0.5 million of provisions for the impairment of doubtful receivables. The aid granted in this respect amounted to Euro 0.3 million in 2021, and the amount provisioned in December was reversed, generating net income of Euro 0.2 million in the financial statements at the end of December 2021;
  - with regard to the relief granted by landlords during the second lockdown, a tax credit mechanism was introduced by the French government in 2020, with various restrictions for each type of tenant and requirements for tenants to provide specific information. Mercialys had not recognized any impact for this mechanism in its financial statements at December 31, 2020. In view of the support measures put in place during 2021 for the second lockdown in 2020, Mercialys recorded Euro 1.4 million of income reflecting this tax credit under net rental income in its financial statements at December 31, 2021.

In addition, to cover any residual risk in respect of arrears in the second and third quarters of 2020, a Euro 13.2 million provision for impairment of receivables was made at December 31, 2020, based on the estimate by Mercialys of future rent holidays. At the end of December 2021, the residual amount of this provision stands at Euro 4.0 million (see note 12, p. 166) and continues to be negotiated with creditors. The change for the period is due to the recognition of:

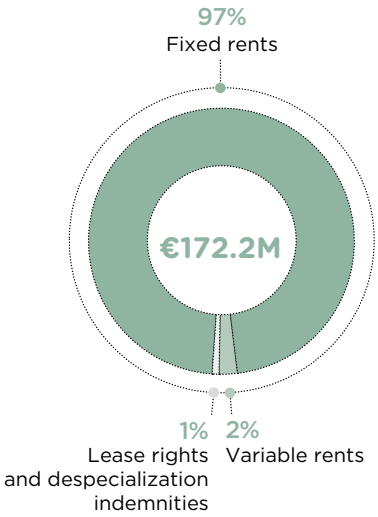
- Euro 7.2 million in reversals of provisions that were no longer applicable were recorded in relation to the progress made with collections for 2020;
- Euro 2.0 million in rent concessions without arrangements negotiated in exchange which led to reversals in the amount of provisions made for the impairment of doubtful receivables (see above the impacts relating to the first lockdown).

Covid-19 impacts – 2021 lockdown

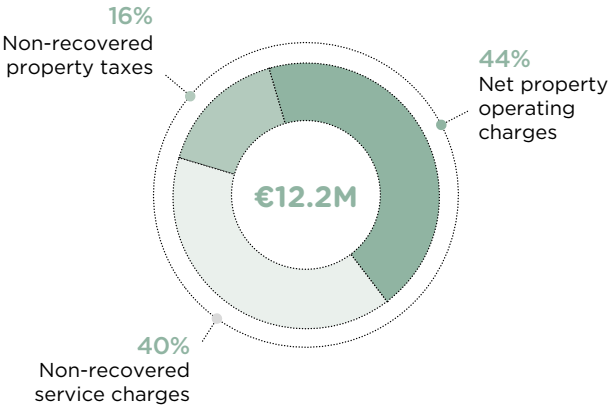
New Government-ordered closures affected the collection of rental income, expenses and work during 2021. However, the French government has made a public commitment to put in place support packages, in addition to the solidarity fund, that will notably enable retailers that were ordered to close to honor their rent payments. In light of this commitment, enforced by public decree in November 2021, no receivables were written off and no further support measures concerning the government-ordered closures in 2021 were recorded in the financial statements at December 31, 2021.

However, as the effects of the health crisis continue and could weaken retailers, Mercialys has, in accordance with IFRS 9, deemed it prudent to determine a provision for doubtful receivables in respect of arrears for the whole of 2021. The aim of this provision is to cover any shortcomings, which could result in particular from the discontinuation of various public support measures, and not to grant concessions to retailers or specific categories thereof. Consequently, a total amount of Euro 7.8 million was determined, recorded as an impairment of trade receivables (see note 12, p. 166) and corresponding to nearly one month of rent receipts on 60% of the rental base, this rate corresponding to the percentage of retailers closed during periods of lockdown.

BREAKDOWN OF RENTAL REVENUES



BREAKDOWN OF NON-RECOVERED CHARGES



6.2 Management, administrative and other activities income

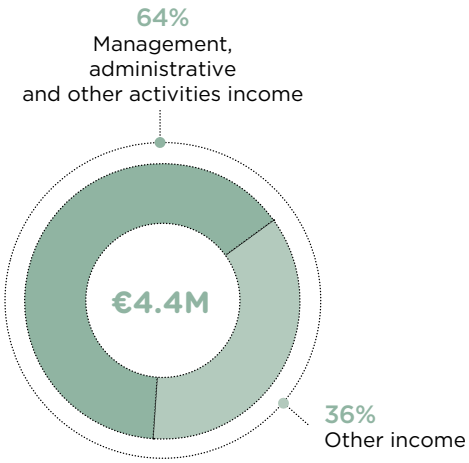
Management, administrative and other activities income primarily comprises fees charged for services provided by certain Mercialys teams – in connection with advisory services provided by the asset management team, or shopping center management services provided by the teams – as well as letting, asset management and advisory fees relating to partnerships formed. Fees charged in 2021 totaled Euro 2.8 million, *versus* Euro 3.0 million in 2020.

6.3 Other income

Other income amounted to Euro 1.6 million at December 31, 2021 and mainly corresponds to:

- Euro 224,000 in dividends received from the OPCI fund created in partnership with Union Investment: UIR II. These dividends correspond to the management of the OPCI's retail property assets, similar to Mercialys' business, and are therefore presented in operating income. In 2020, these dividends amounted to Euro 53,000;
- Euro 1.3 million in respect of a guarantee of compensation granted to Mercialys on the Arles site (see note 23.2.2, p. 184 and note 24.10, p. 186).

BREAKDOWN OF OTHER REVENUES AND OPERATING INCOME



6.4 Other expenses

Other expenses mainly comprise operating expenses. Operating expenses primarily include financial communications costs, directors' fees paid to members of the Board of Directors, communication costs, marketing research costs, fees paid to Casino group for services covered by the Service agreement (back-office support – see note 24.4, p. 185), professional fees (Statutory Auditors, consulting, research) and real estate portfolio appraisal costs.

In fiscal year 2021, these expenses amounted to Euro (5.0) million, *versus* Euro (6.1) million in 2020.

6.5 Personnel expenses

Personnel expenses amounted to Euro (14.8) million at the end of December 2021, *versus* Euro (13.1) million at the end of December 2020.

This increase is linked to the gradual insourcing of support activities, previously outsourced under the Service agreement signed with Casino group, which resulted in an increase in Mercialys' payroll in 2021. At the same time, a gradual decrease in the billing relating to the agreement was recognized in other expenses (see note 6.4, p. 151).

6.6 Depreciation, amortization, provisions and impairment

(in thousands of euros)	Notes	Dec. 31, 2021	Dec. 31, 2020
Depreciation and amortization of intangible assets, property, plant and equipment and investment properties [1]		(38,113)	(39,698)
Depreciation and amortization of right-of-use assets		(1,044)	(1,080)
Depreciation and amortization		**(39,157)**	**(40,777)**
Reversals of/(allowances for) impairment of investment properties [2]	6.7	(8,593)	(13,321)
Reversals of/(allowances for) provisions for liabilities and charges [3]	22.1	(1,501)	978
Reversals of/(allowances for) impairment on current assets [4]	12	547	(18,836)
TOTAL ALLOWANCES FOR DEPRECIATION AND AMORTIZATION, PROVISIONS AND IMPAIRMENTS		**(48,703)**	**(71,956)**

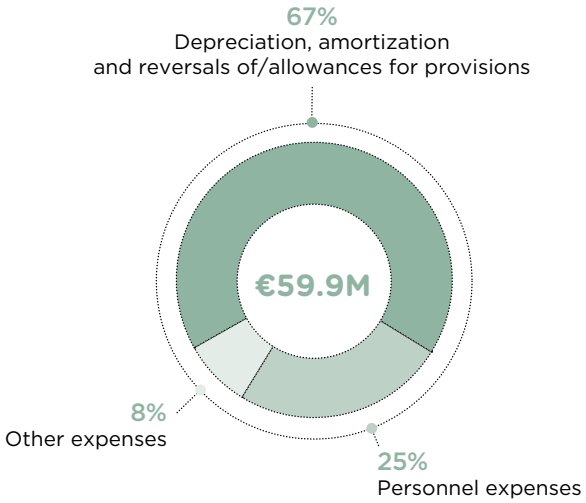
(1) Depreciation and amortization of intangible assets, property, plant and equipment and investment properties was lower than for 2020 due to the disposal of assets at the end of December 2020, while investments remained very moderate over the period.

(2) Allowances for the impairment of investment properties are presented under "Other operating expenses" and reversals for the impairment of investment properties under "Other operating income" in the consolidated income statement (see note 11, p. 165).

(3) Reversals of/(allowances for) provisions for liabilities and charges are shown on the lines "reversals of/(allowances for) provisions" and "Other operating expenses/income" in the consolidated income statement.

(4) Reversals of/(allowances for) impairment of current assets are shown on the line "net property operating charges" in the consolidated income statement. In 2020, the various lockdown measures had a negative impact on the recovery of rent receipts and expenses, leading Mercialys to recognize additional provisions (see note 6.1, p. 148 and note 12, p. 166).

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 28.8 million at December 31, 2021, *versus* Euro 242.1 million at December 31, 2020. It is made up of:

- income from asset disposals carried out in 2021 for Euro 28.5 million, mainly attributable to the Marseille Canebière site and the Carré Duparc retail park in Reunion Island for Euro 10.5 million and Euro 15.5 million respectively;
- reversals of investment property impairment for an amount of Euro 0.1 million.

In 2020, the income from the disposal of the Asnières, Chaville, Puteaux, Marcq-en-Barœul, Gassin and Besançon sites amounted to Euro 234.2 million and from Mercialys' dilution in SCI AMR following the capital increase unevenly subscribed by the partners totaled Euro 6.4 million.

Other operating expenses came to Euro (29.8) million at December 31, 2021, *versus* Euro (209.4) million at December 31, 2020. These correspond primarily to:

- the net book value of the assets sold during 2021 and the costs related to these disposals for Euro (19.5) million, of which Euro (10.2) million for the Marseille Canebière site and Euro (7.2) million for the retail park in Reunion Island, *versus* Euro (193.1) million (including Euro (14.2) million in expenses) at December 31, 2020;
- impairment losses on investment properties amounting to Euro (8.7) million (*versus* Euro (13.3) million at December 31, 2020).

On this basis, the amount of net capital gains on the disposal of fixed assets recognized in the consolidated financial statements at December 31, 2021 amounted to Euro 9.0 million, of which Euro 8.2 million relating to the retail park in Reunion Island and Euro 0.3 million relating to the Marseille Canebière site.

In 2020, net capital gains were recorded in the amount of Euro 47.5 million, of which Euro 38.6 million for the Asnières, Chaville, Puteaux, Marcq-en-Barœul, Gassin and Besançon sites (net of expenses) and Euro 6.4 million relating to the impact of Mercialys' dilution in SCI AMR (net of expenses).

At December 31, 2021, other operating expenses and income were recognized for Euro (1.4) million and consist mainly of the net impact of provisions as well as the launch of the Ocitô La Galerie and Cap Cowork Mercialys activities.

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)	Dec. 31, 2021	Dec. 31, 2020
Theoretical tax rate	27.37%	28.92%
Pre-tax income and income from equity associates	**69,648**	**99,862**
Theoretical tax expense	(19,066)	(28,884)
Income tax exemption for SIIC status	25,365	36,643
Theoretical impact of temporary differences subject to tax at zero rate [(1)]	(5,825)	(6,367)
CVAE [(2)] net of corporation tax	(1,044)	(2,088)
Change in corporate tax rate [(3)]	(27)	(6)
Recognition and elimination of losses [(4)]	(1,657)	(1,315)
Tax credit [(5)]	1,405	-
Effective tax expense	**(848)**	**(2,019)**
Effective tax rate	1.22%	2.02%

(1) In 2021, as in 2020, 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. The reduction in the CVAE is linked to the 2021 Finance Act, which reduced taxes by half.

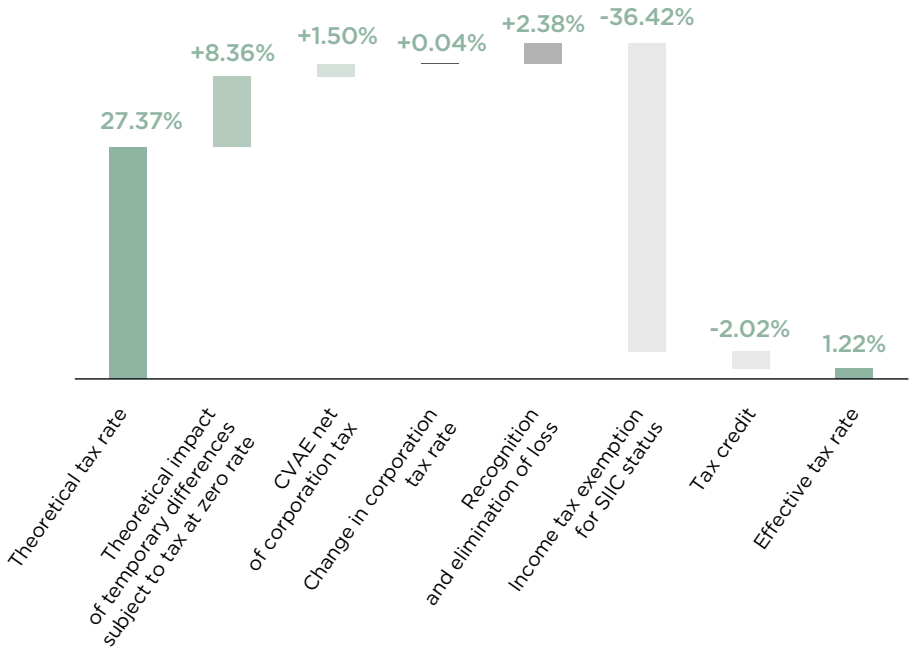
(3) In view of the adoption, on December 21, 2017, of the 2018 Finance Act relative to the progressive change in the corporation tax rate, deferred tax was measured at the tax rate that will be applicable when the temporary difference reverses, i.e. 25.825% in 2022.

(4) In 2021, Mercialys SA and Ocitô La Galerie had tax losses not recognized in deferred tax assets of Euro 4.3 and 1.7 million respectively (versus a tax loss of Euro 4.5 million recorded by Mercialys SA in 2020).

(5) In 2021, Mercialys was able to benefit from the tax credit set up by the French government as part of support measures covered by landlords in relation to the second lockdown in 2020, recording Euro 1.4 million of income under net rental income (see note 6.1, p. 148).

The tax expense for fiscal year 2021 came to Euro (848,000), *versus* Euro (2,019,000) in 2020. This tax expense consists of the CVAE tax for Euro (1,044,000), corporate tax for Euro (85,000) and deferred income taxes and timing differences for Euro (279,000).

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)	Dec. 31, 2021	Dec. 31, 2020
Beginning of period	**1,728**	**1,200**
Income/(expense) for the fiscal year	281	165
Effect of changes in the scope of consolidation and reclassifications	-	-
Changes recognized under other comprehensive income	(662)	362
END OF PERIOD	**1,346**	**1,728**

At December 31, 2021 and December 31, 2020, deferred tax assets mainly related to cash flow hedges and tax loss carryforwards.

Note 8 Intangible and tangible assets, 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 properties is provided in note 8.1.3, p. 158. Depreciation methods and periods are the same as those used for property, plant and equipment other than investment property.

Appraisals of shopping centers 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 revenues 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.

When the difference between the fair value and the net book value amounts to Euro 15,000 or more, or exceeds 5% of the value of the asset, a provision is recognized.

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 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. In 2021, personnel expenses of Euro 2,473,000 and borrowing costs of Euro 45,000 were incorporated into the asset cost. The capitalization rate used for the recognition of borrowing costs as assets is 1.42%.

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."

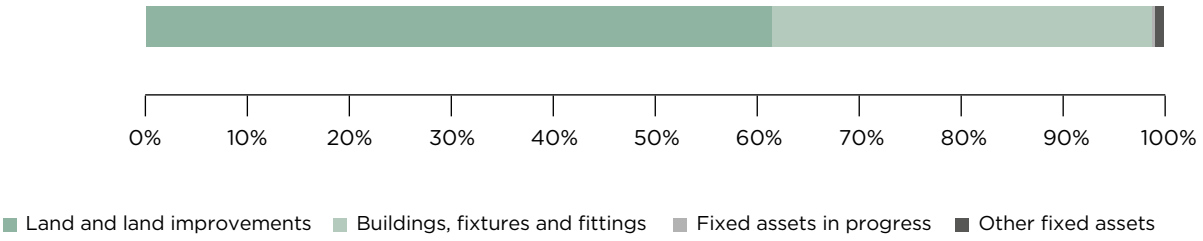
Property, plant and equipment and investment properties, with the exception of land (non-depreciable), are depreciated using the straight-line method for each category of asset, with generally zero residual value:

Type of asset	Depreciation and amortization term *(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

	December 31, 2021			December 31, 2020		
(in thousands of euros)	Gross	Depreciation and impairment	Net	Gross	Depreciation and impairment	Net
Software	9,135	(7,129)	2,006	8,757	(5,696)	3,061
Other intangible assets in progress	3,021	-	3,021	991	-	991
Intangible assets	**12,157**	**(7,129)**	**5,028**	**9,748**	**(5,696)**	**4,052**
Other property, plant and equipment	7,340	(419)	6,922	1,815	(211)	1,605
Property, plant and equipment	**7,340**	**(419)**	**6,922**	**1,815**	**(211)**	**1,605**
Land and land improvements	1,242,161	(44,659)	1,197,502	1,289,925	(38,870)	1,251,055
Buildings, fixtures and fittings	1,048,788	(322,445)	726,343	1,078,226	(290,276)	787,950
Other property, plant and equipment	11,827	(7,755)	4,072	11,867	(7,013)	4,854
Fixed assets in progress	7,202	-	7,202	7,049	-	7,049
Investment properties	**2,309,977**	**(374,860)**	**1,935,117**	**2,387,067**	**(336,159)**	**2,050,907**



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, 2020	**2,779**	**809**	**3,588**
Increase and other acquisitions	1,717	182	1,899
Depreciation and amortization	(1,435)	-	(1,435)
Disposals for the fiscal year	-	-	-
As at December 31, 2020	**3,061**	**991**	**4,052**
Increase and other acquisitions	463	2,030	2,493
Depreciation and amortization	(1,517)	-	(1,517)
Disposals for the fiscal year	-	-	-
AS AT DECEMBER 31, 2021	**2,007**	**3,021**	**5,028**

8.1.2.2 Change in property, plant and equipment

(in thousands of euros)	Land and land improvements	Buildings, fixtures and fittings	Other property, plant and equipment	Fixed assets in progress	Total
As at January 1, 2020	**-**	**524**	**333**	**-**	**857**
Increase and other acquisitions	-	326	156	376	858
Depreciation and amortization	-	(48)	(61)	-	(109)
As at December 31, 2020	**-**	**802**	**427**	**376**	**1,605**
Increase and other acquisitions	-	5	3	5,516	5,525
Depreciation and amortization	-	(121)	(86)	-	(207)
Reclassifications and other movements	23	2,057	157	(2,237)	-
AS AT DECEMBER 31, 2021	**23**	**2,742**	**501**	**3,655**	**6,922**

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 properties

(in thousands of euros)	Land and land improvements	Buildings, fixtures and fittings	Other property, plant and equipment	Property, plant and equipment ongoing	Total
As at January 1, 2020	**1,347,396**	**857,602**	**5,439**	**12,017**	**2,222,452**
Increase and other acquisitions [2]	23,484	24,495	11	8,662 [4]	56,652
Depreciation and amortization	(9,936)	(40,237)	(1,555)	-	(51,728)
Disposals for the fiscal year	(111,617)	(64,760)	(9)	(265)	(176,653)
Reclassification as assets held for sale	-	-	-	-	-
Reclassification and other movements [1]	1,729	10,850	968	(13,365)	184
As at December 31, 2020	**1,251,055**	**787,950**	**4,854**	**7,049**	**2,050,907**
Increase and other acquisitions [2]	1,148	3,167	7	3,334 [4]	7,654
Depreciation and amortization	(6,075)	(37,454)	(1,452)		(44,982)
Disposals for the fiscal year [3]	(8,719)	(9,234)	(27)	(554)	(18,534)
Reclassification as assets held for sale (see note 8.2, p. 161)	(40,257)	(19,813)	(10)	(5)	(60,086)
Reclassification and other movements [1]	350	1,730	699	(2,621)	157
AS AT DECEMBER 31, 2021	**1,197,502**	**726,343**	**4,072**	**7,202**	**1,935,117**

(1) The line "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.

(2) "Increases and other acquisitions" in 2020 mainly corresponded to the buyback of the Montauban and Valence 2 shopping centers from SCI AMR for Euro 19 million and the acquisition of the Dijon Chenôve shopping center from Amundi Immobilier for Euro 24 million.

(3) The line "Disposals for the fiscal year" in 2021 mainly corresponds to the disposal of the Marseille Canebière site and the Reunion Island retail park for Euro (10.0) and (6.6) million respectively (see note 6.7, p. 152). In 2020, this primarily related to the disposal of the Marcq-en-Barœul site for Euro 34.3 million, the Puteaux site for Euro 22.5 million, the Asnières site for Euro 21.3 million, the Chaville site for Euro 20.4 million and the Gassin and Besançon hypermarkets for Euro 44.5 and Euro 32.3 million, respectively.

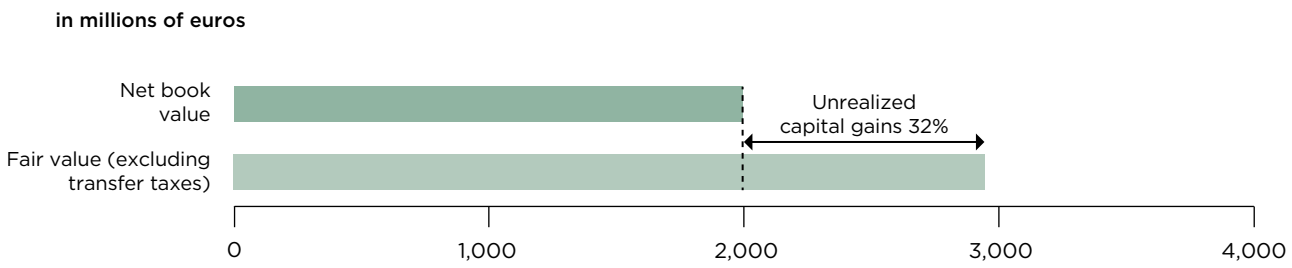
(4) In 2021, Mercialys carried out work mainly on the Timur site for an amount of Euro 1.6 million. In 2020, Mercialys' mainly carried out work on the Jumbo Sacré-Cœur site for Euro 6.5 million.

8.1.3 Fair value of investment properties

These valuations concerned all of the investment properties held at December 31, 2021.

The valuation methods applied, as described in note 8, p. 155, remain unchanged.

	December 31, 2021		Deccember 31, 2020	
(in thousands of euros)	Net book value	Fair value (excluding transfer taxes)	Net book value	Fair value (excluding transfer taxes)
Investment property	1,935,117	2,882,914	2,050,907	3,065,632
Investment property held for sale	60,086	62,183	111	111
TOTAL	**1,995,203**	**2,945,097**	**2,051,018**	**3,065,743**



At December 31, 2021, BNP Real Estate Valuation, Catella Valuation, Cushman & Wakefield, CBRE and Galtier updated their valuation of Mercialys' portfolio:

- at December 31, 2021, BNP Real Estate Valuation had conducted appraisals at 35 sites, on the basis of a visit to one site during the second half of 2021, and on the basis of an updated appraisals carried out at June 30, 2021, for the other sites. 11 on-site visits were carried out during the first half of 2021. The appraisals performed by BNP Real Estate Valuation represent Euro 2,481.3 million including transfer taxes (Euro 2,330.1 million excluding transfer taxes) or 79.1% of the property portfolio;
- Catella Valuation had carried out the appraisal of 15 sites at December 31, 2021, on the basis of an on-site visit to four sites during the second half of 2021, and on the basis of an update to the appraisals carried out at June 30, 2021. The appraisals performed by Catella Valuation represent Euro 264.0 million including transfer taxes (Euro 247.4 million excluding transfer taxes) or 8.4% of the property portfolio;
- Cushman & Wakefield had conducted the appraisal of nine sites as at December 31, 2021, on the basis of an update to the appraisals conducted as at June 30, 2021. The appraisals performed by Cushman & Wakefield represent Euro 242.7 million including transfer taxes (Euro 227.1 million excluding transfer taxes) or 7.7% of the property portfolio;
- CBRE conducted the appraisal of one site as at December 31, 2021, on the basis of an update to the appraisal conducted as at June 30, 2021. The appraisal performed by CBRE represents Euro 139.7 million including transfer taxes (Euro 130.7 million excluding transfer taxes) or 4.4% of the property portfolio;
- Galtier valued Mercialys' remaining assets, *i.e.* two assets, at December 31, 2021, on the basis of an update to the appraisals conducted as at June 30, 2021. The appraisals performed by Galtier represent Euro 10.5 million including transfer taxes (Euro 9.8 million excluding transfer taxes) or 0.3% 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 3,138.2 million including transfer taxes (Euro 2,945.1 million excluding transfer taxes) at December 31, 2021, *versus* Euro 3,258.3 million including transfer taxes (Euro 3,065.6 million excluding transfer taxes) at December 31, 2020.

The value of the portfolio including transfer taxes therefore dropped by 3.7% over 12 months (a drop of 2.8% on a like-for-like basis [1]). The average appraisal yield rate was 5.71% as at December 31, 2021. The average appraisal yield rate was 5.72% as at December 31, 2020.

The change in the fair value of assets excluding transfer taxes for the fiscal year 2021 stemmed chiefly from:

- the effect of rental income on a like-for-like basis amounted to Euro (86) million;
- a change in the average capitalization rate (reflecting the appreciation of appraisers as to the sustainability and recurrence of income generated by property assets) which had an impact of Euro (7) million;
- the effect of CAPEX committed over the year representing an impact of Euro 1 million;
- changes in the scope of consolidation (acquisitions net of disposal) amounting to Euro (28) million.

Type of real estate assets	Yield rate average Dec. 31, 2021	Yield rate average June 30, 2021	Average yield rate Dec. 31, 2020
Regional and large shopping centers	5.43%	5.44%	5.44%
Neighborhood shopping centers	7.33%	7.45%	7.31%
Total portfolio [1]	5.71%	5.74%	5.72%

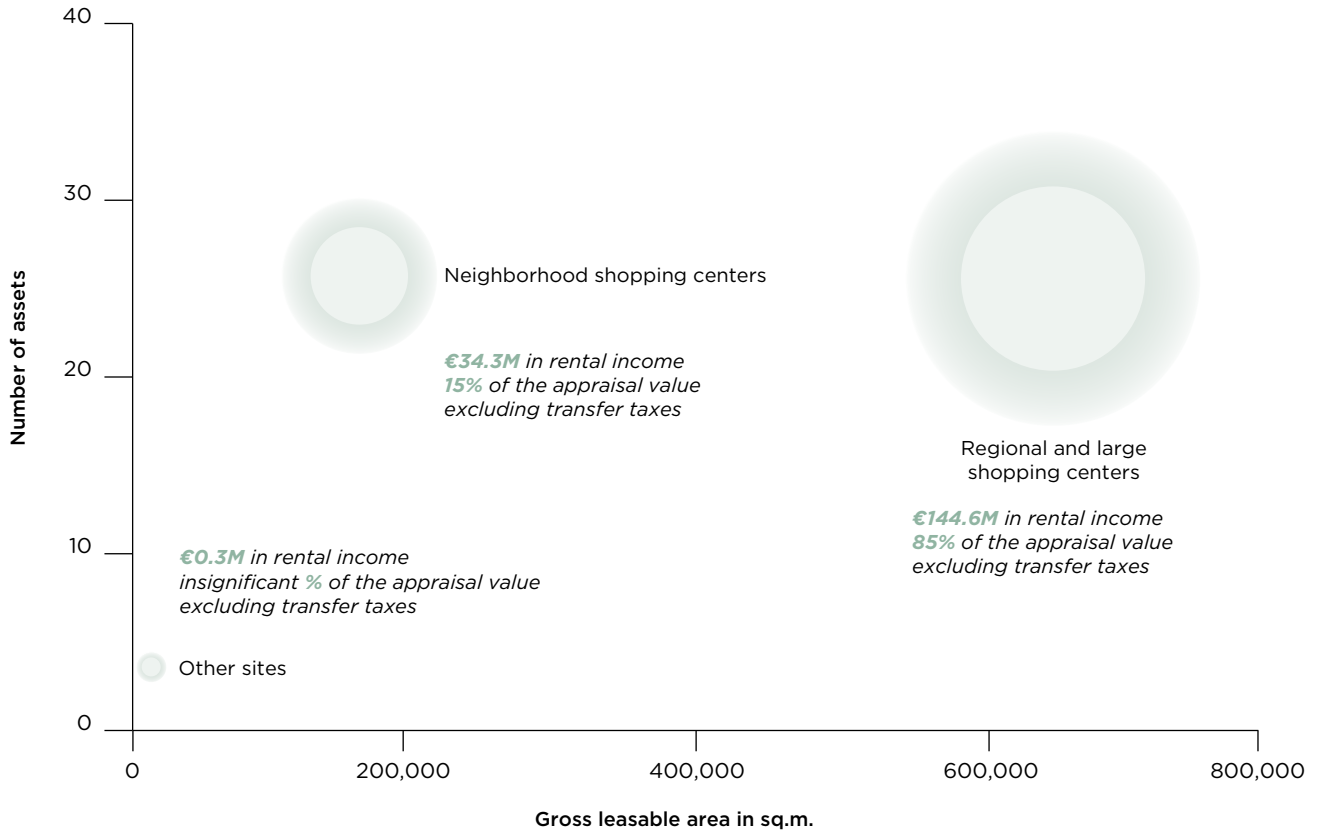
(1) Including other assets (independent cafeterias and other standalone sites).

The following table presents the breakdown of fair value and gross leasable area (GLA) of Mercialys' real estate portfolio by type of property at December 31, 2021, as well as the corresponding appraised rental income:

Type of real estate assets	Number of assets at Dec. 31, 2021	Appraisal value at Dec. 31, 2021 (excluding transfer taxes) (in millions of euros)	(%)	Gross leasable area at Dec. 31, 2021 (sq.m.)	(%)	Appraised net rental income (in millions of euros)	(%)
Regional and large shopping centers	25	2,499.7	84.9%	640,783	78.8%	144.6	80.7%
Neighborhood shopping centers	25	437.4	14.9%	171,133	21.0%	34.3	19.1%
Subtotal	**50**	**2,937.1**	**99.7%**	**811,916**	**99.8%**	**178.9**	**99.8%**
Other sites [1]	3	8.0	0.3%	1,414	0.2%	0.3	0.2%
TOTAL	**53**	**2,945.1**	**100.0%**	**813,330**	**100.0%**	**179.2**	**100.0%**

(1) Including other assets (independent cafeterias and other standalone sites).

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



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 for annual appraised potential net rental income of Euro 179.2 million and a capitalization rate of 6.09%:

Sensitivity criteria	Impact on appraisal value (excluding transfer taxes) *(in millions of euros)*
-0.5% decrease in the capitalization rate	+263.6
+10% increase in rents	+294.5
+0.5% increase in the capitalization rate	(223.6)
-10% decrease in rents	(294.5)

Fees charged to Mercialys for the appraisals detailed above amounted to Euro 186,000 for the fiscal year ended December 31, 2021, *versus* Euro 203,000 at December 31, 2020.

8.2 Investment properties 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	Other property, plant and equipment	Property, plant and equipment in progress	Total
As at January 1, 2020	**111**	**-**	**-**	**-**	**111**
Reclassification as assets held for sale	-	-	-	-	-
Disposals for the fiscal year	-	-	-	-	-
As at December 31, 2020 (1)	**111**	**-**	**-**	**-**	**111**
Reclassification as investment properties (1)	(111)	-	-	-	(111)
Reclassification as assets held for sale	40,257	19,813	10	5	60,086
Disposals for the fiscal year	-	-	-	-	-
AS AT DECEMBER 31, 2021 (2)	**40,257**	**19,813**	**10**	**5**	**60,086**

(1) In 2020, investment properties held for sale amounted to Euro 111,000 and corresponded to residual holdings in non-strategic assets that Mercialys intended to sell in the near future. These assets were reclassified as investment properties at December 31, 2021.

(2) In 2021, investment properties held for sale amounted to Euro 60.1 million. They correspond to the Annecy and Saint-Étienne hypermarkets, as well as standalone units for which sales agreements without financing conditions were signed in the second half of 2021.

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 re-measured 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 re-measured using a discount rate which is revised on the re-measurement 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 (three, six or nine 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 nine 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	Total
As at January 1, 2020	**3,892**	**6,089**	**9,981**
Depreciation and amortization	(227)	(852)	(1,080)
As at December 31, 2020	**3,666**	**5,237**	**8,902**
Increases for the fiscal year (1)	-	896	896
Depreciation and amortization	(170)	(874)	(1,044)
Disposals for the fiscal year (2)	(165)	-	(165)
AS AT DECEMBER 31, 2021	**3,331**	**5,259**	**8,590**

(1) In 2021, the increase corresponds to the signature by Mercialys of a new lease on an asset used by the Group's central services.
(2) The disposal for the fiscal year corresponds to the sale of the construction lease on the Narbonne site.

9.1.2 Information on the income statement

At December 31, 2021, restated lease charges totaled Euro 1,191,000. These lease charges are replaced by a depreciation expense on right-of-use assets for Euro 1,044,000 (see note 6.6, p. 151) and a financial interest expense on lease liabilities for Euro 295,000 (see note 4.4, p. 146).

The amounts recognized in the income statement for the fiscal year concerning agreements excluded from lease liabilities represent Euro 447,000 and primarily relate to short-term 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 985,000.

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, 2020	**51,867**	**2,976**	**3,885**	**244**	**41,350**	**2,778**	**635**
Increase	20,564	1,799	-	145	-	18,620	-
Change in fair value	(650)	(1,249)	-	-	599	-	-
Decrease	(1,939)	-	(140)	-	-	(1,799)	-
Discounting/Accretion	380	-	340	-	-	40	-
Other reclassifications and other movements	3,640	-	-	-	-	-	3,640
As at December 31, 2020	**73,865**	**3,526**	**4,085**	**389**	**41,950**	**19,639**	**4,275**
Increase	35	-	-	(133)	-	168	-
Change in fair value	(21,677)	(158)	-	-	(21,519)	-	-
Decrease	(554)	-	(554)	-	-	-	-
Discounting/Accretion	319	-	318	-	-	1	-
Other reclassifications and other movements	(1,254)	-	-	-	-	-	(1,254)
AS AT DECEMBER 31, 2021	**50,733**	**3,367**	**3,849**	**257**	**20,431**	**19,808**	**3,021**

(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 operates a property in Pessac which provides it with rental revenues. UIR II also paid out a dividend of Euro 224,000 at the end of December 2021, recognized as "Other income" in the consolidated income statement (see note 6.3, p. 150). In 2020, the increase corresponded to the subscription to the OPCI capital increase.

(2) The fair value hedging derivatives (hedge for interest rate risk) mature on March 31, 2023, February 27, 2026, and November 3, 2027 (see note 14.2.3, p. 170).

(3) In 2020, the Euro 18.6 million increase mainly corresponded to the loan granted by Mercialys to SCI AMR in connection with transactions on real estate assets and the Euro 1.8 million decrease corresponds to the early repayment of the OPCI UIR II loan. In 2021, the change is related to accrued interest on the SCI AMR loan.

(4) In 2020, the increase in prepaid expenses related to the recognition of Euro 3.8 million in credit to be issued for more than one year. Of this amount, Euro 2.6 million of credit notes were issued during 2021 and new credit notes to be issued for more than one year were recognized in 2021 for a total of Euro 1.7 million (see note 6.1, p. 148).

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 CGU as a center (large regional centers of neighborhood shopping centers).

Evidence of impairment

Assets are tested for impairment every six months. 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 continuing 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. 155.

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

On the basis of the appraisals described in note 8.1.3, p. 158, an impairment loss on investment property mainly concerning the Tours la Riche, Niort, Brives, Arles, Carcassonne, Narbonne and Rodez sites was recognized at end-December 2021, for Euro 8.7 million in other operating expenses. Reversals of impairment losses on investment properties were also recognized at the end of December 2021 on the Millau sites for Euro 0.1 million in other operating income (see note 6.7, p. 152).

Note 12 Trade accounts and other receivables

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Trade accounts and other receivables	64,427	66,289
Impairment	(27,562)	(28,072)
TRADE ACCOUNTS AND OTHER RECEIVABLES, NET	**36,865**	**38,217**

Trade receivables as at December 31, 2021 comprise rents, lease rights and advisory services invoiced during the fiscal year.

Trade receivables have decreased by Euro 2 million since January 1, 2021 but are still impacted by the effects of the health crisis and the government-ordered closures that have affected the recovery of rents and expenses since 2020.

In addition to the methodology for recording provisions for doubtful receivables determined by Mercialys and based on the level of legal progress on disputes with tenants in arrears (see below), the financial statements at December 31, 2021 include, as at December 31, 2020, provisions corresponding to the impacts of the health crisis.

Impacts of the health crisis on provisions for doubtful receivables

For reference, at end-December 2020, Mercialys had recorded, in accordance with IFRS 9, an additional Euro 13.2 million of provisions concerning rent and expenses from the second and third quarters of 2020 for the arrears not subject to disputes, but aged positions representing an increased risk of non-collection or a significant risk of Mercialys writing off future rental payments (see note 6.1, p. 148).

In 2021, reversals of provisions for doubtful receivables were recognized in the amount of Euro 9.2 million (see note 6.1, p. 148), of which:

- Euro 2.0 million relating to the new relief granted in respect of the first lockdown in 2020;
- Euro 7.2 million linked to the progress made with collections for 2020.

The Euro 0.5 million provision for doubtful receivables recorded at end-December 2020 for November arrears concerning sit-down restaurants was reversed in 2021, generating net income of Euro 0.2 million for the portion that was no longer applicable.

In addition, in 2021, as the effects of the health crisis continued and threatened to weaken retailers, in accordance with IFRS 9, Mercialys deemed it prudent to make an additional provision for arrears during the year. This provision amounts to Euro 7.8 million (see note 6.1, p. 148) and is intended to cover any shortcomings, which could result in particular from the discontinuation of various public support measures, and not to grant concessions to retailers or specific categories thereof.

Usual methodology applied to provisions for doubtful receivables

Mercialys continued to apply the usual method for provisions for trade receivables. Trade receivables are examined on a case-by-case basis and are impaired if necessary to take account of any collection difficulties to which they may give rise.

The aging of trade receivables breaks down as follows:

	Assets not due and not impaired	Assets due and not impaired at closing date					Impaired assets	
Trade accounts and other receivables *(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, 2020	5,000	3,703	872	13,674	678	23,927	42,360	66,289
AS AT DECEMBER 31, 2021	**9,512**	**5,514**	**2,682**	**18,666**	**3,002**	**29,864**	**25,048**	**64,427**

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	Dec. 31, 2021	Dec. 31, 2020
Advances and down payments paid on orders		1,678	1,570
Receivables on assets [1]		2,070	5,350
VAT credit		2,089	1,644
Other operating receivables [2]		15,768	18,627
Prepaid expenses [3]		4,591	4,293
Current hedging instruments	14.2.4	8,399	9,175
OTHER CURRENT ASSETS		**34,595**	**40,660**

(1) The decrease in receivables on assets mainly corresponds to the receipt of the escrow funds on the sale of the Asnières Monoprix completed in December 2020.

(2) Other operating receivables primarily include VAT credits, mainly relating to calls for funds issued by the Sudeco property manager. The decrease in this item is mainly due to the early repayment by Aix2 of the current account it had with Mercialys SA in the amount of Euro 1.7 million.

(3) In 2020, prepaid expenses mainly comprised the spread of rent concessions in exchange for a consideration granted to tenants in the context of the Covid-19 health crisis for less than one year, amounting to Euro 1.5 million. Of this amount, Euro 1.1 million of credit notes were issued in 2021 and new credit notes to be issued were recognized in the amount of Euro 1 million.

Note 14 Financial structure

14.1 Net financial items

14.1.1 Net finance costs

ACCOUNTING PRINCIPLE

The net finance costs 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)	Dec. 31, 2021	Dec. 31, 2020
Cost of debt put in place	(40,418)	(34,378)
Impact of hedging instruments	9,577	12,487
Gross finance costs	**(30,842)**	**(21,891)**
Net proceeds of sales of investment securities	177	61
EXPENSE/(INCOME) FROM NET FINANCIAL DEBT	**(30,665)**	**(21,830)**

Finance costs, which notably include interest expenses on bonds, were Euro 8.8 million higher than in 2020. These mainly reflect the full-year impact of the refinancing operation carried out in July 2020.

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. In particular, this includes non-use fees, costs relating to undrawn bank loans, dividends received, interest on current accounts with companies outside of the Mercialys group, and discounting adjustments.

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Other financial income	296	233
Financial income	**296**	**233**
Other financial expenses	(3,466)	(3,024)
Financial expenses	**(3,466)**	**(3,024)**
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	**(3,170)**	**(2,791)**

In 2021, as in 2020, other financial income and expenses include non-use fees and the deferral of costs relating to undrawn bank loans (RCF) in the amount of Euro (3.2) million, and interest on the current accounts of affiliated companies.

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; or
- 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.

14.2.1 Net cash

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Cash	182,078	414,510
Cash equivalents	75,101	50,101
Gross cash	**257,178**	**464,611**
Bank overdrafts	(108)	(11)
CASH NET OF BANK OVERDRAFTS	**257,071**	**464,600**

The main cash flows that impacted the change in Mercialys' cash position over the period were as follows:

- net cash flows generated by operating activities during the period for Euro 135,700;
- inflows and outflows related to the sale and acquisition of assets in 2021 for Euro 14,700;
- the distribution of dividends to the shareholders of the parent company and to non-controlling interests for Euro (31,500);
- issues and repayments of borrowings net of the change in outstanding commercial papers for Euro (296,700);
- net financial interest paid for Euro (29,100).

14.2.2 Financial liabilities

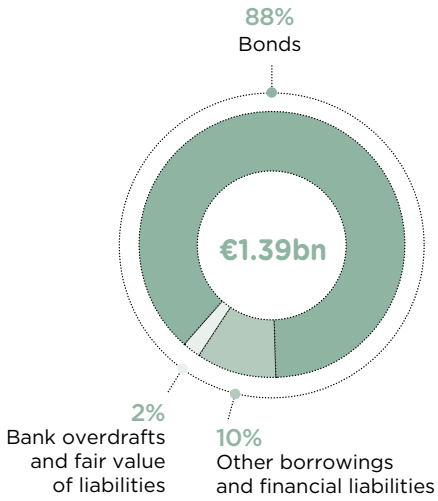
Net financial liabilities comprise borrowings and financial debt, including the fair value of the debt less cash and cash equivalents and fair value hedging derivatives.

Financial liabilities amounted to Euro (1,101.5) million as at December 31, 2021, *versus* with Euro (1,188.8) million as at December 31, 2020. These liabilities comprise the following:

	December 31, 2021			December 31, 2020		
(in thousands of euros)	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds	(1,213,497)	(14,556)	(1,228,052)	(1,308,414)	(15,649)	(1,324,062)
Other borrowings and financial liabilities	-	(135,000)	(135,000)	-	(332,500)	(332,500)
Bank overdrafts	-	(108)	(108)	-	(11)	(11)
Fair value of liabilities	(23,604)	(480)	(24,084)	(47,500)	(393)	(47,894)
Gross financial debt	**(1,237,101)**	**(150,144)**	**(1,387,245)**	**(1,355,914)**	**(348,553)**	**(1,704,467)**
Fair value hedging derivatives – assets	20,185	8,352	28,538	41,896	9,149	51,045
Cash and cash equivalents	-	257,178	257,178	-	464,611	464,611
Cash and cash equivalents and other financial assets	**20,185**	**265,531**	**285,716**	**41,896**	**473,760**	**515,656**
NET FINANCIAL DEBT	**(1,216,916)**	**115,387**	**(1,101,529)**	**(1,314,018)**	**125,207**	**(1,188,811)**

The main flows that impacted the change in financial liabilities were the repayment of commercial papers net of issues for Euro 197.5 million (see note 14.2.6, p. 171) and the partial buyback of the bond issue maturing in 2023 for Euro 99.2 million.

BREAKDOWN OF GROSS FINANCIAL LIABILITIES



14.2.3 Bonds

During the fiscal year 2021, Mercialys made several partial buyback offers, thus repurchasing Euro 99.2 million of the bond issue maturing in 2023 of which the balance now stands at Euro 469.5 million. As a reminder, in 2020, Mercialys carried out a new bond issue for Euro 300 million at a fixed rate of 4.625% and maturing in July 2027, as well as an offer to buy back Euro 181.3 million of the Euro 750 million bond issue maturing in 2023.

At December 31, 2021, the amount of bond financing totaled Euro 1,219.5 million, divided into four issues:

- a Euro 469.5 million bond issue, yielding a fixed yield of 1.787% and maturing in March 2023;
- a Euro 300 million bond issue, yielding a fixed yield of 4.625% and maturing in July 2027;
- a Euro 300 million bond issue, yielding a fixed yield of 1.80% and maturing in February 2026;
- a Euro 150 million bond issue, yielding a fixed yield 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 ownership (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 in ownership 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.

Mercialys' debt structure after hedging broke down as follows at the end of December 2021: 86% fixed-rate and 14% floating-rate debt, after hedging transactions.

These hedging instruments are recognized in accordance with the fair value hedging method.

14.2.5 Confirmed credit lines

At the end of December 2021, the Mercialys group's confirmed credit lines amounted to Euro 480 million, of which:

- a Euro 225 million revolving bank credit line, with 20% due in December 2022 and 80% in December 2024;
- six confirmed bank lines for a total of Euro 220 million, maturing between January 2022 and December 2026;
- a Casino cash advance of up to Euro 35 million, maturing in December 2022.

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 135 million at December 31, 2021. This figure was Euro 332.5 million at end-December 2020.

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:

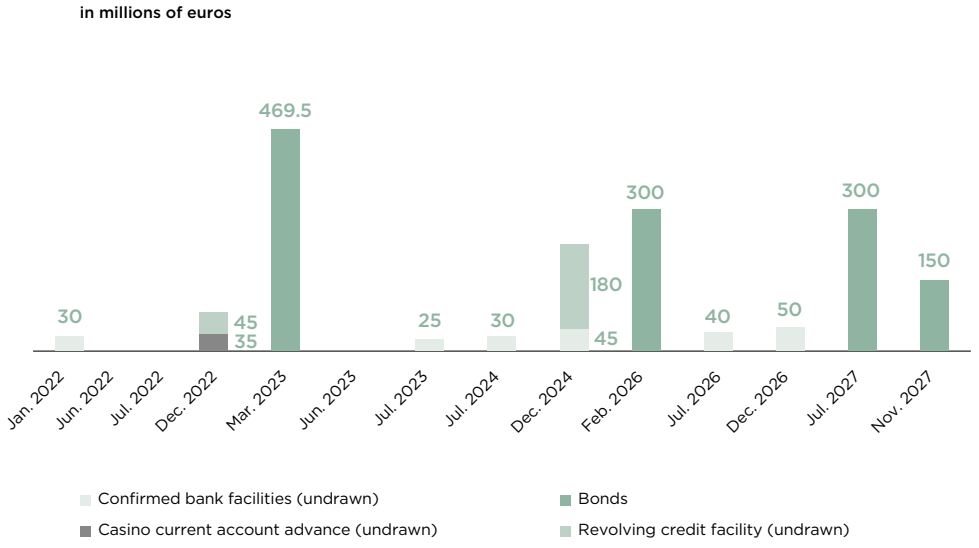
- LTV (Loan-To-Value): Net financial debt/(fair value excluding the portfolio transfer taxes + market value of investments in consolidated companies) < 50% at each closing date;
- a covenant of less than 55% applies to 72% of the confirmed bank lines. The remaining lines are subject to an LTV covenant of less than 50%;
- ICR (Interest Coverage Ratio): Consolidated EBITDA [(1)]/Expenses from net financial debt > 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	Dec. 31, 2021	Dec. 31, 2020
Loan To Value (LTV)	< 50%	36.7%	38.1%
Interest Coverage Ratio (ICR)	> 2	5.1x	5.0x

As at December 31, 2021, 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.

MATURITY OF BOND DEBT AT DECEMBER 31, 2021 AND UNDRAWN FINANCIAL RESOURCES



Note 15 Trade payables

As at December 31, 2021 and 2020, trade payables mainly consisted of unpaid invoices and outstandings relating to supplier Sudeco (property manager on behalf of Mercialys; Sudeco is a subsidiary of Casino group).

(1) EBITDA: Earnings before interest, taxes, depreciation, and amortization.

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)	Dec. 31, 2021	Dec. 31, 2020
Amounts payable on fixed assets and related accounts	6,160	6,454
Advances and down payments received on orders	5,984	19,684
Tax and social security liabilities	15,929	15,187
Other liabilities	3,611	5,762
Prepaid income	3,142	3,107
Other current liabilities	**34,826**	**50,193**
Current tax liabilities	136	9
Current tax liabilities	**136**	**9**

At December 31, 2020, the significant amount of advances and down payments received on orders mainly corresponded to the credit notes to be issued in respect of the first and second lockdowns, which were gradually paid off in the amount of Euro 9.7 million over the 2021 fiscal year (see note 6.1, p. 148).

At December 31, 2021 and December 31, 2020, 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, per instrument category

17.1 Financial assets

As at December 31, 2021

				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	50,733	4,105	46,628	20,431	22,829	3,367	50,733
Trade receivables	36,865	-	36,865	-	36,865	-	36,865
Other current assets	34,595	15,590	19,004	8,399	10,605	-	34,595
Cash and cash equivalents	257,178	-	257,178	-	257,178	-	257,178

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 assets available for sale, derivatives and cash and cash equivalents are described in note 18, p. 174.

As at December 31, 2020

				Balance sheet value under IFRS 9			
(in thousands of euros)	Book value on the balance sheet (A)	Assets non-financial (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	73,865	4,474	69,389	41,950	20,138	3,526	73,864
Trade receivables	38,217	-	38,217	-	38,217	-	38,217
Other current assets	40,660	16,531	24,129	9,175	14,952	-	40,660
Cash and cash equivalents	464,611	-	464,611	-	464,611	-	464,611

17.2 Financial liabilities

As at December 31, 2021

				Balance sheet value under IFRS 9			
(in thousands of euros)	Book value on the balance sheet (A)	Liabilities non financial (B)	Financial liabilities value (A) – (B)	Liabilities measured at fair value through profit or loss	Hedging instruments	Liabilities measured at amortized cost	Fair value
Bonds	1,228,052	-	1,228,052	-	-	1,228,052	1,300,683
Other borrowings and financial liabilities [1]	135,000	-	135,000	-	-	135,000	135,000
Lease liabilities	9,383	-	9,383	-	-	9,383	9,383
Fair value hedging derivatives – liabilities	24,084	-	24,084	-	24,084	-	24,084
Deposits and guarantees	23,003	-	23,003	-	-	23,003	23,003
Trade payables	16,477	-	16,477	-	-	16,477	16,477
Other non-current liabilities	5,716	-	5,716	-	5,716	-	5,716
Other current liabilities	34,826	14,714	20,113	-	1,184	18,929	34,826
Bank overdrafts	108	-	108	-	-	108	108

(1) Other loans and borrowings correspond to commercial papers (see note 14.2.6, p. 171).

As at December 31, 2020

				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	1,324,062	-	1,324,062	-	-	1,324,062	1,358,716
Other borrowings and financial liabilities	332,500	-	332,500	-	-	332,500	332,500
Lease liabilities	9,640	-	9,640	-	-	9,640	9,640
Fair value hedging derivatives – liabilities	47,894	-	47,894	-	47,894	-	47,894
Deposits and guarantees	22,295	-	22,295	-	-	22,295	22,295
Trade payables	15,394	-	15,394	-	-	15,394	15,394
Other non-current liabilities	15,311	-	15,311	-	15,311	-	15,311
Other current liabilities	50,193	14,602	35,591	-	1,888	33,703	50,193
Bank overdrafts	11	-	11	-	-	11	11

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). In accordance with international accounting standards, this classification is used 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, 2021

(in thousands of euros)	Book value	Fair value	Market price = level 1	Models with observable inputs = level 2	Models with non-observable inputs = level 3
Assets					
Financial assets at fair value through other comprehensive income	3,367	3,367	-	-	3,367
Fair value hedging derivatives – assets (current and non-current)	28,538	28,538	-	28,538	-
Other derivative assets (current and non-current)	293	293	-	293	-
Cash equivalents	257,178	257,178	257,178	-	-
Liabilities					
Bonds	1,228,052	1,300,683	1,300,683	-	-
Other derivative liabilities (current and non-current)	6,900	6,900	-	6,900	-
Fair value hedging derivatives – liabilities (current and non-current)	24,084	24,084	-	24,084	-

As at December 31, 2020

(in thousands of euros)	Book value	Fair value	Market price = level 1	Models with observable inputs = level 2	Models with non-observable inputs = level 3
Assets					
Financial assets at fair value through other comprehensive income	3,526	3,526	-	-	3,526
Fair value hedging derivatives – assets (current and non-current)	51,045	51,045	-	51,045	-
Other derivative assets (current and non-current)	80	80	-	80	-
Cash equivalents	464,611	464,611	464,611	-	-
Liabilities					
Bonds	1,324,062	1,358,716	1,358,716	-	-
Other derivative liabilities (current and non-current)	17,199	17,199	-	17,199	-
Fair value hedging derivatives – liabilities (current and non-current)	47,894	47,894	-	47,894	-

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, 2021, trade receivables amounted to Euro 36.9 million (see note 12, , p. 166). The Group's main customer, Distribution Casino France, which is a related party, accounted for 18.0% of invoiced rents at December 31, 2021. The structure of other customer 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, 2021, it had net cash of Euro 257,071,000.

The Group has available bank credit lines of Euro 445 million (undrawn as at December 31, 2021) and a Casino cash advance of up to Euro 35 million (undrawn as at December 31, 2021).

The following table shows the repayment schedule for financial liabilities as at December 31, 2021, for the nominal amount plus interest and excluding discounting.

As at December 31, 2021

	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	165,665	500,165	22,275	344,550	466,875	1,499,530	1,363,052
Trade payables and other financial liabilities	35,406	-	-	-	23,003	58,409	58,409
Lease liabilities	1,030	1,014	1,070	2,226	4,043	9,383	9,383
Non-derivative financial instruments – liabilities:							
Interest rate derivatives							
Derivative contracts – received	13,525	12,877	3,193	6,129	1,081	36,806	
Derivative contracts – paid	(7,529)	(2,497)	(1,153)	(2,536)	(642)	(14,358)	
Derivative financial instruments assets/(liabilities)	**5,996**	**10,380**	**2,040**	**3,593**	**439**	**22,448**	

As at December 31, 2020

	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	364,938	32,438	601,138	44,550	789,150	1,832,213	1,656,562
Trade payables and other financial liabilities	49,097	-	-	-	22,295	71,392	71,392
Lease liabilities	985	1,013	980	2,032	4,630	9,640	9,640
Non-derivative financial instruments – liabilities:							
Interest rate derivatives							
Derivative contracts – received	14,807	14,876	14,873	10,026	4,855	59,437	
Derivative contracts – paid	(8,345)	(8,277)	(3,744)	(4,216)	(1,226)	(25,808)	
Derivative financial instruments assets/(liabilities)	**6,462**	**6,598**	**11,130**	**5,809**	**3,629**	**33,629**	

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. 167. 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. These cash funds are classified as cash equivalents. No losses were incurred on these funds in 2021 and 2020.

ASSESSMENT OF SENSITIVITY TO INTEREST RATE RISK:

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Bank overdrafts	108	11
Total floating-rate debt (excluding accrued interest) [1]	**108**	**11**
Cash equivalents	75,101	50,101
Cash	182,078	414,510
Total assets	**257,178**	**464,611**
Net position before management	**(257,178)**	**(464,611)**
Derivatives	192,800	137,000
Net position after management	**(64,378)**	**(327,611)**
Net position to be renewed	(64,378)	(327,611)
1% change	644	3,276
Average maturity remaining until end of the fiscal year	1	1
Change in interest expenses	644	3,276
Expense from net financial debt	30,665	21,830
Impact of changes in financial expenses/financial costs	**-2.10%**	**-15.01%**

(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 +1% change in interest rates	(3,063)
Impact of -1% change in interest rates	1,802

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 period.

20.1 Share capital

On December 31, 2021, 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)	Dec. 31, 2021	Dec. 31, 2020
Beginning of the fiscal year	92,049,169	92,049,169
End of the fiscal year	**93,886,501**	**92,049,169**

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Beginning of the fiscal year	92,049	92,049
End of the fiscal year	**93,887**	**92,049**

Mercialys' General Meeting of Shareholders on April 22, 2021 decided to offer each shareholder an option for the payment in cash or in new Company shares of the entire dividend allocated for the fiscal year ended December 31, 2020 (see note 21, p. 180). Following this operation, 1,837,332 new ordinary shares with a par value of Euro 1 were issued, with a total premium of Euro 15,268,000, and the share capital was increased from Euro 92,049,000 to Euro 93,887,000.

As at December 31, 2021, the number of treasury shares stood at 491,593, representing Euro 3,739,000. This entire amount corresponds to the liquidity agreement. Income from the disposal of treasury shares amounted to Euro 551,000, net of tax, for the fiscal year ended December 31, 2021 and was recognized directly in the Group's equity.

As at December 31, 2020, the number of treasury shares stood at 511,547, representing Euro 3,452,000. This entire amount corresponds to the liquidity agreement. The loss incurred on the sale of treasury shares totaled Euro (1,974,000), net of tax, for the fiscal year ended December 31, 2020, 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 is calculated on the basis of the weighted average number of shares in circulation during the period, 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)	Dec. 31, 2021	Dec. 31, 2020
Net income attributable to owners of the parent	62,183	85,833
Weighted average number of		
• outstanding shares during the period	93,179,835	92,049,169
• treasury shares	(340,105)	(516,812)
Total number of shares before dilution	**92,839,729**	**91,532,357**
BASIC EARNINGS PER SHARE, ATTRIBUTABLE TO OWNERS OF THE PARENT *(€)*	**0.67**	**0.94**

20.3.2 Diluted earnings, attributable to owners of the parent

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Net income attributable to owners of the parent	62,183	85,833
Weighted number of shares before dilution	92,839,729	91,532,357
Number of shares after dilution (1)	**92,839,729**	**91,532,357**
DILUTED EARNINGS PER SHARE, ATTRIBUTABLE TO OWNERS OF THE PARENT *(€)*	**0.67**	**0.94**

(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 payment

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 executives and managers.

The vesting of bonus share plans is subject to the beneficiary being present at the end of the allocation period.

Allocation dates	04/25/2019	04/25/2019	04/23/2020	04/23/2020	04/23/2020	04/22/2021	04/22/2021	04/22/2021
End of allocation period	04/25/2022	04/25/2022	04/23/2023	04/23/2023	04/23/2023	04/22/2024	04/22/2024	04/22/2023
End of holding period	04/25/2024	04/25/2024	04/23/2025	04/23/2025	04/23/2025	04/23/2026	04/23/2026	04/23/2023
Share price at the allocation date *(€)*	12.50	12.50	7.48	7.48	7.48	9.97	9.97	9.97
Number of beneficiaries	2	7	2	7	115	2	13	118
Number of bonus shares awarded at inception	45,621	23,109	137,779	44,904	5,750	95,112	49,074	11,800
Fair value of bonus share (€)	6.57	6.21	3.28	3.65	5.55	5.41	5.80	8.16
Selected performance rate	40%	40%	59%	83%	100%	100%	106%	106%
NUMBER OF SHARES OUTSTANDING BEFORE APPLICATION OF THE PERFORMANCE CRITERIA AT DECEMBER 31, 2021	**45,621**	**8,296**	**137,779**	**22,452**	**4,200**	**95,112**	**29,400**	**11,100**

Bonus shares only vest 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).

20.4.1 Bonus share plans

Bonus shares currently vesting	Number of shares, current
Outstanding shares at January 1, 2020	**208,199**
Shares awarded	188,433
Shares canceled	(80,762)
Shares issued	(9,304)
Outstanding shares at December 31, 2020	**306,566**
Shares awarded	155,986
Shares canceled	(105,952)
Shares issued	(2,640)
OUTSTANDING SHARES AT DECEMBER 31, 2021	**353,960**

20.4.2 Impact on earnings and equity of share-based compensation

For the fiscal year ended December 31, 2021, these share-based payments generated an income of Euro 45,000 charged to "Personnel expenses." In 2020, the share plans generated an expense of Euro (24,000), 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.

	December 31, 2021		December 31, 2020	
(in thousands of euros)	SAS Hyperthetis Participations	SAS Immosiris	SAS Hyperthetis Participations	SAS Immosiris
% interest	51%	51%	51%	51%
Net rental income	15,938	7,307	16,144	7,161
Operating income	12,307	5,940	12,297	4,907
Tax expense	(93)	(29)	(187)	(52)
Net income	**12,213**	**5,911**	**12,110**	**4,855**
Investment property	258,019	136,897	260,628	137,414
Other non-current assets	-	69	-	-
Non-current assets	**258,019**	**136,966**	**260,628**	**137,414**
Trade receivables	442	1,607	361	1,388
Other current assets	903	495	880	709
Cash and cash equivalents	9,543	6,607	8,114	5,641
Current assets	**10,888**	**8,709**	**9,355**	**7,738**
TOTAL ASSETS	**268,906**	**145,675**	**269,983**	**145,152**
Equity	**268,304**	**143,965**	**269,711**	**142,929**
Attributable to non-controlling interests (see note 3.1.1.3, p. 134)	131,469	70,542	132,158	70,035
Other non-current liabilities	-	1,036	-	914
Non-current liabilities	**-**	**1,036**	**-**	**914**
Trade payables	304	250	204	275
Other current liabilities	301	424	69	1,034
Current liabilities	**605**	**674**	**273**	**1,309**
TOTAL EQUITY AND LIABILITIES	**268,906**	**145,675**	**269,983**	**145,152**

Note 21 Dividends

Dividend for the fiscal year 2020

Out of 92,049,169 shares at December 31, 2020, 91,869,134 shares benefited from the dividend awarded for the year ended December 31, 2020 (with 180,035 treasury shares not entitled to dividends) of Euro 0.43 per share, representing a total of Euro 39,504,000.

During the Ordinary General Meeting on April 22, 2021, shareholders were able to opt for this dividend to be paid in new shares or in cash.

Following this operation:

- the total amount of the dividend paid in shares was Euro 17,106,000, with 1,837,332 new ordinary shares issued with a par value of Euro 1 each (see note 20.1, p. 177);
- the total amount of the dividend paid in cash was Euro 22,398,000.

Dividend for the fiscal year 2021

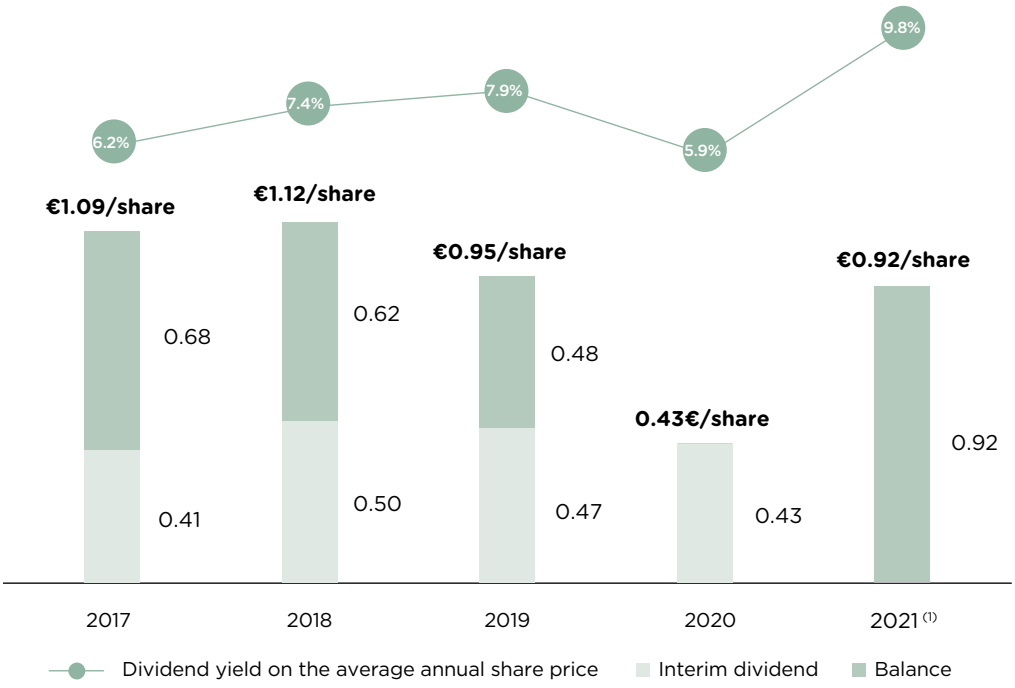
The Board of Directors of Mercialys will propose to the Annual General Meeting of April 28, 2022 the payment of a dividend of Euro 0.92 per share.

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 years 2020 and 2021 from the sale of properties and investments in real estate companies; and
- the distribution of the tax-exempt income recorded in the Company's balance sheet.

The ex-dividend date will be May 3, 2022, with the dividend paid on May 5, 2022.

DIVIDEND PAYMENT AND YIELD HISTORY



(1) Subject to approval by the Annual General Meeting of April 28, 2022.

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 for retirement benefits**	**Provisions for long service awards benefits**	**Total**
As at January 1, 2020	**10,982**	**1,008**	**59**	**12,048**
Additions	1,666	34	(1)	1,699
Reversals	(2,644)	-	(3)	(2,648)
Other changes [1]	-	49	-	49
As at December 31, 2020	**10,004**	**1,090**	**55**	**11,149**
Additions	3,089	126	10	3,225
Reversals	(1,588) [2]	-	-	(1,588)
Other changes [1]	-	(334)	-	(334)
AS AT DECEMBER 31, 2021	**11,505**	**882**	**65**	**12,451**

(1) The other changes correspond mainly to actuarial gains and losses, including Euro 130,000 relating to the impact of the IFRS IC – IAS 19 decision (see note 1.2.3, p. 139) at the beginning of the period.

(2) The reversals of Euro 1,588,000 at the end of December 2021 include Euro 50,000 of provisions that are now no longer applicable.

22.2 Main assumptions used to determine the amount of commitments relating to defined-benefit pension 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:

	Dec. 31, 2021	Dec. 31, 2020
Discount rate	1.0%	0.7%
Expected rate of pay rises	1.6%	1.6%
Retirement age	64 years	64 years

The discount rate is determined by reference to the Bloomberg 15-year index for AA composites.

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 as a guarantee for the proper payment of rents and service charges amounted to Euro 9,315,000 at December 31, 2021, *versus* Euro 7,830,000 at December 31, 2020.

As at December 31, 2021, there were no longer any bank guarantees received in connection with work ordered from suppliers (*versus* Euro 2,000 at December 31, 2020).

23.1.1.2 Rental guarantee received

On December 23, 2020, following Mercialys' purchase from SCI AMR of the Montauban and Valence 2 shopping centers, a Rental Guarantee agreement was signed to formalize the terms and conditions of AMR's commitment to cover Mercialys against any material adverse change in the rental situation of the two real estate complexes. The term of this agreement is as follows:

- the Montauban guarantee shall come into force if all, or part, of the hypermarket's sales areas close and shall end at the earliest of the following two dates: either the partial or total re-opening of the hypermarket's sales areas or December 31, 2023;
- the Valence 2 guarantee covers the period between January 1, 2021 and December 31, 2023.

23.1.2 Commitments given

Commitments relating to the disposal of SAS Hyperthetis Participations

As part of the disposal of the 49% stake in SAS Hyperthetis Participations, Mercialys has a call option to purchase the company's securities or the real estate assets held by the minority interests at a guaranteed minimum price, exercisable on its initiative in 2022.

This guaranteed minimum price will be equal to the higher of the NAV and an IRR for all the company shares under option, and to the higher of the appraised fair value and an IRR for all the real estate assets held by the minorities.

At the end of December 2021, this option was valued at Euro 134.6 million, which corresponds to the company's IRR. The appraisal value amounted to Euro 227 million (excluding transfer taxes) at the end of December 2021.

If the options are not exercised, there is an exit clause for disposal of the assets at their fair value.

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 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.

23.2.2 Other commitments

L'Immobilière Groupe Casino, a subsidiary of Casino group, granted a guarantee of compensation for Euro 1.3 million on the Arles site. At December 31, 2021, this compensation guarantee was recognized in the Mercialys consolidated financial statements under "Other income" (see note 6.3, p. 150 and note 24.10, p. 186).

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

Operating leases as lessor

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)	Dec. 31, 2021	Dec. 31, 2020
Less than one year	140,985	139,495
Between one and five years	176,742	201,634
More than five years	12,177	23,865
TOTAL	**329,904**	**364,995**

Note 24 Related-party transactions

The Mercialys group maintains contractual relations with various Casino group companies. The main agreements are described below:

24.1 Identification of the consolidating company

Since June 21, 2013, Mercialys is consolidated in the Casino group's financial statements under the equity method.

24.2 Leases granted by the Group to Casino group companies

The leases granted under operating leases by the Group to Casino group companies amounted to 51 leases at December 31, 2021 (*versus* 57 leases at December 31, 2020).

Invoiced rents under these leases during the fiscal year amounted to:

- Euro 30,631,000 for Distribution Casino France (*versus* Euro 35,054,000 at December 31, 2020);
- Euro 1,763,000 for Monoprix (*versus* Euro 8,000,000 at December 31, 2020);
- Euro 6,452,000 for the other entities (*versus* Euro 7,036,000 at December 31, 2020).

24.3 Property Management activities

Mercialys has outsourced Property Management activities for nearly all its sites to Sudeco, a subsidiary of L'Immobilière Groupe Casino. These activities include rental management, service charge management and the administrative management of tenant associations or economic interest groups (EIGs) which exist at most of its shopping centers. In connection with the Property Management activities, fees paid by Mercialys and its subsidiaries to Sudeco as at December 31, 2021, amounted to Euro 5,882,000 *versus* Euro 5,443,000 as at December 31, 2020.

24.4 Service agreement with Casino

Mercialys entered into a Service agreement with the Casino group, setting out the terms under which the Casino group supplies Mercialys with the support functions necessary for its operations. Since 2019, Mercialys has gradually brought the activities covered by this agreement back in house. In 2021, the agreement covered administrative management, accounting/finance and IT services. The amount paid by Mercialys to Casino group under this Service agreement was Euro 954,000 for the fiscal year ended December 31, 2021, *versus* Euro 1,322,000 at December 31, 2020.

The notice on certain services has been extended to August 31, 2022.

24.5 Current account and cash management agreement with Casino

On September 8, 2005, Mercialys entered into a current account and cash management agreement with Casino, a subsidiary of Casino group. Mercialys and Casino thereby set up a shareholders' current account that recorded all payments, withdrawals or advances of sums that may be made reciprocally between the two companies.

After Casino reduced its stake in Mercialys in 2012, the two parties decided to terminate the existing current account and cash management agreement and to sign a new current account agreement. This agreement has enabled Mercialys to keep a current account with Casino, enabling it to receive cash advances from Casino up to the threshold of Euro 50 million. These advances are intended exclusively for the short-term financing of Mercialys' general requirements.

The term of the agreement was extended several times and expired on December 31, 2019. In December 2019, an amendment to the agreement was signed, reducing the threshold for the cash advance to Euro 35 million and extending the expiry date to December 31, 2021. In December 2020, a new amendment to this agreement was signed, extending its term to December 31, 2022.

At end-December 2021, Mercialys had not received any cash advances from Casino.

At December 31, 2021, Mercialys had paid Euro 554,000 in fees for the non-use of funds made available by Casino Finance.

In January 2022, Mercialys canceled this current account advance early (see note 28, p. 188).

24.6 Agreements entered into with Casino group relating to transactions for the acquisition of property asset portfolios

In connection with the acquisition's transactions and in addition to the business contribution agreements, various contracts and guarantees were signed with the Casino group companies.

In particular, Mercialys has a framework agreement for non-exclusive delegated project management contracts with Casino group or real estate development contracts with the Casino group: at December 31, 2021, orders had been placed under this framework agreement for projects relating to the Lanester, Annecy, Sainte Marie (Reunion Island), Monthieu, Quimper, Caserne de Bonne, Angers and Toulouse sites. Mercialys may stop placing orders at each of the stages set out in the framework agreement, subject to penalties concerning the payment of the provider's fees and compensation for companies if contracts have already been put in place.

Residual risks relating to the development are subject to an autonomous completion guarantee from the contributing companies, comprising a guarantee to pay the sums required to complete the development and a financial guarantee if the deadline is not met.

24.7 Related-party transactions of SCI Rennes-Anglet

SCI Rennes-Anglet entered into several agreements:

- with Mercialys Gestion, a marketing fund management mandate and a tenant finders mandate;
- with Mercialys, a brand license agreement;
- with Casino group companies, a rental management agreement (Sudeco) and a Service agreement (IGC Services).

24.8 Transactions with SCI AMR

Mercialys entered into the following agreements with SCI AMR:

- a Real Estate Consulting agreement: under this five-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 840,000.

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 had granted a loan to SCI AMR amounting to Euro 18,817,000 (including accrued interest) at the end of December 2021.

24.9 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. As at December 31, 2021, its Board had nine members in addition to the Chairman of the Board of Directors, six 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)	Dec. 31, 2021	Dec. 31, 2020
Short-term benefits [1]	1,494	1,464
TOTAL	**1,494**	**1,464**

(1) Gross salaries (excluding employer contributions), bonuses, incentives, profit-sharing, benefits in kind and directors' fees.

No members of Senior Management held stock options on Mercialys shares as at the end of December 2021.

24.10 Related-party transactions – summary

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Income/(Expenses)		
Invoiced rents		
Distribution Casino France	30,631	35,054
Monoprix	1,763	8,000
Other Casino group entities	6,452	7,036
Compensation allowance paid by IGC [2]	1,337	-
Property Management service fees paid to Casino group	(5,882)	(5,443)
Service agreement paid to the Casino group	(954)	(1,322)
Transactions with SCI AMR [1]	(840)	178,962
Non-utilization fees paid to Casino Finance	(554)	(519)
Assets/(Liabilities)		
Loan to SCI AMR	18,817	18,590
Call for funds issued for the Sacré-Cœur real estate development contract with Casino group	311	46,050

(1) At end-December 2020, this included the sale by Mercialys to SCI AMR of the Chaville, Puteaux and Marcq-en-Barœul sites and the Gassin and Besançon hypermarkets for Euro 198 million, as well as the acquisition by Mercialys from SCI AMR of the Valence 2 and Montauban sites for Euro 19.3 million.

(2) L'Immobilière Groupe Casino, a subsidiary of Casino group, had granted a compensation guarantee of Euro 1.3 million on the Arles site (see note 23.2.2, p. 184). At December 31, 2021, this compensation guarantee was recognized in the Mercialys consolidated financial statements under "Other income" (see note 6.3, p. 150).

24.11 Other related-party transactions

Excluding the amounts stated above, other related-party transactions (with Casino group companies and equity associates) were as follows for the fiscal years ended December 31, 2021 and 2020:

OTHER TRANSACTIONS WITH CASINO GROUP SUBSIDIARIES

	Income	Expenses	Payables	Receivables
(in thousands of euros)		**concerning related parties**		
2020	18,467	(1,911)	(1,147)	1,623
2021	**15,470**	**(633)**	**(1,016)**	**1,640**

OTHER TRANSACTIONS WITH EQUITY ASSOCIATES

	Income	Expenses	Payables	Receivables
(in thousands of euros)		**concerning related parties**		
2020	32	(786)	-	1,855
2021	**887**	**(669)**	**(86)**	**1,183**

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 a planned shopping center development project.

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 did not recognize any related provision at the end of 2021.

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 461,000 for the fiscal year ended December 31, 2021 (*versus* Euro 487,000 as at December 31, 2020).

Statutory Auditors' fees for the fiscal year 2021 *(in thousands of euros)*	**EY**	**KPMG**
Certification of individual and consolidated financial statements and limited review	231	196
Services other than the certification of financial statements [1]	34	-
TOTAL	**265**	**196**

(1) Services other than the certification of financial statements relate to the CSR report.

Note 27 Workforce

Number of employees	**Dec. 31, 2021**	**Dec. 31, 2020**
Workforce at closing date [1]	137	133
Full-time equivalent [2]	133	119

(1) Staff with permanent and fixed-term employment contracts.
(2) Average number of full-time equivalent employees over the year.

Note 28 Subsequent events

In January 2022, Mercialys canceled early the current account advance granted by Casino Group (this line had never been drawn down) for an amount of Euro 35 million.

On February 17, 2022, the Company successfully placed a new Euro 500-million bond issue with a 7-year maturity and 2.5% coupon with a diverse investor base.

At the same time, on February 16, 2022, Mercialys launched a partial buyback offer on the Euro 300-million bond issue maturing in July 2027. The nominal amount accepted by the Company as part of the buyback offer amounted to Euro 100 million. These bonds will be canceled in the Company's books. The remaining outstanding amount of the bond maturing in July 2027 therefore stands at Euro 200 million.

This bond issue also enabled the Company to exercise in full its early repayment option (make-whole) on its bond maturing in March 2023 for a nominal amount of Euro 469.5 million.

These transactions have contributed to the extension of the average maturity of the drawn debt, which, at December 31, 2021, was 3.2 years, as well as the financial conditions thereof.

3.1.3 Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2021

To the Mercialys Annual General Meeting,

Opinion

In accordance with the mission entrusted to us by your Annual General Meeting, we have audited the Mercialys consolidated financial statements relating to the fiscal year ended December 31, 2021, 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 fiscal year in question 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 indicated 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 in accordance with the French Commercial Code and the Code of Ethics for Statutory Auditors, for the period between January 1, 2021 and the date on which we issued our report, and in particular, we provided no services prohibited by Article 5, paragraph 1 of regulation (EU) No. 537/2014.

Observation

Without calling into question the opinion expressed above, we draw your attention to the point set out in note 1.2.3 "Change in accounting methods" to the consolidated financial statements concerning the application of the IFRS IC decision relating to IAS 19.

Justification of our assessments – Key points of the audit

The global crisis linked to the Covid-19 pandemic created special conditions for the preparation and audit of this year's financial statements. In fact, this crisis and the extraordinary measures taken within the context of the health emergency had a number of consequences for businesses, particularly in terms of their activity and financing, as well as increased uncertainty in their outlook for the future. Some of these measures, such as travel restrictions and teleworking, also had an impact on companies' internal organization and on the way in which audits were conducted.

It is against this complex and constantly changing backdrop that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification for 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, 2021, the net book value of the Group's investment properties amounted to Euro 1,935 million. 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 and capital expenditure; • 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 Group's 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 in the context of the Covid-19 health crisis; • 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 management report of the Board of Directors.

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 single European electronic information format, we have also verified compliance with this format as defined by Commission Delegated Regulation No. 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 paragraph I of Article L. 451-1-2 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 single European electronic information format.

It is not our responsibility to verify that the consolidated financial statements to be included by your company in the annual financial report filed with the French Financial Markets Authority (AMF) correspond to those on which we carried out our work.

Appointment of Statutory Auditors

We have been appointed as Statutory Auditors of Mercialys by your Annual General Meeting held on May 6, 2010.

At December 31, 2021, our firms were in the twelfth year of uninterrupted auditing for your Group.

Previously, ERNST & YOUNG Audit had been the Statutory Auditor since 1999.

Responsibilities of the Management and persons constituting 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 the consolidated financial statements without any 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 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 were approved by 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 fraud or error 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 in Article L. 823-10-1 of the French Commercial Code, our mission to certify the financial statements does not require us to guarantee the sustainability or the 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 a report to the Audit Committee which presents, in particular, the scope and schedule of the audit works, 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 material misstatements that we consider as 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) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as these are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit Committee risks affecting our independence and the precautionary measures applied.

Paris-La Défense and Lyon, March 10, 2022

The Statutory Auditors

Paris La Défense, March 10, 2022

KPMG SA

Régis Chemouny

Partner

Lyon, March 10, 2022

Ernst & Young et Autres

Nicolas Perlier

Partner

3.2 Separate financial statements

3.2.1 Financial statements

3.2.1.1 Income statement

(in thousands of euros)	Notes	Dec. 31, 2021	Dec. 31, 2020
Rental revenues		119,922	123,927
Non-recovered property taxes		(3,053)	(1,853)
Non-recovered service charges		(2,956)	(2,163)
Net property operating expenses		(7,776)	(16,216)
Net rental income	**3**	**106,137**	**103,695**
Management, administrative and other activities income	4	1,409	1,588
Depreciation		(24,295)	(26,021)
Provisions		(1,176)	1,287
Personnel expenses	5	(10,211)	(8,615)
Other expenses	6	(9,509)	(15,829)
Operating income		**62,355**	**56,105**
Net financial expense	7	(22,429)	(31,584)
Net exceptional items	8	(7,851)	45,249
Corporate tax	9	1,026	16
NET INCOME		**33,102**	**69,786**

3.2.1.2 Balance sheet

Assets

(in thousands of euros)	Notes	Dec. 31, 2021	Dec. 31, 2020
Intangible assets		10,619	8,458
Depreciation and impairment		(6,553)	(5,467)
Subtotal		**4,066**	**2,991**
Property, plant and equipment		1,489,684	1,495,129
Depreciation and impairment		(247,298)	(217,116)
Subtotal		**1,242,387**	**1,278,013**
Investments		765,117	764,327
Impairment of investments		(63,651)	(58,503)
Subtotal		**701,466**	**705,824**
Total non-current assets	**10**	**1,947,918**	**1,986,827**
Receivables	11	222,476	235,565
Cash	12	227,046	441,981
Adjustment accounts		5,593	6,013
Total current assets		**455,116**	**683,559**
Expenses to be spread over several fiscal years		3,177	4,226
Bond redemption premiums		7,011	11,318
TOTAL ASSETS		**2,413,222**	**2,685,931**

Liabilities

(in thousands of euros)	Notes	Dec. 31, 2021	Dec. 31, 2020
Share capital and additional paid-in capital		561,944	544,839
Reserves		9,205	9,205
Revaluation adjustment		15,635	15,635
Retained earnings		297,257	266,926
Earnings		33,102	69,786
Interim dividend		-	-
Statutory provisions		1,699	1,915
Equity	**13**	**918,842**	**908,306**
Provisions	14	11,816	10,458
Borrowings and financial debt	15	1,390,125	1,687,606
Payables	16	90,004	76,907
Adjustment accounts	17	2,435	2,654
Current liabilities		**1,494,380**	**1,777,625**
TOTAL LIABILITIES		**2,413,222**	**2,685,931**

3.2.1.3 Cash flow statement

(in thousands of euros)	Notes	Dec. 31, 2021	Dec. 31, 2020
Net income		33,102	69,786
Depreciation, amortization, and impairment allowances net of reversals		38,250	53,578
Income from asset disposals		(1,168)	(49,902)
Other calculated expenses/(income)		4,540	13,247
Cash flow		**74,723**	**86,709**
Change in working capital requirement (1)		**22,725**	**6,344**
Net cash flow from operating activities		**97,448**	**93,053**
Acquisitions of investment assets		(9,523)	(67,002)
Disposals of investment assets (2)		12,584	226,547
Change in loans and advances granted (3)		3,050	(20,438)
Net cash flow from investing activities		**6,112**	**139,107**
Dividends and interim dividends paid	13	(39,504)	(43,957)
Increase or decrease in share capital		17,106	-
Increase in borrowings (4)		230,672	1,097,682
Decrease in borrowings (4)		(526,700)	(901,800)
Net cash flow from financing activities		**(318,426)**	**151,925**
Change in net cash position		**(214,866)**	**384,085**
Net cash at beginning of year		441,845	57,760
Net cash at end of year	12	226,980	441,845
Net cash at end of year		**226,980**	**441,845**
Cash on balance sheet		**227,046**	**441,981**
Bank overdrafts		**(66)**	**(136)**

(1) The change in working capital requirement breaks down as follows:

• *Trade receivables*	*(1,487)*	*(22,841)*
• *Suppliers*	*(842)*	*(3,181)*
• *Other receivables*	*8,384*	*368*
• *Other liabilities*	*17,758*	*32,958*
• *Adjustment accounts*	*(1,088)*	*(961)*
Change	**22,725**	**6,344**

(2) In 2021, cash inflows on disposals mainly consisted of the disposal of the Marseille Canebière and Angoulême sites for Euro 11.4 million, excluding transfer taxes.

In 2020, cash inflows on disposals mainly related to the disposal of the Gassin, Besançon, Chaville, Marcq-en-Barœul, Puteaux and Asnières sites for Euro 242.0 million, excluding transfer taxes.

(3) In 2020, OPCI UIR2 repaid the sum of Euro 1,799,000 and a loan of Euro 18,590,000 was granted to AMR.

(4) In 2021, increases and decreases in borrowings and financial liabilities correspond solely to changes in commercial papers issued and the Euro 99,200,000 bond redemption. In 2020, the increases and decreases in borrowings and financial liabilities corresponded solely to changes in commercial papers issued, the Euro 181,300,000 bond redemption and the new Euro 300,000,000 loan (see note 15).

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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 finance lease and purchase option is 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 (*sociétés d'investissement immobilier cotées* – SIIC) 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 of the investment properties held at December 31, 2021. They were carried out in the context of the Covid-19 health crisis and, because of this crisis which has had significant repercussions on all sectors of activity, in particular the real estate sector with, to varying degrees, impacts on sales prices, investments and rental leases, both in terms of value and volume. Certain market data contributing to the appraisers' valuations may predate this crisis. The inclusion of this clause indicates that the valuations were determined by the appraisers in a context of increased uncertainty due to the health crisis, but it does not call into question the fair values determined in this way. 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 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 length of service.

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 period 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 period. 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 period 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 SIICs exempts such companies from corporate tax on income from real estate activities provided that a minimum of 95% of rental income, 70% of gains on property asset disposals, and 100% of dividends from SIIC 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 represent the Company's recurring 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:

Covid-19 pandemic-related impacts

The shopping center sector in France has been significantly affected, since January 2021, by the government measures relating to the health crisis. First of all, local curfews were set from January 2, then extended nationwide. From January 31, all non-food stores with a retail space in excess of 20,000 sq.m., as well as non-food stores in shopping centers with a retail space in excess of 20,000 sq.m., were closed. In addition, shopping centers were not authorized to offer click and collect services from this date until the sites reopened. The closure restrictions were ramped up from March 6, in all French departments under stronger supervision measures, reducing the limit for gross leasable area authorized to open to 10,000 sq.m.. Lastly, on April 3, the French government introduced a third national lockdown and also ordered the closure of all stores considered to be non-essential, regardless of their size.

This scope for closures more restrictive than in 2020, combined with the asset sales completed at the end of 2020 by Mercialys including the sale of four Monoprix stores, is reflected in an open annualized rental base of 36% for the Company's portfolio between April 3 and May 19, 2021, compared with 40% during the first lockdown from March to May 2020.

On May 19, the French government authorized the reopening of "non-essential" stores. Mercialys' shopping centers were able to once again welcome members of the public across their entire retail space (excluding indoor sit-down dining), in accordance with strict health protocols and restrictions on minimum space ratios. Indoor restaurants were able to reopen on June 9, but once again subject to various health measures and minimum space ratios. These restrictions on minimum space ratios were lifted on June 30, 2021 for venues open to the public, and France has not been subject to any curfew measures since June 20, 2021. However, the operational activity of nine Mercialys shopping centers was negatively impacted for several weeks in the third quarter of 2021, mainly in August, due to the implementation by the French State of an obligation to present a "health pass" at the entrance to certain sites.

This latest order to close stores may have affected the profitability of retailers that were already impacted by these same measures in 2020, and affected the collection rate for rent, charges and work for the first half of 2021. However, the French government has made a public commitment to put in place support packages, in addition to the solidarity fund, that will notably enable retailers that were ordered to close to honor their rent payments. In this respect, a decree was published on November 16, 2021, instituting aid relating to rents or fees and charges for certain retail outlets and services prohibited from welcoming the public in order to combat the spread of the Covid-19 epidemic. The aim of this aid scheme is to enable retailers to honor the payment of their rents and charges for the period of closure of shopping centers during the first half of 2021, which will support the recovery rate of real estate companies. As a result, no receivables were written off by Mercialys in respect of the period of government-ordered closures.

At the same time, during 2021, Mercialys continued to formalize and implement the support measures granted to its tenants for periods of closure in 2020.

With regard to the safety of Company employees, the arrangements for working from home, already strengthened in 2020, were maintained in 2021 and adjusted according to changes in the health situation and recommendations from the French Ministry of Labor, Employment and Economic Inclusion.

Refinancing operation

Mercialys has extended the maturity of its undrawn financing facilities. On the one hand, through the Euro 225 million revolving bank credit line, with 80% extended to December 2024, compared with December 2022 previously. On the other hand, through the one-year extension of an undrawn Euro 25 million bilateral bank credit line. In addition, through the determination of new firm maturities of three years on three undrawn bilateral credit lines, two of them having their amounts revised upwards, for a cumulative total of Euro 115 million, *versus* Euro 90 million previously. Lastly, through the signature a new undrawn bilateral credit line of Euro 50 million. It should be the noted that the Company has begun the "greening" of its financing structure, introducing environmental clauses into four undrawn bilateral credit lines representing a cumulative total of Euro 165 million.

As at December 31, 2021, the Company's undrawn financial resources totaled Euro 480 million, *versus* Euro 405 million at the end of December 2020. This change will enable the Company to extinguish maturing lines with a banking partner operating only marginally in France for an amount of Euro 75 million, and to terminate early, from Q1 2022, the cash advance made available by Casino group for Euro 35 million ahead of its maturity in December 2022.

The Company has also continued to optimize the management of its bond maturities and, during the 2021 fiscal year, redeemed Euro 99.2 million of the bond issue maturing in March 2023. These bonds are canceled in the Company's books. The remaining outstanding amount of the bond maturing in March 2023 therefore stood at Euro 469.5 million at the end of 2021.

Lastly, to contribute to its strong balance sheet positions, Mercialys' General Meeting of Shareholders on April 22, 2021 decided to offer each shareholder an option for the full dividend of Euro 0.43 per share for the year ended December 31, 2020 to be paid in cash or in new Company shares. This operation enabled Mercialys to further strengthen its equity by Euro 17.1 million with the creation of 1,837,332 new ordinary shares, representing nearly 2% of the capital based on the capital at April 30, 2021. Following this operation, Mercialys' share capital on May 21, 2021 was increased to Euro 93,886,501, split into 93,886,501 ordinary shares with a par value of Euro 1, fully paid-up and all of the same category.

Following the exercise of this option for payment in shares, Casino group dropped below the 20% threshold of Mercialys' capital and voting rights, and on May 31, 2021, stated that it held 18,559,506 Mercialys shares representing 19.77% of the Company's capital and 19.82% of its voting rights. Furthermore, in December 2021, Casino group announced that it had definitively completed the disposal of 3% of Mercialys' capital through a total return swap (TRS) maturing in March 2022, bringing the group's stake in Mercialys to 16.77% of its capital and 16.86% of its voting rights.

Real estate asset transactions

Mercialys continued to implement its asset disposal strategy in 2021. During the 4th quarter of 2021, Mercialys finalized the disposal of two assets: the Monoprix store in Marseille Canebière and the Carré Duparc retail park in Sainte-Marie, Reunion Island (previously owned by SCI Timur).

The Company also signed preliminary sales agreements without financing conditions on the Annecy and Saint-Étienne hypermarkets. These assets illustrate Mercialys' value creation strategy. Acquired in 2014, they have undergone a number of transformations. Mercialys also sold or signed agreements to sell various co-owned units on non-strategic and empty sites. Lastly, the Bordeaux Pessac shopping center, owned by OPCI UIR II in which Mercialys holds a 19.99% stake, was also the subject of a preliminary sales agreement in 2021, with the associated condition precedent being lifted in January 2022.

Total asset sales represent a volume of Euro 110 million deed in hand, of which Euro 28.0 million in finalized disposals and Euro 82.0 million under preliminary sales agreements, 94% of which are no longer subject to conditions precedent as at the date of publication of this document.

All of the disposals and preliminary sales agreements concluded by Mercialys (excl. UIR II) were carried out on the basis of a transaction value marginally higher than the appraisal value at the end of June 2021.

Note 3 Net rental income

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Invoiced rents	118,959	122,459
Lease rights and despecialization indemnities	963	1,468
Rental revenues	**119,922**	**123,927**
Property tax	(9,178)	(8,882)
Rebilling to tenants	6,125	7,029
Non-recovered property taxes	**(3,053)**	**(1,853)**
Service charges	(20,410)	(19,415)
Rebilling to tenants	17,454	17,252
Non-recovered service charges	**(2,956)**	**(2,163)**
Management fees	(4,498)	(4,349)
Rebilling to tenants	2,933	3,166
Other expenses	(6,210)	(15,033)
Net property operating expenses	**(7,776)**	**(16,216)**
NET RENTAL INCOME	**106,137**	**103,695**

"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.

Covid-19 impacts – First and second lockdowns in 2020

Following the first lockdown phase from March 15 to May 11, 2020, Mercialys had supported its tenants in response to the major economic impacts of the restrictions on activities, aligning itself with the core principles from the mediation process between landlords and tenants, coordinated by the French government in spring 2020. On this basis, talks were held with retailers throughout 2020, and resulted in Mercialys granting rent adjustments and waivers in the form of credits.

From October 30 to November 28, 2020, the French government ordered a second lockdown phase, with all non-essential stores to close again. For the tenants affected by these latest government-ordered closures, Mercialys offered rent waivers for November 2020 in the form of credits.

In 2021, the negotiations with retailers continued moving forward constructively, notably resulting in the contractual formalization of new negotiations for the first and second lockdowns from 2020.

- In relation to the first lockdown:

  At the end of December 2020, Mercialys had set a support budget to help its tenants cope with the economic impacts of the first lockdown in 2020, and Euro 6.9 million had been agreed by end-2020, with:

  - Euro 2.2 million in rent relief without arrangements negotiated in exchange, resulting in full recognition in the financial statements;
  - Euro 4.7 million in rent adjustments with arrangements negotiated in exchange, recognized over the residual fixed term of the corresponding leases, in accordance with accounting rules. The financial statements at December 31, 2020 included a Euro 0.8 million impact, deducted against invoiced rents.

  The financial statements at the end of December 2021 reflect the progress made on these negotiations as follows:

  - a Euro 1.3 million rent concession without arrangements negotiated in exchange, recognized as a deduction against invoiced rents. As these relief measures relate to doubtful receivables covered by provisions in Mercialys' financial statements at end-December 2020, they have resulted in reversals of provisions for doubtful receivables for the corresponding amounts;
  - an impact of Euro 1.1 million relating to deferred rent adjustments associated with the negotiations concluded in 2020 and recognized as a deduction against invoiced rents.

- In relation to the second lockdown:
  - concerning rent for the month of November 2020, Euro 4.3 million of rent waivers without arrangements negotiated in exchange were recognized in full in the financial statements at end-December 2020. In 2021, negotiations with retailers for this period led to Euro 3.2 million of relief granted and to be granted, and the amount of provisions recorded in December was reversed;
  - with regard to the relief granted by landlords during the second lockdown, a tax credit mechanism was introduced by the French government in 2020, with various restrictions for each type of tenant and requirements for tenants to provide specific information. Mercialys had not recognized any impact for this mechanism in its accounts at December 31, 2020. In view of the support measures put in place during 2021 for the second lockdown in 2020, Mercialys recorded Euro 1.0 million of income reflecting this tax credit under net rental income in its financial statements at December 31, 2021.

In addition, to cover any residual risk in respect of arrears in the second and third quarters of 2020, a Euro 9.3 million provision for impairment of receivables was made at December 31, 2020, based on the estimate by Mercialys of future rent holidays. At the end of December 2021, the residual amount of this provision stands at Euro 3.1 million and continues to be negotiated with creditors.

Covid-19 impacts – 2021 lockdown

New Government-ordered closures affected the collection of rental income, expenses and work during 2021. However, the French government has made a public commitment to put in place support packages, in addition to the solidarity fund, that will notably enable retailers that were ordered to close to honor their rent payments. In light of this commitment, enforced by public decree in November 2021, no receivables were written off and no further support measures concerning the government-ordered closures in 2021 were recorded in the financial statements at December 31, 2021.

However, as the effects of the health crisis continue and could weaken retailers, Mercialys has deemed it prudent to determine a provision for doubtful receivables in respect of arrears for the whole of 2021. The aim of this provision is to cover any shortcomings, which could result in particular from the discontinuation of various public support measures, and not to grant concessions to retailers or specific categories thereof. Consequently, a total amount of Euro 7.8 million was determined, recorded as an impairment of trade receivables and corresponding to nearly one month of rent receipts on 60% of the rental base, this rate corresponding to the percentage of retailers closed during periods of lockdown.

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 advisory 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, the Company had 55 employees in 2021 (50 managers, 4 supervisors and 1 clerical staff), *versus* 51 employees in 2020.

Note 6 Other expenses

Other expenses comprise shopping center advertising and overhead costs. Overhead costs consist primarily of: the cost of investor relations, corporate communication costs, research and marketing and service functioning; attendance fees paid to Board members; fees paid for subcontracted services (accounting, financial management, human resources management, legal management, IT), the fees paid to the Statutory Auditors; and the costs incurred for appraisals and; for management of the property assets.

Note 7 Net financial expense

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Financial income	**34,883**	**43,893**
Provision for bonus share plans	-	1,460
Provision for treasury shares	-	-
Reversal of provision for impairment of participating interests	668	1,000
• Hyperthetis Participations	-	968
• Point Confort	-	32
• Rennes-Anglet	87	-
• Immosiris	230	-
• UIR 2	351	-
Income from consolidated interests	13,029	15,678
• Point Confort	145	272
• La Diane	-	660
• Dentelle	105	145
• AMR	2,971	1,050
• Mercialys Gestion	-	157
• Aix2	-	311
• Immosiris	2,487	1,147
• Hyperthetis Participations	6,947	7,382
• Rennes-Anglet	150	4,500
• Other	224	54
Interests in affiliated companies	3,426	1,622
Net income/sale of treasury shares	1,335	2,119
Financial income from investments	834	4,958
Interest income on hedging derivatives	15,586	17,006
Other financial income	6	50
Financial expenses	**(57,311)**	**(73,862)**
Provision for bonus share plans	(366)	(836)
Provision for treasury shares	-	-
Depreciation of bond redemption premium	(5,356)	(7,749)
Provision for participating interests	(5,816)	(26,707)
• Point Confort	(707)	(143)
• UIR II	(509)	(1,248)
• AMR	(1,114)	(8,511)
• Rennes-Anglet	-	(4,439)
• Hyperthetis Participations	(2,217)	(10,750)
• Immosiris	-	(1,615)
• Epicanthe	-	(1)
• Dentelle	(1,232)	-
• Ocitô	(37)	-
Interests in affiliated companies	(520)	(122)
Interest on borrowings	(32,064)	(26,981)
Interest charges on hedging derivatives	(8,748)	(8,261)
Net expense/sale of treasury shares	(785)	(4,093)
Capitalization of borrowing costs	43	167
Other financial expenses	(3,700)	(895)
NET FINANCIAL EXPENSE	**(22,429)**	**(31,584)**

Note 8 Net exceptional items

Net exceptional items for fiscal year 2021 mainly correspond to:

- capital gains following the disposal of the Marseille, Angoulême and Paris Massena sites for an amount net of costs of Euro 0.7 million;
- provisions for asset impairment for Euro -9.3 million.

Note 9 Tax expense

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 2021, 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 10 Fixed assets

10.1 Breakdown

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Software	7,702	7,574
Finance lease rights	252	252
Other intangible assets	2,665	632
Depreciation and impairment	(6,553)	(5,467)
Net intangible assets	**4,066**	**2,991**
Land and land improvements	800,087	805,761
Depreciation and impairment	(31,398)	(26,284)
Net land and land improvements	**768,690**	**779,477**
Buildings, fixtures and fittings	672,808	674,274
Depreciation and impairment	(209,800)	(185,439)
Net buildings, fixtures and fittings	**463,008**	**488,835**
Other property, plant and equipment	16,789	15,093
Depreciation and impairment	(6,100)	(5,393)
Other net property, plant and equipment	**10,689**	**9,700**
Participating interests	623,719	623,644
Impairment of participating interests	(63,651)	(58,503)
Loans	141,154	140,440
Other investments	244	243
Net investments	**701,466**	**705,824**
NET FIXED ASSETS	**1,947,918**	**1,986,827**

Other property, plant and equipment consist of fixed assets in progress for Euro 7,061,000 at December 31, 2021, *versus* Euro 5,375,000 at December 31, 2020.

Participating interests are presented in detail in the table of subsidiaries and equity holdings (see note 25).

10.2 Changes

(in thousands of euros)		Gross	Depreciation and impairment	Net
As at December 31, 2019	Intangible assets	7,654	(4,197)	3,457
	Property, plant and equipment	1,632,502	(194,753)	1,437,749
	Investments	728,368	(32,796)	695,572
	Total	**2,368,524**	**(231,746)**	**2,136,778**
Increase	Intangible assets	804	(1,270)	(466)
	Property, plant and equipment	47,198	(30,750)	16,448
	Investments	37,757	(26,707)	11,050
	Total	**85,759**	**(58,727)**	**27,032**
Decrease	Intangible assets	-	-	-
	Property, plant and equipment	184,571	(8,387)	176,184
	Investments	1,799	(1,000)	799
	Total	**186,370**	**(9,386)**	**176,983**
As at December 31, 2020	Intangible assets	8,458	(5,467)	2,991
	Property, plant and equipment	1,495,129	(217,116)	1,278,013
	Investments	764,327	(58,503)	705,824
	Total	**2,267,914**	**(281,086)**	**1,986,828**
Increase	Intangible assets	2,244	(1,170)	1,074
	Property, plant and equipment	6,532	(32,785)	(26,253)
	Investments	790	(5,816)	(5,026)
	Total	**9,566**	**(39,771)**	**(30,205)**
Decrease	Intangible assets	84	(84)	-
	Property, plant and equipment	11,976	(2,603)	9,373
	Investments	-	(667)	(667)
	Total	**12,060**	**(3,354)**	**8,705**
As at December 31, 2021	Intangible assets	10,619	(6,553)	4,066
	Property, plant and equipment	1,489,684	(247,298)	1,243,387
	Investments	765,117	(63,651)	701,466
	Total	**2,265,420**	**(317,502)**	**1,947,918**

Intangible assets and property, plant and equipment:

The decreases for the year mainly correspond to the disposal of the Marseille Canebière, Angoulême and Paris Massena assets for a net book value of Euro 11.4 million, generating a capital gain net of costs of Euro 0.7 million.

Investments:

The increase in investments is mainly attributable to the subscription to the creation of The Next Horizon for Euro 75,000. This company is wholly owned by Mercialys SA.

Loans realized as at December 31, 2021 were as follows (including interest income):

- SNC Fenouillet Participation: Euro 45,300,000;
- SNC Fenouillet Immobilier: Euro 76,043,000;
- OPCI UIR II: Euro 900,000.
- SCI AMR: Euro 18,817,000.

10.3 Impairment

A total of Euro 9,493,000 in impairment expense for property, plant and equipment and a reversal of impairment of Euro 1,876,000 on Mercialys' real estate assets at December 31, 2021, were deemed necessary, *versus* an expense of Euro 5,999,000 and a reversal of Euro 461,000 in 2020.

For equity investments, the changes in impairment recognized during the year relate to Point Confort, AMR, Rennes-Anglet, Hyperthetis Participations, Immosiris, Epicanthe, Dentelle, Ocitô and UIR II for an amount of Euro 5,148,000. At December 31, 2021, these impairments amounted to Euro 63,651,000, *versus* Euro 58,503,000 at December 31, 2020.

These impairments mainly related to the decrease in these subsidiaries' revalued net cash position.

Note 11 Receivables

11.1 Breakdown

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Trade receivables	47,894	46,382
Impairment	(20,140)	(19,048)
Net trade receivables	**27,754**	**27,334**
Other operating receivables	26,861	32,125
Current accounts of affiliated companies	169,780	176,345
Impairment	(1,918)	(239)
Other net receivables	**167,862**	**208,231**
RECEIVABLES	**222,476**	**235,565**

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, 2020	4,353	2,117	445	10,260	489	17,664	28,719	46,383
As at December 31, 2021	**9,039**	**3,563**	**1,594**	**14,144**	**(402)**	**18,899**	**19,956**	**47,894**

Trade receivables as at December 31, 2021 primarily comprise rents, lease rights and advisory services invoiced at the end of the fiscal year.

The various lockdown measures had a negative impact on rents and charges billed.

In addition to the methodology for recording provisions for doubtful receivables 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 include, as at December 31, 2020, provisions corresponding to the impacts of the health crisis (see note 3).

Other operating receivables consist essentially of:

- tax receivables of Euro 7,130,000 as at December 31, 2021, *versus* Euro 8,501,000 at December 31, 2020;
- amounts receivable from tenants under construction leases standing at Euro 3,845,000 at December 31, 2021, *versus* Euro 4,081,000 at December 31, 2020. 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 817,000 at December 31, 2021, *versus* Euro 867,000 as at December 31, 2020.

Current accounts of affiliated companies mainly include the current accounts with SCI Caserne de Bonne for Euro 61,459,000 *versus* Euro 64,706,000 at December 31, 2020, SNC FISO for Euro 5,215,000 *versus* Euro 7,031,000 at December 31, 2020, SAS Mercialys Participations for Euro 68,523,000 at December 31, 2021 *versus* Euro 68,196,000 at December 31, 2020, and SNC Sacré-Cœur for Euro 16,287,000 at December 31, 2021 *versus* Euro 18,899,000 at December 31, 2020.

In relation to these receivables, accrued income is recognized in the amount of Euro 21,300,000, *versus* Euro 19,292,000 at December 31, 2020, primarily including:

- trade receivables: Euro 5,432,000 (Euro 3,913,000 at December 31, 2020);
- other receivables: Euro 13,038,000 (Euro 13,850,000 at December 31, 2020);
- current accounts of affiliated companies: Euro 2,580,000 (Euro 868,000 at December 31, 2020).

11.2 Schedule

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Less than one year	218,867	234,302
More than one year	3,609	3,746
RECEIVABLES	**222,476**	**238,048**

Note 12 Net cash

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Treasury shares	3,739	3,452
Impairment	-	-
Liquidity agreement	101	101
Banks	223,206	438,428
CASH	**227,046**	**441,981**

The Company held 387,113 treasury shares under the liquidity agreement entered into with the service providers at December 31, 2021, *versus* 404,427 at December 31, 2020.

Note 13 Equity

13.1 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, 2019	**544,839**	**335,723**	**2,200**	**882,762**
Increase in share capital				-
Decrease in share capital				-
Dividends paid		(43,957)		(43,957)
Net income for the period		69,786		69,786
Interim dividend				-
Other movements			(285)	(285)
As at December 31, 2020	**544,839**	**361,552**	**1,914**	**908,306**
Increase in share capital	1,837			1,837
Decrease in share capital				-
Dividends paid		(39,504)		(39,504)
Net income for the period		33,102		33,102
Interim dividend				-
Other movements	15,268	49	(216)	15,101
As at December 31, 2021	**561,944**	**355,199**	**1,699**	**918,842**

As at December 31, 2021, the share capital consisted of 93,886,501 shares with a par value of Euro 1 each.

13.2 Dividends

Of 92,049,169 shares at December 31, 2020, 91,869,289 shares were entitled to the dividend based on 2020 earnings (179,880 treasury shares exempt from dividend payments).

The Company paid its shareholders a gross dividend of Euro 0.43 per share for the fiscal year ended December 31, 2020.

During the Ordinary General Meeting on April 22, 2021, shareholders were able to opt for this dividend to be paid in new shares or in cash.

Following this operation:

- the total amount of the dividend paid in shares was Euro 17,106,000, with 1,837,332 new ordinary shares issued with a par value of Euro 1 each;
- the total amount of the dividend paid in cash was Euro 22,398,000.

The total dividend for 2020 therefore came to Euro 39,504,000.

Given a very uncertain health environment, marked by new restrictive measures and a late deployment of State aid for the period of store closures, which has led tenants to postpone the payment of their rents, in the interests of protecting the Company's cash, the Board of Directors of Mercialys unanimously decided not to distribute an interim dividend for the 2021 fiscal year.

A dividend of Euro 0.92 per share in respect of the 2021 fiscal year will be proposed at the Annual General Meeting of April 28, 2022, representing a total of Euro 86.8 million, based on the number of shares outstanding at December 31, 2021, without taking into account the cancelation of dividends on treasury shares on the payment date.

This dividend proposal comprises the distribution obligation under SIIC status concerning tax-exempt profits from:

- the leasing or subletting of properties, *i.e.* Euro 0.38 per share;
- the distribution of 70% of the tax-exempt profits for the 2021 fiscal year from the sale of properties and investments in real estate companies, *i.e.* Euro 0.01 per share;
- the distribution of 70% of the tax-exempt profits for the 2020 fiscal year from the sale of properties and investments in real estate companies, *i.e.* Euro 0.37 per share;
- the distribution of tax-exempt income recorded in the Company's balance sheet in the amount of Euro 0.16 per share.

Payment of the dividend, *i.e.* Euro 0.92 per share, would take place on May 5, 2022 (ex-dividend date being May 3, 2022), subject to approval from the Annual General Meeting on April 28, 2022.

13.3 Share-based payment

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, 2020	**208,199**
Shares awarded	188,433
Shares canceled	(80,762)
Shares issued	(9,304)
Outstanding shares at December 31, 2020	**306,566**
Shares awarded	155,986
Shares canceled	(105,952)
Shares issued	(2,640)
OUTSTANDING SHARES AT DECEMBER 31, 2021	**353,960**

13.4 Bonus share plans

Allocation dates	04/25/2019	04/25/2019	04/23/2020	04/23/2020	04/23/2020	04/22/2021	04/22/2021	04/22/2021
End of allocation period	04/25/2022	04/25/2022	04/23/2023	04/23/2023	04/23/2023	04/22/2024	04/22/2024	04/22/2023
End of holding period	04/25/2024	04/25/2024	04/23/2025	04/23/2025	04/23/2025	04/23/2026	04/23/2026	04/23/2023
Share price at the allocation date *(€)*	12.50	12.50	7.48	7.48	7.48	9.97	9.97	9.97
Number of beneficiaries	2	7	2	7	115	2	13	118
Number of bonus shares awarded at inception	45,621	23,109	137,779	44,904	5,750	95,112	49,074	11,800
Fair value of bonus share *(€)*	6.57	6.21	3.28	3.65	5.55	5.41	5.80	8.16
Selected performance rate	40%	40%	59%	83%	100%	100%	106%	106%
NUMBER OF SHARES OUTSTANDING BEFORE APPLICATION OF THE PERFORMANCE CRITERIA AT DECEMBER 31, 2021	**45,621**	**8,296**	**137,779**	**22,452**	**4,200**	**95,112**	**29,400**	**11,100**

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).

Note 14 Provisions

(in thousands of euros)	Dec. 31, 2020	Additions	Reversal	Other changes	Dec. 31, 2021
For liabilities and charges	10,092	2,459	1,134	-	11,417
For end of career severance allowances	349	77	-	(49)	377
For long service awards	17	5	-	-	22
Provisions	**10,458**	**2,541**	**1,134**		**11,816**
o/w operating		2,175	961	-	
o/w financial		366	-	-	
o/w exceptional		-	172	-	

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 15 Miscellaneous borrowings and financial liabilities

15.1 Breakdown

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Bonds	1,237,591	1,338,175
Borrowings and debts from credit institutions	135,000	332,500
Bank overdrafts	66	136
Other financial debt (security deposits received)	17,467	16,795
BORROWINGS AND FINANCIAL DEBT	**1,390,125**	**1,687,606**

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.

15.2 Bonds

In 2021, Mercialys completed a tender offer to buy back Euro 99.2 million of the bond issue maturing in 2023.

In July 2020, Mercialys had completed

- a new Euro 300 million bond issue offering a fixed yield of 4.625% and maturing in July 2027;
- a Euro 181.3 million tender offer to buy back part of the Euro 750 million bond issue maturing in 2023.

At December 31, 2021, the amount of bond financing totaled Euro 1,219.5 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 residual bond of Euro 469.5 million (Euro 750 million bond issued in December 2014, partially bought back in July 2020 and March, June and December 2021), yielding a fixed rate of 1.787% and maturing in March 2023;
- a Euro 300 million bond issue yielding a fixed rate of 4.625%, with a maturity of 7 years (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 ownership (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 in ownership of the Company.

15.3 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.

BREAKDOWN OF HEDGES AS AT DECEMBER 31, 2021:

(in thousands of euros)	Notional	Net mark-to-market	Mark-to-market (assets)	Mark-to-market (liabilities)	Premium	Provision
Fixed/floating rate swaps	919,500	28,375	28,375	-	-	-
Refixing swaps	453,200	(5,983)	323	(6,306)	-	-
Collar	273,500	(920)	155	(1,075)	-	-

At end-December 2021, Mercialys' debt structure (after hedging and including commercial papers) broke down as follows: 86% fixed-rate or hedged debt and 14% floating-rate debt.

15.4 Confirmed credit lines

The maturity of the LCL, BNP, BECM and La Banque Postale bank lines has been extended to maturities between January 2022 and July 2026, and a new Natixis line has been set up. The fees amounting to Euro 715,000 have been spread out over time.

Additional costs of Euro 360,000 relating to the revolving credit line were deferred following the change of margin and the amendment to the change of control clause.

At the end of December 2021, the Mercialys group's confirmed credit lines amounted to Euro 480 million, of which:

- a Euro 225 million revolving credit line, with 20% due in December 2022 and 80% in December 2024;
- six confirmed bank lines for a total amount of Euro 220 million, maturing between January 2022 and December 2026;
- a Casino cash advance of up to Euro 35 million, maturing in December 2022.

15.5 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, 2021, the outstanding amount was Euro 135 million, *versus* Euro 332.5 million at December 31, 2020.

15.6 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 72% of the confirmed bank lines. The remaining lines are subject to an LTV covenant of less than 50%;
- Interest Coverage Ratio (ICR): Consolidated EBITDA [(1)]/Expenses from net financial debt > 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	Dec. 31, 2021	Dec. 31, 2020
Loan To Value (LTV)	< 50%	36.7%	38.1%
ICR (Interest Cost Ratio)	2	5.13x	5.0x

As at December 31, 2021, 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 16 Payables

16.1 Breakdown

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Trade payables	16,112	16,898
Tax and social security liabilities	9,552	9,174
Income tax	-	-
Current accounts of affiliated companies	52,021	27,237
Trade payables on assets	6,123	6,368
Other liabilities	6,197	17,229
PAYABLES	**90,004**	**76,907**

Current accounts of affiliated companies mainly correspond to the following subsidiaries:

(in thousands of euros)	
SCI Timur	35,863
SNC Dentelle	2,957
SNC Géante Périaz	6,189
SCI Kerbernard	4,681
SNC C/C Narbonne	1,105

Expenses payable amount to Euro 26,283,000, *versus* Euro 36,823,000 at December 31, 2020, broken down as follows:

- trade payables: Euro 11,546,000 (Euro 13,264,000 at December 31, 2020);
- tax and social security liabilities: Euro 3,105,000 (Euro 2,589,000 at December 31, 2020);
- current accounts of affiliated companies: Euro 510,000 (Euro 114,000 at December 31, 2020);
- trade payables on assets: Euro 5,988,000 (Euro 6,114,000 at December 31, 2020);
- other liabilities: Euro 5,135,000 (Euro 14,742,000 at December 31, 2020).

16.2 Schedule

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Less than one year	90,004	76,907
Between one and five years	-	-
More than five years	-	-
PAYABLES	**90,004**	**76,907**

Note 17 Adjustment accounts

This item consists essentially of lease payments still to be deferred and income from unwinding swaps.

Note 18 Off-balance sheet commitments

The principal commitments are the following:

18.1 Commitments related to ordinary activities

18.1.1 Commitments received

18.1.1.1 Bank guarantees received

- for the proper payment of rents and service charges: at December 31, 2021, these amounted to Euro 6,199,000, *versus* Euro 5,195,000 at December 31, 2020;
- at December 31, 2021, there were no longer any bank guarantees received in connection with work ordered from suppliers, *versus* Euro 26,000 at December 31, 2020.

18.1.1.2 Current account agreement

On September 8, 2005, Mercialys signed a current account and cash management agreement with Casino. Mercialys and Casino thereby set up a shareholders' current account that recorded all payments, withdrawals or advances of sums that may be made reciprocally between the two companies.

After Casino reduced its stake in Mercialys in 2012, the two parties decided to terminate the existing current account and cash management agreement and to sign a new current account agreement. This agreement enabled Mercialys to keep a current account with Casino, enabling it to receive cash advances from Casino up to the current threshold of Euro 50 million.

In December 2019, an amendment to the agreement was signed, reducing the threshold for the cash advance to Euro 35 million and extending the expiry date to December 31, 2021.

In December 2020, an amendment to this agreement was signed, extending the expiry date of this agreement to December 31, 2022.

At end-December 2021, Mercialys had not received any cash advances from Casino.

At December 31, 2021, Mercialys had paid Euro 553,600 in fees for the non-use of the funds made available by Casino (see "Subsequent events")

In January 2022, the cash advance made available by Casino group for Euro 35 million was terminated ahead of its December 2022 maturity date, in anticipation of Mercialys increasing its undrawn bank lines in 2021.

18.1.1.3 Rental guarantee received

On December 23, 2020, following Mercialys' purchase from SCI AMR of the Montauban and Valence 2 shopping centers, a rental guarantee agreement was signed to formalize the terms and conditions of AMR's commitment to cover Mercialys against any material adverse change in the rental situation of the two real estate complexes. The term of this agreement is as follows:

- the Montauban guarantee shall come into force if all, or part, of the hypermarket's sales areas close and shall end at the earliest of the following two dates: either the partial or total re-opening of the hypermarket's sales areas or December 31, 2023;
- the Valence 2 guarantee covers the period between January 1, 2021 and December 31, 2023.

18.2. Commitments relating to exceptional transactions

18.2.1 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 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.

18.2.2 Commitments relating to the disposal of SAS Hyperthetis Participations

As part of the disposal of the 49% stake in SAS Hyperthetis Participations, Mercialys has a call option to purchase the company's securities or the real estate assets held by the minority interests at a guaranteed minimum price (the higher of the fair value and an IRR), exercisable on its initiative in 2022. This option was valued at Euro 134.6 million as at December 31, 2021, corresponding to the company's IRR. The appraisal value amounted to Euro 227 million (excluding transfer taxes) at the end of December 2021. If the options are not exercised, there is an exit clause for disposal of the assets at their fair value.

18.2.3 Other commitments

L'Immobilière Groupe Casino, a subsidiary of Casino group, granted a guarantee of compensation for Euro 1.3 million on the Arles site. At December 31, 2021, this compensation guarantee was recognized in the Mercialys SA consolidated financial statements under "Other income".

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.

18.3. Commitments under finance leases and operating leases

18.3.1 Lessee of finance leases

At December 31, 2021, the Group did not have any finance leases.

18.3.2 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 very long-term ground leases);
2) commercial leases for offices;
3) car leases;
4) IT equipment leases.

18.3.3 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 19 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 did not recognize any related provision at the end of 2021.

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 20 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 15.3. To manage its exposure to the risk of changes in interest rates, the Company uses derivatives (interest rate swaps and collars).

Note 21 Information concerning related parties

(in thousands of euros)	Dec. 31, 2021	Dec. 31, 2020
Income/(Expenses)		
Invoiced rents		
Distribution Casino France	13,342	17,931
Monoprix	608	6,848
Casino Restauration	271	1,111
Other Casino group entities	5,794	5,709
Short-term occupancy agreement charged by Mercialys to the Casino group	-	321
Service agreement for Hyperthetis Participations	100	100
Service agreement for Immosiris	50	50
Real Estate Consulting agreement for AMR	530	428
Service agreement paid to the Casino group	(954)	(1,322)
Property Management service fees paid to the Casino group	(4,074)	(3,930)
Financial income	16,173	16,144
Financial expenses	(1,074)	(652)
Income from the sale of assets to related parties [(1) (3)]	-	178,540
Non-utilization fees paid to Casino Finance	(554)	(519)
Compensation allowance paid by IGC [(4)]	1,337	-
Assets/(Liabilities)		
Loans	141,061	140,348
Participating interests	613,504	613,429
Current accounts of affiliated companies	117,760	149,108

(1) This income from the disposal of fixed assets is net of expenses.

(2) Some acquisitions may be made under the Partnership agreement described in note 18 of this document; in 2020 and in 2021, no acquisitions were made under this agreement.

(3) At end-December 2020, this included the sale by Mercialys to AMR of the Chaville, Puteaux and Marcq-en-Barœul sites and the Gassin and Besançon hypermarkets for Euro 198 million, as well as the acquisition by Mercialys from AMR of the Valence 2 and Montauban sites for Euro 19.3 million.

(4) L'Immobilière Groupe Casino, a subsidiary of Casino group, granted a guarantee of compensation for Euro 1.3 million on the Arles site. At December 31, 2021, this compensation guarantee was recognized in the Mercialys financial statements under "Other income".

21.1 Short-term occupancy agreements

As part of the acquisition of real estate asset portfolios from the Casino group, short-term occupancy agreements with Distribution Casino France guarantee the payment of rents to Mercialys before the site is opened to the public.

21.2 Agreement for the provision of services, asset management and brand licensing 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.

21.3 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.

21.4 Service agreement with Casino

Mercialys entered into a Service agreement with the Casino group, setting out the terms under which the Casino group supplies Mercialys with the support functions necessary for its operations. Since 2019, Mercialys has gradually brought the activities covered by this agreement back in house. In 2021, the agreement covered administrative management, accounting/finance and IT services. The amount paid by Mercialys to Casino group under this agreement was Euro 954,000 for the fiscal year ended December 31, 2021, compared with Euro 1,322,000 at December 31, 2020.

The notice on certain services has been extended to August 31, 2022.

21.5 Property Management activities

Mercialys has outsourced Property Management activities for nearly all its sites to Sudeco, a subsidiary of L'Immobilière Groupe Casino. These activities include rental management, service charge management, property management services and the administrative management of tenant associations or economic interest groups (EIGs) which exist at most of its shopping centers.

21.6 Other related-party transactions

21.6.1 SCI Rennes-Anglet

At the end of December 2018, Mercialys granted a loan of Euro 10,864,000 to SCI Rennes-Anglet. This cash advance earned interest at the arithmetic mean of EONIA daily fixing rates for the interest period plus margin of 50 bps. This agreement was entered into for the term of the shareholders' agreement, *i.e.* 15 years automatically renewable for successive periods of five years.

21.6.2 SCI AMR

Mercialys entered into the following agreements with SCI AMR:

- a Real Estate Consulting agreement: under this five-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;

These transactions amounted to Euro 530,000.

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 amounting to Euro 18,590,000 at the end of December 2021.

21.6.3 SNC Fenouillet Participation

At the end of December 2021, as at December 31, 2020, 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 on the date that the account is opened.

Note 22 Compensation

The gross compensation paid to officers and directors in 2021 amounted to Euro 1,494,000, *versus* Euro 1,488,000 at December 31, 2020.

Note 23 Statutory Auditors' fees

Fees in thousands of euros at Dec. 31, 2021	Ernst & Young	KPMG
Fees for certification of the financial statements	167.5	167.5
Fees other than for the certification of financial statements [1]	34	-
TOTAL	**201.5**	**167.5**

(1) Fees other than for the certification of financial statements relate to the CSR report.

Note 24 Subsequent events

In January 2022, Mercialys canceled early the current account advance granted by Casino group (this credit line had never been drawn down) for an amount of Euro 35 million.

On February 17, 2022, the Company successfully placed a new Euro 500-million bond issue with a 7-year maturity and 2.5% coupon with a diverse investor base.

At the same time, on February 16, 2022, Mercialys launched a partial buyback offer on the Euro 300-million bond issue maturing in July 2027. The nominal amount accepted by the Company as part of the buyback offer amounted to Euro 100 million. These bonds will be canceled in the Company's books. The remaining outstanding amount of the bond maturing in July 2027 therefore stands at Euro 200 million.

This bond issue also enabled the Company to exercise in full its early repayment option (make-whole) on its bond maturing in March 2023 for a nominal amount of Euro 469.5 million.

These transactions have contributed to the extension of the average maturity of the drawn debt, which, at December 31, 2021, was 3.2 years, as well as the financial conditions thereof.

Note 25 Table of subsidiaries and equity holdings

25.1 Subsidiaries (at least 50% of share capital owned)

(in thousands of euros)

Companies	Head office	SIREN (Company registration number)	Equity		Portion of share capital held *(in%)*	Book value of shares held		Loans and advances granted	2021 revenue, excl. tax	2021 net income (+ or -)	Dividends received
			Share capital	Other shareholders' equity		Gross	Net				
SAS Point Confort	16-18, rue du Quatre Septembre 75002 Paris	306 169 064	154	5,331	100	8,130	5,617	110	409	(551)	145
SAS Mercialys Participations	16-18, rue du Quatre Septembre 75002 Paris	890 154 016	1	288,832	100	295,180	295,180	68,523	-	(5,761)	-
SAS Hyperthethis Participations	16-18, rue du Quatre Septembre 75002 Paris	811 749 852	27,439	210,517	51	139,937	121,085	-	15,203	10,001	6,947
SNC Dentelle	16-18, rue du Quatre Septembre 75002 Paris	498 780 345	7,994	(1,216)	99.99	8,009	6,778	-	289	(1,216)	105
SAS Mercialys Gestion	16-18, rue du Quatre Septembre 75002 Paris	484 531 561	37	(278)	100	37	37	-	11,189	(299)	-
SAS Immosiris	16-18, rue du Quatre Septembre 75002 Paris	814 312 096	14,048	123,722	51	71,649	70,264	-	6,840	5,326	2,487
SAS Astuy	16-18, rue du Quatre Septembre 75002 Paris	821 879 467	37	(29)	100	37	37	350	-	(9)	-
SAS Cowork Mercialys	16-18, rue du Quatre Septembre 75002 Paris	852 223 676	37	(235)	100	37	37	3,316	129	(234)	-
SAS Ocitô La Galerie	16-18, rue du Quatre Septembre 75002 Paris	852 187 111	37	(1,668)	100	37	-	2,500	1	(1,457)	-
SAS Epicanthe	16-18, rue du Quatre Septembre 75002 Paris	812 269 546	1	(288)	100	1	-	574	-	(85)	-
SAS Mercialys Exploitation	16-18, rue du Quatre Septembre 75002 Paris	815 249 198	37	(1,419)	100	37	37	205	4,078	(1,067)	-
SAS The Next Horizon	16-18, rue du Quatre Septembre 75002 Paris	900 368 697	37	-	100	75	75	-	-	-	-
TOTAL						**523,166**	**499,147**				

25.2 Shareholdings (10 to 50% of capital owned)

(in thousands of euros)			Equity			Book value of shares held in thousands of euros					
Companies		**SIREN (Company registration number)**	**Share capital**	**Other shareholders' equity**	**Portion of share capital held** *(in%)*	**Gross**	**Net**	**Loans and advances granted**	**2021 revenue, excl. tax**	**2021 net income (+ or -)**	**Dividends received**
SAS Corin Asset Management	Centre Cial La Rocade 20600 Furiani	492 107 990	37	127	40	15	15	-	1,119	22	-
SCI Rennes-Anglet	8, rue Lamennais 75008 Paris	820 948 016	2,562	4,645	30	7,687	2,162	-	380	789	150
SCI AMR	91-93, bd Pasteur 75015 Paris	791 464 191	148,553	31,971	25	75,644	48,388	18,590	20,644	(8,139)	2,971
SNC AIX2	16-18, rue du Quatre Septembre 75002 Paris	512 951 617	10	(350)	50	6,991	6,991	207	1,378	(350)	311
OPCI UIR II [1]	112, av. Kleber 75784 Paris Cedex 16	533 700 654	11,966	4,788	19.98	10,205	3,355	886	5,547	2,318	224
TOTAL						**100,542**	**60,911**				

(1) The items concerning OPCI UIR II are taken from the balance sheet as at December 31, 2020.

25.3 Other equity investments

(in thousands of euros)			Equity			Book value of s hares held in thousands of euros					
Companies		**SIREN (Company registration number)**	**Share capital**	**Other shareholders' equity**	**Portion of share capital held** *(in%)*	**Gross**	**Net**	**Loans and advances granted**	**2021 revenue, excl. tax**	**2021 net income (+ or -)** [1]	**Dividends received**
SNC Fenouillet Immobilier	16-18, rue du Quatre Septembre 75002 Paris	808 659 460	2	2,612	-	1	1	74,192	5,739	2,612	-
GIE Grand Quartier [1]	Route de Saint-Malo 35760 Saint-Grégoire	729 300 087	426	5,132	4.21	10	10	-	3,919	(723)	-
TOTAL						**11**	**11**				

(1) The items concerning GIE are taken from the balance sheet as at December 31, 2020.

3.2.3 Statutory Auditors' report on the annual financial statements

Year ended December 31, 2021

To the Mercialys S.A. Annual General Meeting,

Opinion

In accordance with the mission entrusted to us by your Annual General Meeting, we have audited the Mercialys S.A. annual financial statements relating to the fiscal year ended December 31, 2021, 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 fiscal year and of the Company's portfolio for said period, 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 indicated 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, 2021 and the date on which we issued our report, and in particular, we provided no services prohibited by Article 5, paragraph 1 of regulation (EU) No. 537/2014.

Justification of our assessments – Key points of the audit

The global crisis linked to the Covid-19 pandemic created special conditions for the preparation and audit of this year's financial statements. In fact, this crisis and the extraordinary measures taken within the context of the health emergency had a number of consequences for businesses, particularly in terms of their activity and financing, as well as increased uncertainty in their outlook for the future. Some of these measures, such as travel restrictions and teleworking, also had an impact on companies' internal organization and on the way in which audits were conducted.

It is against this complex and constantly changing backdrop that, pursuant to the provisions of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification for 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 risk	At December 31, 2021, the net book value of the Company's property, plant and equipment amounted to Euro 1,242 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 consideration: • information specific to each asset such as location, rental revenues, yield rate and capital expenditure; • recent comparable market transactions. 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 and the sensitivity to the assumptions made by independent appraisals.
Our solution	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, in the context of Covid-19; • 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 in the context of the Covid-19 health crisis; • 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); • examination of the suitability of the information provided in note 1.2 of the annual financial statements.

Measurement of participating interests

Identified risk	Participating interests are reported in the balance sheet at December 31, 2021 for a net amount of Euro 701 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 the note 1.3 "Accounting principles, rules and methods - Investments" of 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 measurement of participating interests is considered to be a key point of the audit because of its sensitivity to the assumptions made.
Our solution	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 the note "Accounting principles, rules and methods - Investments" of the notes to the annual financial statements.

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 addressed to shareholders on the financial position and 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 Board of Directors' corporate governance report, of the information required by 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 underlying 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 single European electronic information format, we have also verified compliance with this format as defined by Commission Delegated Regulation No. 2019/815 of December 17, 2018 in the presentation of the annual financial statements intended to be included in the annual financial report mentioned in paragraph I of Article L. 451-1-2 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 intended to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to verify that the annual financial statements that will be included by your Company in the annual financial report filed with the French Financial Markets Authority (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 Annual General Meeting of May 6, 2010.

At December 31, 2021, our firms were in their twelfth 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. 823-10-1 of the French Commercial Code, our mission to certify the financial statements does not require us to guarantee the sustainability or the 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 works, 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 material misstatements that we consider as 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) No. 537-2014 confirming our independence, within the meaning of the rules applicable in France as these are set in particular by Articles L. 822-10 to L. 822-14 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 10, 2022

KPMG SA

Régis Chemouny

Partner

Lyon, March 10, 2022

Ernst & Young et Autres

Nicolas Perlier

Partner

3.2.4 Five-year results of Mercialys SA

	2021	2020	2019	2018	2017
Financial position at year-end					
Share capital *(€k)*	93,886.5	92,049.2	92,049.2	92,049.2	92,049.2
Number of shares issued	93,886,501	92,049,169	92,049,169	92,049,169	92,049,169
Comprehensive income *(€k)*					
Revenues excluding tax	121,883.2	125,515.7	140,067.3	138,704.4	137,899.9
Income before tax, employee profit-sharing, amortization, depreciation and provisions	78,452.0	144,317.9	134,875.8	118,447.2	308,152.8
Income tax expense	(1,026.2)	(15.5)	60.1	(9.3)	(1,332.4)
Employee profit-sharing	-	-	-	-	-
Income after tax, employee profit-sharing, amortization, depreciation and provisions	33,101.8	69,785.7	82,633.1	74,074.3	287,280.2
Total dividend payment to shareholders	86,375.6 (1)	39,591.1	87,079.6	103,095.1	100,333.6
Comprehensive income per share *(€)*					
Income after tax, employee profit-sharing, but before amortization, depreciation and provisions	0.85	1.57	1.46	1.29	3.37
Income after tax, employee profit-sharing, amortization, depreciation and provisions	0.35	0.76	0.90	0.80	3.12
Dividend paid per share	0.92 (1)	0.43	0.95	1.12	1.09
Workforce					
Number of employees *(full-time equivalent)*	54.6	51.7	46.7	51.3	50.3
Total payroll *(€k)*	7,351.0	6,070.2	5,967.5	5,887.9	6,040.8
Amount paid in respect of social security benefits and social programs *(€k)*	3,004.5	2,443.8	2,313.8	2,401.0	2,341.3

(1) Subject to approval from the Annual General Meeting to be held on April 28, 2022.

3.2.5 Information on the terms of payment of Mercialys SA

The tables below present the payment terms for trade payables and receivables as at December 31, 2021 in thousands of euros, prepared in accordance with the provisions of Article D. 441-4 of the French Commercial Code.

Invoices received and issued, due but not paid as at the closing date.

	Art. D. 441 L-1: Invoices received and due but not paid as at the closing date						Art. D. 441 L-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 90 days	Total (1 day and more)	0 day (for information)	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total (1 day and more)
(A) Overdue payment installments												
Number of invoices concerned	ns					78	183					5,210
Total amount of invoices concerned including tax	325	(123)	(679)	11	35	433	4,587	(96)	(98)	2,688	15,253	17,747
Percentage of the total amount of purchases for the period excluding tax	1%	0%	1%	0%	0%	2%						
Percentage of revenues for the period excluding tax							3.8%	-0.1%	-0.1%	2.3%	12.5%	14.6%
(B) Invoices excluded from (A) concerning payables and receivables in dispute or not recognized in the accounts												
Number of invoices excluded			21						4,074			
Total amount of invoices excluded including tax			46						19,956			
(C) Reference payment terms used (contractual or statutory term – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate overdue payments			Legal terms: 60 days from date of invoice						Contractual terms: Quarterly billing with payments falling due			



60%
Independance of the Board of Directors

50%
Feminization of the Board of Directors

96%
Attendance of the Board of Directors

4

CORPORATE GOVERNANCE

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4.1 Management and control of the Company

4.1.1 Board of Directors

The Company is incorporated as a *société anonyme* (limited liability company). The roles of Chairman of the Board of Directors and Chief Executive Officer were combined until February 13, 2019. Since that date, and in order to further improve the quality of the Company's governance with regard to the best market practices, the decision was made to separate the positions of Chairman of the Board of Directors and Chief Executive Officer: Éric Le Gentil has continued as Chairman of the Board of Directors and Vincent Ravat was appointed Chief Executive Officer. Elizabeth Blaise, Chief Financial Officer, was appointed Deputy Chief Executive Officer, a position held until then by Vincent Ravat.

This separation ensures a balance of powers between the Board, which exercises strategic and control functions, and Senior Management, which is in charge of operational functions and the execution of the strategy.

As the directorship of Éric le Gentil, Vincent Ravat and Elizabeth Blaise will expire on April 28, 2022, the Board of Directors, which will meet following the General Meeting on April 28, 2022, will be asked to vote on the renewal of the Company's current governance structure. If Éric Le Gentil's directorship is renewed, the Board of Directors plans to confirm his position as Chairman of the Board and to keep the positions of Chairman and Chief Executive Officer separate.

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 viewed 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 recommendations of the AFEP-MEDEF Code. A cross-reference table can be found in the Appendix on p. 310 et seq.

4.1.1.1 General principles governing the Board's composition

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 chapter 9, § 9.1.5, p. 433 et seq.

The Board of Directors' composition is guided by the main principles below:

- directorships have a term of three years and the Board is partly renewed every year, pursuant to the Article 16 of the Company's articles of association and the AFEP-MEDEF Code, to allow business continuity, promote the smooth renewal of directors and allow shareholders sufficient opportunity to express their opinions on these directorships;
- 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 directors may be over the age of 70;
- the Board of Directors consists of a minimum of three and a maximum of eighteen members, appointed by the Ordinary General Meeting of Shareholders (see Article 14 of the articles of association, or p. 428);
- 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 three-year term, attend Board of Directors' Meetings. In this connection, they provide comments and opinions and take part in discussions in an advisory capacity. There may not be more than five 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. 429). 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. 441).

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, if the Board of Directors is looking for a new 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. Current composition of the Board of Directors

The Board of Directors is composed of ten directors, six of whom are independent (60%) within the meaning of the AFEP-MEDEF Code, and five of whom are women (50%).

The table below is a summary of the Board of Directors' composition at February 14, 2022, the date of closing of the financial statements for fiscal year 2021:

Members of the Board of Directors	Personal information		Number of Mercialys shares owned [1]	Position on the Board of Directors			Membership of specialized Committees 2021 attendance rate		
	Gender	Age [1]		Date of 1st appointment	Expiry of directorship	2021 attendance rate	ARSDC	ACGC [2]	STC [2] *
Non-executive corporate officer									
Éric Le Gentil	M	61	28,698	02/13/2013	AGM 04/28/2022	100%		○ 100%	○ 100%
Independent members									
Stéphanie Bensimon	F	45	100 [4]	06/07/2018	AGM 04/28/2022	100%	○C 100%		○ 100%
Victoire Boissier	F	54	2,000	04/20/2016	AGM 2024	100%	○ 100%	○ 100%	
Élisabeth Cunin	F	61	1,032	06/06/2012	AGM 04/28/2022	87.50%		○ 100%	○C 100%
Dominique Dudan	F	67	3,500	04/26/2018	AGM 2024	87.50%		○C 100%	○ 100%
Pascale Roque	F	60	2,054	10/24/2017	AGM 04/28/2022	100%	○ 100%		
Generali Vie Sébastien Pezet [3], *permanent representative (from April 22, 2021)*	M	46	7,373,571 0 [5]	04/30/2014 04/22/2021	AGM 2024	100%			○ 100% [3]
Directors representing the shareholder, Casino									
La Forézienne de Participations			14,816,031 [6]	12/10/2010	AGM 2024				
David Lubek, permanent representative	M	48	720	11/13/2017		100%			
Jacques Dumas	M	69	508	08/22/2005	AGM 2023	100%		○ 80%	
Michel Savart	M	59	500	05/06/2010	AGM 2023	100%	○ 100%		○ 100%
Number of meetings in 2021						**8**	**4**	**6**	**5**
2021 attendance rate						**96%**	**100%**	**96%**	**100%**

(1) Determined as at December 31, 2021.

(2) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.5 Specialized committees below).

(3) Since April 22, 2021, replacing Bruno Servant.

(4) As of March 15, 2022, Stéphanie Bensimon held 4,600 shares.

(5) As of March 15, 2022, Sébastien Pezet held 100 shares.

(6) As of February 28, 2022, La Forézienne de Participations held 8,713,408 shares.

ARSDC: Audit, Risks and Sustainable Development Committee

ACGC: Appointments, Compensation and Governance Committee

STC: Strategy and Transformation Committee

C: Chairwoman of the Committee

** Vincent Ravat, in his capacity as Chief Executive Officer, is a permanent guest of the STC.*

Given the geographical exposure of the Company, all directors are of French nationality.

Meetings of the Board of Directors and specialized Committees are routinely conducted in person, with the option to attend by telephone conferencing. The lockdown and social distancing measures related to the health situation led, in 2020, the members of the Board of Directors to attend some of these meetings by telephone or video conferencing, as authorized by the Board of Directors' Rules of Procedure, as well as regulations amending the rules governing meetings and deliberations of legal entities' meetings and management bodies. Over the course of 2021, the easing of health restrictions made it possible to hold certain meetings in person whilst maintaining the option for directors to attend by telephone or video conferencing during periods marked by specific health measures in accordance with Board of Directors' Rules of Procedure. Details of the attendance arrangements for of each meeting are presented in chapter 4, § 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 ten directors. With six independent directors (60%), 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

Five of the ten Board of Directors' members are women, *i.e.* 50%. Furthermore, each Committee is chaired by an independent female director. The percentage of women in the Audit, Risks and Sustainable Development Committee, the Appointments, Compensation and Governance Committee and the Strategy and Transformation Committee were respectively 75%, 60% and 50% at December 31, 2021.

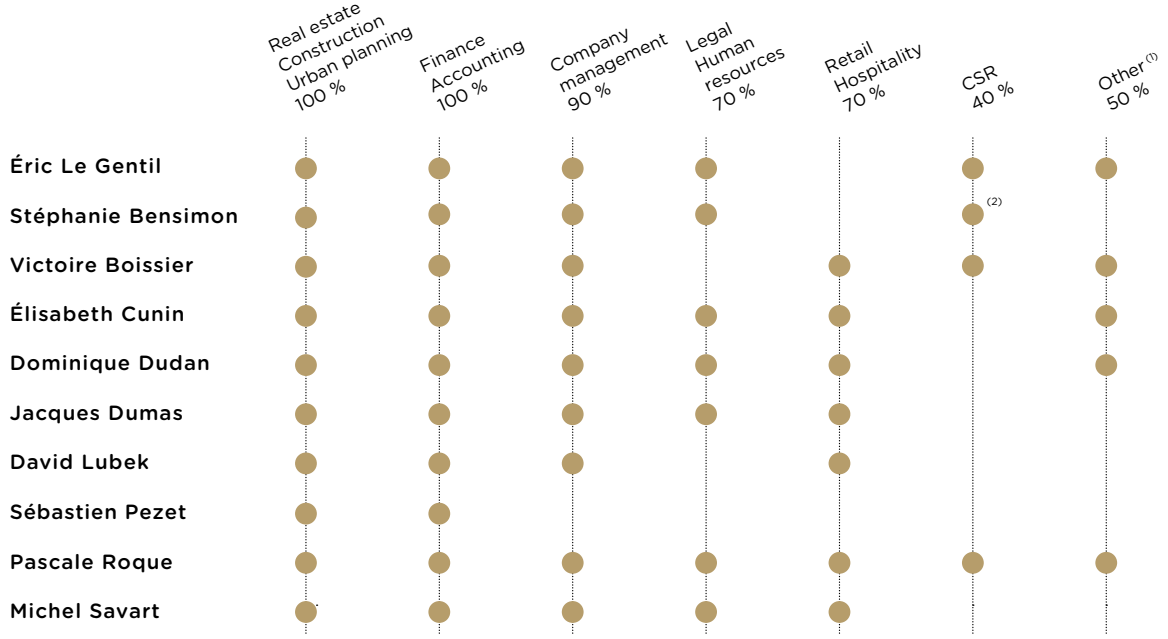
Diversity policy

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 three and no more than eighteen members.	The Board has been composed of ten directors since April 23, 2020, enabling it to become more efficient. The size of the Board is now considered appropriate.
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 seventy (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.	Directors are between the ages of 45 and 69 and the average age is 57 as at December 31, 2021. Their seniority at December 31, 2021 ranges between 0 and 16 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 perfectly balanced (50%-50%). The three Board Committees 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.	The Board of Directors benefits from a panel of experienced members with proven expertise, particularly in the areas of real estate, finance, company management, legal and human resources, retail-hospitality and Corporate Social Responsibility (CSR) (see below), in response to the challenges faced by the Mercialys group.
Independence of members	As a principle reiterated by the Board of Directors' Rules of Procedure, 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 six of the ten Mercialys directors are independent, *i.e.* 60% of the members of the Board of Directors.

Diverse, cross-functional and complementary skills

The Board of Directors also supports the diversity of its skills with a panel of experienced members with proven expertise in real estate, asset management, finance, legal, human resources, retail, Corporate Social Responsibility (CSR) and marketing:



(1) Including compliance, insurance, marketing and IT.
(2) Stéphanie Bensimon was appointed to head up supervision of the CSR approach on April 20, 2021.

A Board composed of 60% independent directors

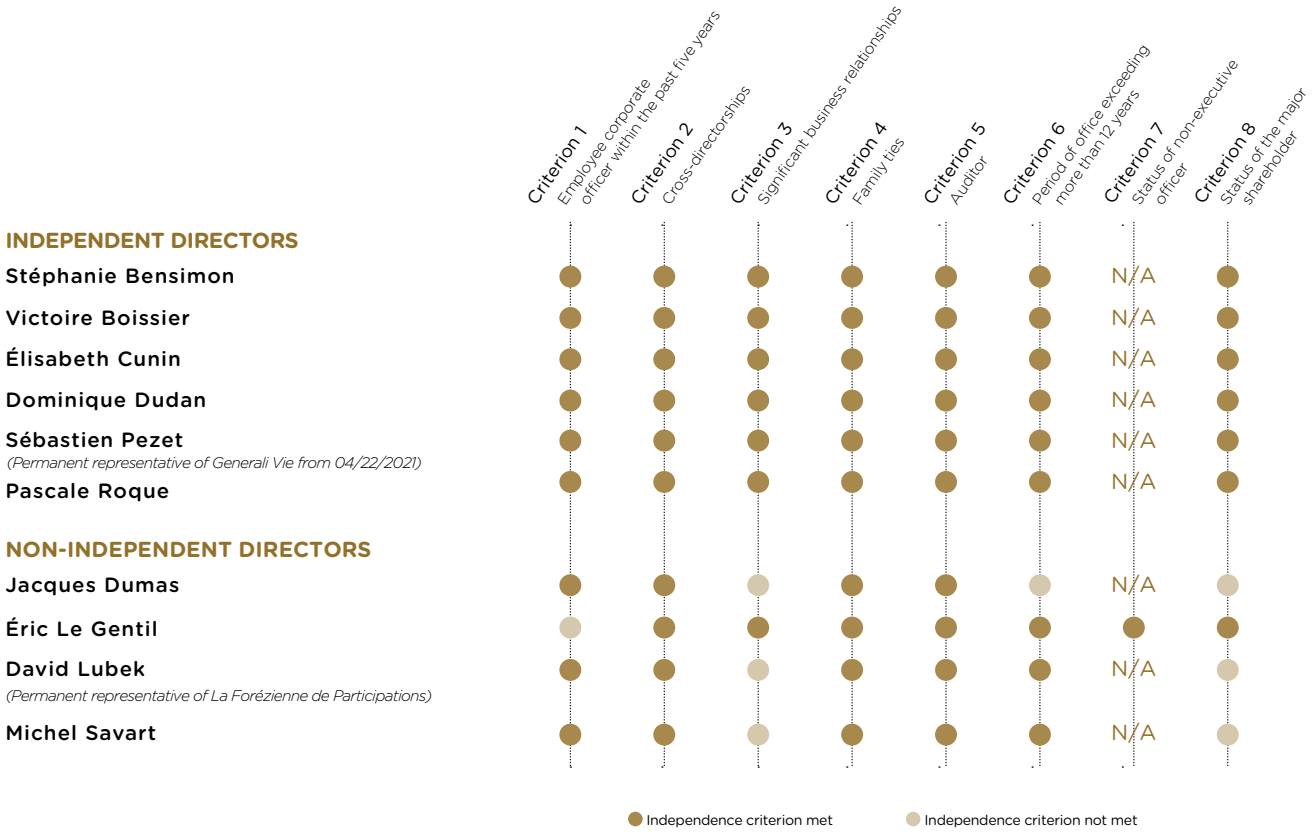
As regards the duties entrusted to it, the Appointments, Compensation and Governance Committee is tasked with monitoring the position of each of the directors in terms of any relationships they might have with the Company or Group companies to ensure that there is nothing that might compromise their 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 five years): not to be and not to have been within the previous five 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 nor 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 Auditor): not to have been a Company's Statutory Auditor within the previous five years;
- criterion 6 (period of office exceeding 12 years): not to have been a director of the Company for more than 12 years (loss of independent status occurs on the date when this 12 years is reached);
- 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 in the form of securities 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 non-material business flow is assessed from the point of view of both parties (volume of business, economic dependence, strategic nature), as well as the length of the business relationship in relation to the director's appointment. The Board relies on the work of the Appointments, Compensation and Governance Committee to determine whether these ties are likely to affect the independence of the directors.

Six directors fully meet the independence criteria as at December 31, 2021: Stéphanie Bensimon, Victoire Boissier, Élisabeth Cunin, Dominique Dudan, Pascale Roque and Sébastien Pezet, representative of Generali Vie. 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 independence of judgment on the Board nor likely to give rise to conflicts of interest. Indeed, of the 225 branches and 108 affiliates operated by Kiabi in France, only two are in Mercialys shopping centers. The rents paid by Kiabi to Mercialys accounted for 0.3% of the total rents received by Mercialys at December 31, 2021. 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, 2021:



Rigorous selection process

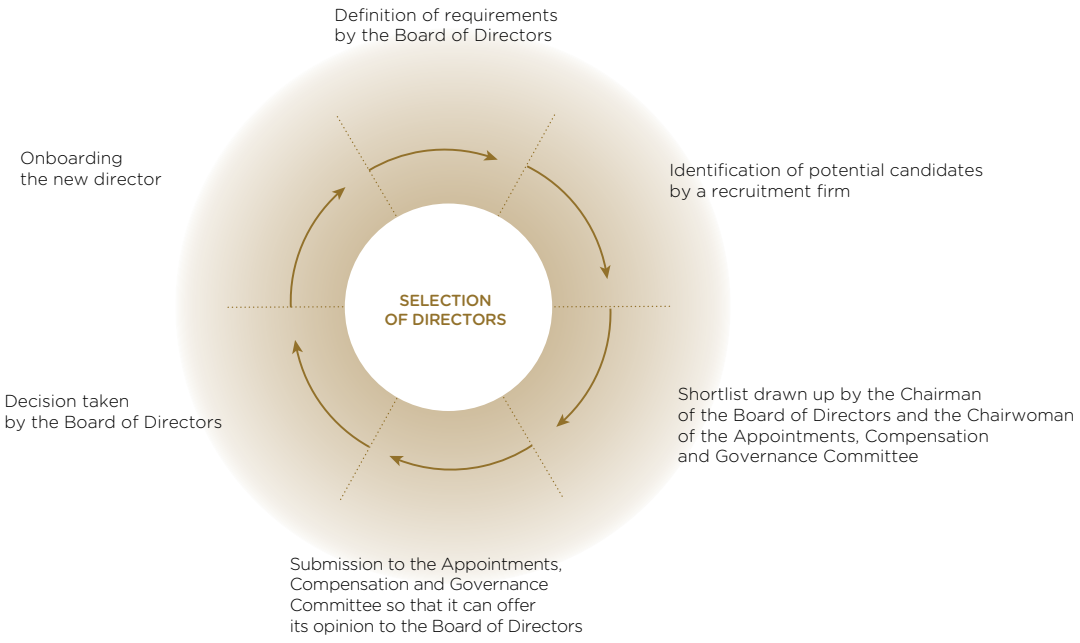
New directors are recruited according to the needs of the Board of Directors, particularly in terms of skills and experience. The comments made when the Board's operations are assessed by the directors already in post are taken into account. On this basis, the most recent assessment, carried out in the fourth quarter of 2020, showed that the most important skills needed to complete the round table would be, in no order of priority, (i) CSR, (ii) exposure to technologies, (iii) retail real estate.

Independent external firms specializing in the recruitment of executives and corporate officers are charged with finding applicants. The most recent hires made on behalf of the Mercialys Board of Directors, namely Stéphanie Bensimon and Dominique Dudan, involved the firm Emeric Lepoutre & Partners.

A selection of diverse profiles is presented to the Chairman of the Appointments, Compensation and Governance Committee, as well as to the Chairman of the Board of Directors, who may conduct interviews with all or some of the applicants. A shortlist of applicants is then submitted to the Appointments, Compensation and Governance Committee, which issues an opinion to the Board of Directors, which makes a decision from the profile(s) on offer.

It should be noted that the choice of directors representing the Casino group remains at the discretion of the latter, as is the choice of the permanent representative of Generali Vie, Mercialys' second-largest shareholder.

DIRECTORS' SELECTION PROCESS



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.

B. Offices and positions held by members of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer

Éric Le Gentil

CHAIRMAN OF THE BOARD OF DIRECTORS (DIRECTORSHIP SUBJECT TO RENEWAL)

Date of birth: June 20, 1960
French citizen
Business address: 16-18, rue du Quatre-Septembre – 75002 Paris
Number of Mercialys shares held at December 31, 2021: 28,698

EXPERTISE AND EXPERIENCE

Éric Le Gentil is a graduate of the École Polytechnique, 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 AS AT DECEMBER 31, 2021

Office/Position	Date appointed (1)	Date when term expired
• Director	February 13, 2013	OGM of April 28, 2022
• Chairman of the Board of Directors	February 13, 2013	Board of Directors' Meeting held after the OGM of April 28, 2022
• Member of the Appointments, Compensation and Governance Committee (2)	January 20, 2021	OGM of April 28, 2022
• Member of the Strategy and Transformation Committee (2)	January 20, 2021	OGM of April 28, 2022

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Within and outside the Mercialys group		
• Senior Advisor at Datafolio		
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 (2) *	○	
• Chairman of Ergera *		

(1) Éric Le Gentil was the permanent representative of Generali Vie, director of Mercialys, from January 1, 2009 to February 13, 2013.

(2) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.5 Specialized Committees below).

* *Offices and positions ended in 2021.*

Vincent Ravat

CHIEF EXECUTIVE OFFICER – NON-DIRECTOR

Date of birth: March 15, 1974
French citizen
Business address: 16-18, rue du Quatre-Septembre – 75002 Paris
Number of Mercialys shares held at December 31, 2021: 9,126

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.

MAIN POSITION

- Chief Executive Officer of Mercialys (listed company)

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2021

Office/Position	Date appointed	Date when term expired
• Chief Executive Officer	February 13, 2019	Board of Directors' Meeting held after the OGM of April 28, 2022

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Within the Mercialys group		
• Manager of Cyperus Saint André (formerly Toutoune)		
• 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 Sociétés Immobilières et Foncières (FSIF)		
• Executive Vice-Chairman, member of the Management Committee and member of the Board of Directors of the Conseil National des Centres Commerciaux (CNCC)		
• 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		

* *Offices and positions ended in 2021.*

Elizabeth Blaise

DEPUTY CHIEF EXECUTIVE OFFICER – NON-DIRECTOR

Date of birth: July 2, 1976
French citizen
Business address: 16-18, rue du Quatre-Septembre – 75002 Paris
Number of Mercialys shares held at December 31, 2021: 2,360

EXPERTISE AND EXPERIENCE

A graduate of the Institut d'Etudes 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. Since September 2014, she has served as Chief Financial Officer of Mercialys and since February 2019 she has held as well the position of Deputy Chief Executive Officer.

MAIN POSITIONS

- Deputy Chief Executive Officer and Chief Financial Officer of Mercialys (listed company)

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2021

Office/Position	Date appointed	Date when term expired
• Deputy Chief Executive Officer	February 13, 2019	Board of Directors' Meeting held after the OGM of April 28, 2022

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Within the Mercialys group		
• Permanent representative of Mercialys on the Board of Directors of OPCI UIR II		
Offices and positions ended during the past 5 years		
• Chairwoman of Mercialys Gestion		

Stéphanie Bensimon

INDEPENDENT DIRECTOR (DIRECTORSHIP SUBJECT TO RENEWAL)

Date of birth: May 6, 1976
French citizen
Business address: 20, place Vendôme – 75001 Paris
Number of Mercialys shares held at December 31, 2021: 100 (4,600 at March 15, 2022)

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 almost twenty years of experience in real estate investment, including five 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 AS AT DECEMBER 31, 2021

Office/Position	Date appointed	Date when term expired
• Director	June 7, 2018	OGM of April 28, 2022
• Member of the Audit, Risks and Sustainable Development Committee	June 7, 2018	OGM of April 28, 2022
• Chairwoman of the Audit, Risks and Sustainable Development Committee	February 13, 2019	OGM of April 28, 2022
• Member of the Strategy and Transformation Committee [1]	January 20, 2021	OGM of April 28, 2022

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Outside the Mercialys group		
• Director of Poste Immo		
• Member of the Management Board of Ardian France		
• Chairwoman of Areefnap1 and member of the Strategy Committee		
• Chairwoman of Areefnap2		
• Chairwoman of Areefrio1.SAS and member of the Strategy Committee		
• Chairwoman of Areefrio2.SAS		
• 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 I – SICAF		ITA
• Director of AREEF II – 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
Offices and positions ended during the past 5 years		
• Co-Manager of Gerpresse – Gestion Étude et Réalisation de Presse		
• Manager of West Bridge SCI		

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.5 Specialized Committees below).

Victoire Boissier

INDEPENDENT DIRECTOR

Date of birth: December 28, 1967
French citizen
Business address: 6, allée Jean-Prouvé – 92110 Clichy
Number of Mercialys shares held at December 31, 2021: 2,000

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 AS AT DECEMBER 31, 2021

Office/Position	Date appointed	Date when term expired
• Director	April 20, 2016	OGM to be held in 2024
• Member of the Audit, Risks and Sustainable Development Committee	April 23, 2020	OGM to be held in 2024
• Member of the Appointments, Compensation and Governance Committee (1)	January 20, 2021	OGM to be held in 2024

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Within and outside the Mercialys group		
• None		
Offices and positions ended during the past 5 years		
• Manager of Achats Services		
• Member of the Executive Committee and Vice-President Finance of Louvre Hôtels group		
• Member of the Mercialys Appointments and Compensation Committee (1) *	○	

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.5 Specialized Committees below).

* *Offices and positions held in 2021.*

Élisabeth Cunin

INDEPENDENT DIRECTOR (DIRECTORSHIP SUBJECT TO RENEWAL)

Date of birth: September 17, 1960
French citizen
Business address: 100, rue du Calvaire – 59510 Hem
Number of Mercialys shares held at December 31, 2021: 1,032

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 AS AT DECEMBER 31, 2021

Office/Position	Date appointed	Date when term expired
• Director	June 6, 2012	OGM of April 28, 2022
• Member of the Appointments, Compensation and Governance Committee (1)	January 20, 2021	OGM of April 28, 2022
• Chairwoman and member of the Strategy and Transformation Committee (1)	January 20, 2021	OGM of April 28, 2022

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Outside the Mercialys group		
• Chairwoman and Chief Executive Officer and director of Bunsha International		
• Chairwoman of the Company & EC		
• 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 of Camaïeu International		
• Chairwoman of the Financière Brame		
• Permanent representative of Camaïeu International on the Board of Directors of Mode Développement Belgique SA		BEL
• Permanent representative of Camaïeu International, General Partner of Camaïeu Monaco & Cie		MCO
• Executive Manager of Camaïeu Asia		SGP
• Executive Director of Camaïeu Apparel (Shanghai) Co. Ltd		CHN
• Chairwoman and member of the Mercialys Appointments and Compensation Committee (1) *	○	

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.5 Specialized Committees below).

* *Offices and positions ended in 2021.*

Dominique Dudan

INDEPENDENT DIRECTOR

Date of birth: January 19, 1954
French citizen
Business address: 1, rue de Condé – 75006 Paris
Number of Mercialys shares held at December 31, 2021: 3,500

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 a member of the Supervisory Board of Swiss Asset Managers France (formerly Swiss Life Reim – France) since 2017. 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 AS AT DECEMBER 31, 2021

Office/Position	Date appointed	Date when term expired
• Director	April 26, 2018	OGM to be held in 2024
• Chairwoman and member of the Appointments, Compensation and Governance Committee [1]	January 20, 2021	OGM to be held in 2024
• Member of the Strategy and Transformation Committee [1]	January 20, 2021	OGM to be held in 2024

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Outside the Mercialys group		
• Director, member of the Audit and Risk Committee and Chairwoman of the Appointments and Compensation Committee of Gecina	○	
• Member of the Supervisory Board and Chairwoman of the Audit Committee of Selectirente	○	
• Member of the Supervisory Board and member of the Audit and Risk Committee of Swiss Life Asset Managers France		
• 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 XII		
• Member of the Supervisory Board of Altixia Commerces		
• Member of the Supervisory Board of Pierre Expansion		
• Chairwoman of Artio Conseil		
• Manager of SCI du 92		
• Manager of SCI MMM & Co		
• Manager of William's Hotel		
Offices and positions ended during the past 5 years		
• Co-Manager of Warburg-HIH Invest France		
• Director and Vice-President of the Observatoire Régional de l'Immobilier d'Entreprise in Île-de-France		
• Managing Partner of SCI du Terrier		
• Voluntary liquidator of Les Artisans du Son		
• Chairwoman and member of the Mercialys Investment Committee and member of Appointments and Compensation Committee [1] *	○	

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.5 Specialized Committees below).

* *Offices and positions ended in 2021.*

Jacques Dumas

NON-INDEPENDENT DIRECTOR

Date of birth: May 15, 1952
French citizen
Business address: 148, rue de l'Université – 75007 Paris
Number of Mercialys shares held at December 31, 2021: 508

EXPERTISE AND EXPERIENCE

Jacques Dumas holds a Master's Degree in Law and studied at the Institut d'Études Politiques de Lyon. He began his career as a lawyer, then served as Administration Manager for Compagnie Française de l'Afrique Occidentale – CFAO (1978-1986). In 1987 he joined Rallye group as Deputy Corporate Secretary, then became Manager of Legal Affairs of the Euris group in 1994. He is currently Executive Vice-President of Euris and advisor to the Chairman of Casino, Guichard-Perrachon.

MAIN POSITIONS

- Advisor to the Chairman of Casino, Guichard-Perrachon (listed company) and Executive Vice-President of Euris

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2021

Office/Position	Date appointed	Date when term expired
• Director	August 22, 2005	OGM to be held in 2023
• Member of the Appointments, Compensation and Governance Committee [1]	January 20, 2021	OGM to be held in 2023

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Outside the Mercialys group		
Within the Euris group		
• Director of Rallye	○	
• Permanent representative of Euris on the Board of Directors of Finatis and member of the Audit Committee	○	
• Permanent representative of Euris on the Board of Directors of Casino, Guichard-Perrachon	○	
• Member of the Supervisory Committee of Monoprix		
Outside the Euris group		
• Manager of Cognacq-Parmentier		
• Manager of Longchamp-Thiers		
Offices and positions ended during the past 5 years		
• Permanent representative of Cobivia on the Board of Directors of Casino, Guichard-Perrachon	○	
• Member of the Appointments and Compensation Committee of Casino, Guichard-Perrachon	○	
• Member of the Mercialys Audit, Risks and Sustainable Development Committee	○	
• Member of the Mercialys Appointments and Compensation Committee [1] *	○	

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.5 Specialized Committees below).

* *Offices and positions ended in 2021.*

Pascale Roque

INDEPENDENT DIRECTOR (DIRECTORSHIP SUBJECT TO RENEWAL)

Date of birth: February 14, 1961
French citizen
Business address: Atream – 153, rue du Faubourg St-Honoré – 75008 Paris
Number of Mercialys shares held at December 31, 2021: 2,054

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. Since June 2020, she has been 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). With a strong belief in this sector, the Company's objective is to diversify the assets under management, whether Business premises alone or Business premises and Goodwill.

MAIN POSITION

- Chief Executive Officer of Tourism, in charge of investment and tourism asset management at the real estate management company Atream

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2021

Office/Position	Date appointed	Date when term expired
• Director	October 24, 2017	OGM of April 28, 2022
• Member of the Audit, Risks and Sustainable Development Committee	December 21, 2017	OGM of April 28, 2022

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
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
• Deputy 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		

Michel Savart

NON-INDEPENDENT DIRECTOR

Date of birth: April 1, 1962
French citizen
Business address: Foncière Euris – 83, rue du Faubourg Saint-Honoré – 75008 Paris
Number of Mercialys shares held at December 31, 2021: 500

EXPERTISE AND EXPERIENCE

Michel Savart is a graduate of the École Polytechnique and the École Nationale Supérieure des Mines de Paris. He started his career with Havas in 1986, then moved to Banque Louis Dreyfus in 1987 where he led various projects. Between 1988 and 1994, he managed projects for Banque Arjil (Lagardère group) and advised the bank's Management Board. From 1995 to 1999, he served as Managing Director of Mergers & Acquisitions for Dresdner Kleinwort Benson (DKB). In October 1999, Michel Savart joined Euris-Rallye as Head of Private Equity Investments and advisor to the Chairman. He currently holds the position of advisor to the Chairman of the Rallye-Casino group. Since August 2009, he has also been Chairman and Chief Executive Officer of Foncière Euris.

MAIN POSITIONS

- Advisor to the Chairman of the Rallye/Casino group and Chairman and Chief Executive Officer of Foncière Euris (listed company)

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2021

Office/Position	Date appointed	Date when term expired
• Director	May 6, 2010	OGM to be held in 2023
• Member of the Audit, Risks and Sustainable Development Committee	December 12, 2018	OGM to be held in 2023
• Member of the Strategy and Transformation Committee [1]	January 20, 2021	OGM to be held in 2023

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Outside the Mercialys group		
Within the Euris group		
• Chairman of the Management Board of Centrum Serenada Sp. Zoo.		POL
• Chairman of the Management Board of Centrum Krokus Sp. Zoo.		POL
• Member of the Supervisory Committee of Go Sport group		
• Permanent representative of Foncière Euris on the Board of Directors of Casino, Guichard-Perrachon	○	
• Representative of Foncière Euris, Chairman of Marigny Foncière and Mat-Bel 2		
• Representative of Marigny Foncière, co-Manager of SCI Les Deux Lions and SCI Ruban Bleu Saint-Nazaire		
• Representative of Marigny Foncière, Manager of SCI Pont de Grenelle and SNC Centre Commercial Porte de Châtillon		
Outside the Euris group		
• Chairman of Aubriot Investissements		
Offices and positions ended during the past 5 years		
• Chairman of the Management Board of Centrum Riviera Sp. Zoo		POL
• Representative of Delano Holding, co-Managing Partner of Delano Participations		
• Permanent representative of Finatis on the Board of Directors of Casino, Guichard-Perrachon	○	
• Representative of Foncière Euris, Chairman of Matignon Abbeville		
• Representative of Immat Bel, Managing Partner of Marigny Fenouillet and Co-Managing Partner of Delano Holding		
• Representative of Mat-Bel 2, Managing Partner of Immat Bel * and Matbelys		
• Permanent representative of Rallye on the Supervisory Board of Go Sport group		
• Permanent representative of Rallye on the Board of Directors of Go Sport group		
• Manager of Montmorency		
• Co-Manager of Guttenbergstrasse BAB5 GmbH		DEU
• Member of the Appointments and Compensation Committee of Mercialys	○	
• Member of the Mercialys Investment Committee [1] *	○	

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.5 Specialized Committees below).

* *Offices and positions ended in 2021.*

La Forézienne de Participations

NON-INDEPENDENT DIRECTOR

Société par actions simplifiée (simplified joint stock company) with share capital of Euro 568,599,197
Head office: 1, cours Antoine Guichard – 42000 Saint-Étienne
501 655 336 RCS Saint-Étienne
Number of Mercialys shares held at December 31, 2021: 14,816,031 (8,713,408 at February 28, 2022)

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2021

Office/Position	Date appointed	Date when term expired
• Director	December 10, 2010	OGM to be held in 2024

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Outside the Mercialys group		
Within the Casino group		
• Director of Shopping Property Fund 1		
Offices and positions ended during the past 5 years		
• Director of Proxipierre		
• Chairman of Jekk *		

* *Offices and positions ended in 2021.*

David Lubek

PERMANENT REPRESENTATIVE OF LA FORÉZIENNE DE PARTICIPATIONS

Date of birth: May 13, 1973
French citizen
Business address: Groupe Casino – 148, rue de l'Université – 75007 Paris
Number of Mercialys shares held at December 31, 2021: 720

EXPERTISE AND EXPERIENCE

Graduate of École Polytechnique and ENSAE, holder of a post-graduate degree in economics (EHESS), David Lubek began his career as assistant economics professor at ENSAE. He joined the Ministry of Finance in 2000 in the Budget Department, where he occupied several managerial positions (research budget, budget execution summary). In 2006, he joined the Finance Inspectorate, where he was in charge of consulting and audit assignments for the public and private sectors. He joined Groupama in 2010 as Director of the group's general audit. David Lubek was Director of Management Control for the Casino group from 2013 until October 2018, when he was appointed Deputy Chief Financial Officer. In November 2018, he was appointed Chief Financial Officer of Casino group and joined the Executive Committee.

MAIN POSITIONS

- Chief Financial Officer and member of the Executive Committee of the Casino group

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2021

Office/Position	Date appointed	Date when term expired
• Permanent representative of La Forézienne de Participations	November 13, 2017	OGM to be held in 2024

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Outside the Mercialys group		
Within the Casino group		
• Member of the Supervisory Committee of GreenYellow		
• Chairman and Chief Executive Officer and Director of Casino Finance		
• Chairman and member of the Supervisory Committee of Monoprix		
• Chairman and member of the Supervisory Committee of Cnova Pay		
• Director, member of the Finance Committee, member of the Strategy and Investment Committee of Sendas Distribuidora SA (Assaí)	○	BRA
Offices and positions ended during the past 5 years		
• Member of the Audit, Risks and Sustainable Development Committee of Mercialys	○	
• Permanent representative of Casino, Guichard-Perrachon on the Supervisory Board of Monoprix		
• Director of Ségisor		
• Member of the Mercialys Investment Committee (1) *	○	

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.5 Specialized Committees below).

* *Offices and positions ended in 2021.*

Société Generali Vie

INDEPENDENT DIRECTOR

Société anonyme (limited liability company) with share capital of Euro 336,872,976
Head office: 2, rue Pillet-Will – 75009 Paris
602 062 481 RCS Paris
Number of Mercialys shares held at December 31, 2021: 7,373,571

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2021

Office/Position	Date appointed	Date when term expired
• Director	April 30, 2014	OGM to be held in 2024

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Outside the Mercialys group		
Within the Generali France group		
• Director of Generali IARD		
• Director of Generali Luxembourg		LUX
• Director of GFA Caraïbes		
• Director of the non-profit organization The Human Safety Net France (THSN France)		
• Director of The Human Safety Net France endowment fund		
Outside the Generali France group		
• Director of Observation Sélection		
• Director of Reconnaissance Europe		
• Director of Risque & Sérénité		
• Director of Fonds Nouvel Investissement 1		
• Director of Fonds Nouvel Investissement 2		
• Director of Carte Blanche		
• Director of Covivio Immobilien (formerly Immeo SE)		DEU
• Director of Comgest Monde		
• Member of the Supervisory Board of Covivio Hotels	○	
• Non-voting director of Fonds Logement Intermédiaire		
• Member of the Advisory Committee of WCP Impact #1		
• Member of the Monitoring Committee of Iznes		
Offices and positions ended during the past 5 years		
• Chairman of Haussmann Investissement		
• Director of Europ Assistance Holding		
• Director of Expert et Finances		
• Director of Foncière Développement Logements	○	
• Member of the Supervisory Board of Foncia Pierre Rendement		
• Director of Vigeo		
• Director of Pour la Location du Moncey – Beeotop		
• Director of Palatine Mediterranea		

Sébastien Pezet

PERMANENT REPRESENTATIVE OF GENERALI VIE (FROM APRIL 22, 2021)

Date of birth: August 19, 1975
French citizen
Business address: Generali France – 2, rue Pillet-Will – 75009 Paris
Number of Mercialys shares held at December 31, 2021: 0 (100 at March 15, 2022)

EXPERTISE AND EXPERIENCE

Sébastien Pezet holds a Master's degree in economics and a Master's degree in real estate from Université Paris Dauphine. He joined Generali Real Estate in 2002. He has been Head of Western Europe Region since January 2018 with a portfolio totaling Euro 12 billion under management comprising offices, retail, logistics and residential. He had previously been appointed head of the French division in 2015.

MAIN POSITION

- Head of Western Europe Region – Generali Real Estate

OFFICES AND POSITIONS HELD WITHIN MERCIALYS AS AT DECEMBER 31, 2021

Office/Position	Date appointed	Date when term expired
• Permanent representative of Generali Vie	April 22, 2021	OGM to be held in 2024
• Member of the Strategy and Transformation Committee	April 22, 2021	OGM to be held in 2024

OTHER OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Outside the Mercialys group		
Within the Generali France group		
• Head of Generali Real Estate SPA in France		
• Chairman of the Board of Directors and Director of OFI GR1		
• Chairman of the Board of Directors and Director of OFI GB1		
Outside the Generali France group		
• Representative of Generali Real Estate, Director of the Fédération des Sociétés Immobilières et Foncières		
• Permanent representative of Generali Vie, member of the Supervisory Board of Covivio Hotels	○	
• Representative of Generali on the Economic and Financial Real Estate Committee of the FFA		
Offices and positions ended during the past 5 years		
• Chairman of the Board of Directors and Director of Generali Résidentiel		
• Chairman of the Board of Directors and Director of Generali Bureaux		
• Chairman of the Board of Directors and Director of Immobilière Commerciale des Indes Orientales (IMMOCIO)		
• Member of the Supervisory Board of ANF Immobilier	○	
• Manager of Parcolog Gondreville Fontenoy 2		

C. Offices and positions held by a member of the Board of Directors who left office during fiscal year 2021

Bruno Servant

PERMANENT REPRESENTATIVE OF GENERALI VIE (UNTIL APRIL 22, 2021)

Date of birth: February 26, 1960
French citizen
Business address: Generali France – 2, rue Pillet-Will – 75009 Paris
Number of Mercialys shares held at December 31, 2021: 2,000

EXPERTISE AND EXPERIENCE

A graduate of ESSEC and the Institut d'Études Politiques de Paris, Public Service section, and the Institut des Actuaires, Bruno Servant began his career at Crédit Lyonnais in August 1985. In January 1986, he became portfolio manager at Citibank, and in May 1988 he joined the Shearson Lehman Hutton bank. He joined Deutsche Bank in May 1990, where he was head of the Institutional Investment Management Department and Chairman of the Management Board of Deutsche Asset Management SA. In September 2003, he became Deputy Chief Executive Officer of UBS Global Asset Management France SA. He then joined the Generali group in September 2007 as Deputy Chief Executive Officer and Corporate Secretary of Generali Investments France. From March 2012, he held the position of Investment Director at Generali Vie. Since March 2021, he has been Chief Executive Officer of Generali Insurance Asset Management S.p.A. (SGR).

MAIN POSITION

- Chief Executive Officer of Generali Insurance Asset Management

OFFICES AND POSITIONS	Listed company	Outside France
Offices and positions held in 2021		
Outside the Mercialys group		
Within the Generali France group		
• Director of Generali France SA		
• Outside the Generali France group		
• Chief Executive Officer of Generali Insurance Asset Management S.p.A. (SGR)		ITA
• Director of Generali Insurance Asset Management S.p.a (SGR)		ITA
• Director of Sycomore Factory		
• Director of Sycomore Asset Management SA		
• Director of Sycomore Market Solutions SA		
• Chairman of the Board of Directors of Generali Investments Asia Limited		HKG
Offices and positions ended during the past 5 years		
• Managing Partner of GF Pierre		
• Member of the Mercialys Investment Committee (1) *	○	
• Permanent representative of Generali Vie on the Mercialys Board of Directors and member of the Strategy and Transformation Committee (1) **	○	
• Member of the Supervisory Board of Lion River I		NLD
• Member of the Supervisory Board of Lion River IIs		NLD
• ILN Board of Directors member for Generali S.p.A.		ITA
• Member of the Board of Generali Real Estate S.p.A.		ITA
• Representative of Generali Vie, Chairman of Haussmann Investissement		
• Representative of Generali Vie on the Board of Directors of SICAV Objectif Sélection		

(1) As a result of decisions taken by the Board of Directors on January 20, 2021, the Investment Committee was transformed into the Strategy and Transformation Committee, and the Appointments and Compensation Committee became the Appointments, Compensation and Governance Committee (see § 4.1.5 Specialized Committees below).

* *Offices and positions ended in 2021.*

** *Offices and positions ended April 22, 2021.*

D. Changes in the composition of the Board of Directors and its specialized Committees during fiscal year 2021

	Board of Directors	Audit, Risks and Sustainable Development Committee	Investment Committee *(until January 20, 2021)*	Strategy and Transformation Committee *(from January 20, 2021)*	Appointments and Compensation Committee *(until January 20, 2021)*	Appointments, Compensation and Governance Committee *(from January 20, 2021)*
Departures	**Bruno Servant** *, Permanent representative of Generali Vie *(until April 22, 2021)*	-	**Dominique Dudan** *, Chairwoman **Éric Le Gentil** **David Lubek** **Michel Savart** **Bruno Servant** * **Vincent Ravat**, Permanent guest	**Bruno Servant** * *(until April 22, 2021)*	**Élisabeth Cunin** *, Chairwoman **Victoire Boissier** * **Dominique Dudan** * **Jacques Dumas** **Éric Le Gentil**	-
Appointments	**Sébastien Pezet** *, Permanent representative of Generali Vie *(from April 22, 2021)*	-	-	**Élisabeth Cunin** *, Chairwoman **Stéphanie Bensimon** * **Dominique Dudan** * **Éric Le Gentil** **Sébastien Pezet** * *(from April 22, 2021)* **Michel Savart** **Vincent Ravat**, Permanent guest	-	**Dominique Dudan** *, Chairwoman **Victoire Boissier** * **Élisabeth Cunin** * **Jacques Dumas** **Éric Le Gentil**
Renewals	**Victoire Boissier** * **Dominique Dudan** * **La Forézienne de Participations** **Generali Vie** *	-	-	-	-	-

* *Independent director.*

E. Directorships expiring at the Annual General Meeting of April 28, 2022

Directors	
Whose directorship expires	**Whose directorship is proposed for renewal (1)**
Éric Le Gentil Stéphanie Bensimon * Élisabeth Cunin * Pascale Roque *	Éric Le Gentil Stéphanie Bensimon * Élisabeth Cunin * Pascale Roque *

(1) On the recommendation of the Appointments, Compensation and Governance Committee.

* *Independent director.*

On the recommendation of the Appointments, Compensation and Governance Committee, the Board of Directors proposes at the next General Meeting the renewal of the directorships mentioned above for a period of three years. The Board considers that its current composition allows it to be a balanced and stable body, with members offering complementary expertise and a good knowledge of the sector and the Company.

In particular, the Board wishes to renew its confidence in its Chairman, Éric Le Gentil, who provides invaluable support to the Senior Management team. He maintains excellent relations with stakeholders and plays an essential role in the smooth running of the Board.

Thus, and subject to approval from the General Meeting on April 28, 2022, at the end of the Meeting, the Board would remain composed of ten members and would comprise, within the meaning of the criteria set out in the AFEP-MEDEF Code, six independent directors: Stéphanie Bensimon, Victoire Boissier, Élisabeth Cunin, Dominique Dudan, Pascale Roque and Generali Vie (represented by Sébastien Pezet). The Board would also comprise three representatives of the shareholder, Casino: Jacques Dumas and Michel Savart, and La Forézienne de Participations (represented by David Lubek). Independent directors would make up 60% of the Board and women, 50%.

4.1.2 Senior Management of the Company

Since February 13, 2019, and in order 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 was appointed Chairman of the Board of Directors, Vincent Ravat was appointed Chief Executive Officer, and Elizabeth Blaise appointed Deputy Chief Executive Officer.

The General Meeting of April 25, 2019 renewed the directorship of Éric Le Gentil, and the Board of Directors which met after this General Meeting renewed this new governance for three years. 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.

The terms of office of Éric Le Gentil as Chairman of the Board of Directors, Vincent Ravat as Chief Executive Officer, and Elizabeth Blaise as Deputy Chief Executive Officer will expire on April 28, 2022. The Board of Directors, which will meet following the General Meeting of April 28, 2022, will be asked to decide on the renewal of the Company's governance structure. If Éric Le Gentil's directorship is renewed, the Board of Directors plans to confirm his position as Chairman of the Board and to keep the positions of Chairman and Chief Executive Officer separate.

A. Restrictions on the powers of the Company's 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. Thresholds have been set to ensure that the Board of Directors approves the most significant transactions, in accordance with statutes and the principles of corporate governance. 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 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 Euro 10 million threshold does not apply to internal transactions within the Mercialys group, which, where appropriate, require the joint approval of the Chief Executive Officer and the Deputy Chief Executive Officer.

The Chief Executive Officer may delegate some or all of his powers to the Deputy Chief Executive Officer or to a member of the Management Committee.

The projects covered by the Partnership agreement entered into with the Casino group in terms of property development, regardless of their amount, had to be submitted to the Board of Directors for prior authorization pursuant to the provisions of said agreement until December 31, 2020. However, this Partnership agreement expired on December 31, 2020.

Furthermore, 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, which require their joint approval.

The Board of Directors has authorized Senior Management, for a period of one year, *i.e.* until December 31, 2022, to give 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 and extend or replace, borrowings, confirmed lines of credit, cash advances and all financing contracts, whether syndicated or not, up to a maximum amount of Euro 300 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.

Finally, Senior Management is authorized to issue bonds and private bond placements for a total maximum amount of Euro 550 million and Euro 200 million per year respectively and, in this regard, to determine the characteristics and terms, and to carry out any related capital market transactions.

B. 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 former Management Committee, the new Management Committee is primarily intended to represent all the key functions of the Company:

- Senior Management;
- Finance;
- Human resources;
- CSR;
- Asset management;
- Lettings;
- Shopping center operations;
- Marketing, customer experience;
- Legal;
- Innovation;
- Arbitrage and acquisitions;
- Real estate 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.

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 2021, the Management Committee was specifically tasked with managing any aspects of the health crisis that could impact the Company: introduction of improved health and safety measures, dialog with the various stakeholders (retailers, visitors, local authorities, etc.), legal relationships with tenants and, in particular, any financial impacts. It also dealt with many operational topics such as lettings, investment and disposal projects, the development of new activities such as coworking or the Ocitô platform, the deployment of new tools and procedures related to IT infrastructures, as well as the CSR policy.

At December 31, 2021, the Management Committee was made up of 14 members, of which 50% were women. The average age of its members was 47.4 years, ranging from 35 to 62 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 6.8 years, with both long-term Mercialys employees and new hires, thus combining 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, with Mercialys 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, 2021:

Member	Gender	Age at December 31, 2021	Department	Seniority at Mercialys at December 31, 2021 (1)
Vincent Ravat	M	47 years	Chief Executive Officer	8 years
Elizabeth Blaise	F	45 years	Deputy Chief Executive Officer and Chief Financial Officer	7 years
Fanny Faugère	F	49 years	Real Estate Innovation	12 years
Irving Gauthier	M	39 years	Administrative and Financial Department	1 year
Stéphane Girard	M	53 years	Development and Institutional Relations	1 year
Fabrice Haurani	M	37 years	Arbitrages and Acquisitions	10 years
Didier Jacquel	M	62 years	Shopping Center Operations	6 years
François Klitting	M	62 years	General Secretary	0.3 years
Nathalie Monfort	F	54 years	Lettings	16 years
Julie Récart	F	39 years	Customer Experience	5 years
Audrey Servadio	F	35 years	Corporate Social Responsibility	9 years
Amina Tonner	F	42 years	Mixed-used Projects	9 years
Paul-Henry Vielle	M	61 years	Human Resources	0.2 years
Anne-Violaine de Vregille	F	39 years	Legal Real Estate and Asset Management	11 years

(1) Seniority as a Mercialys employee or as a service provider on the Company's behalf, since the Casino group has historically performed a significant number of support functions for Mercialys under the existing Service agreement between the two groups.

Members joining and leaving in 2021 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, 2021**	**Department**	**Member**	**Gender**	**Age at December 31, 2021**	**Department**
Kristelle Wauters	F	42 years	Real Estate Operations	François Klitting	M	62 years	General Secretary
Clément Goutagny	M	34 years	Customer Innovation	Paul-Henry Vielle	M	61 years	Human Resources
Christophe Rigo	M	53 years	Human Resources				

C. Gender balance within governing 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 chapter 2, p. 107 et seq.).

The Company has demonstrated 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 (1)	Vincent Ravat, Chief Executive Officer Elizabeth Blaise, Deputy Chief Executive Officer
Management Committee (1)	50% women

(1) At December 31, 2021.

Thanks to Mercialys' gender equality policy, gender equality is respected every year, both within the Management Committee and Senior Management. The table showing the composition of the Management Committee (see above) is a perfect illustration of this: of 14 members, 7 are women.

This strong application of the principle of equity was notably recognized when a score of 92/100 was obtained on the Gender Equality Index in 2021.

4.1.3 Succession plans

In 2021, the Appointments, Compensation and Governance Committee assessed possible options on a potential succession 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 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 Board of Directors also examines and approves the Company's and its subsidiaries' full-year and half-year consolidated financial statements and presents reports on the business and results of the Company and of its subsidiaries; it approves the Company's business plan and financial projections. It reviews the management report and the corporate governance report, with a view to their approval. It appoints the Chairman, the Chief Executive Officer and, as the case may be, the Deputy Chief Executive Officer, and determines their compensation. It determines whether Senior Management functions are combined or separated. It allocates share subscription or purchase options and bonus shares, and implements employee shareholding plans. It also reviews the Company's equal opportunities and equal pay policy every year.

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 management bodies and verifies in particular that the directors are capable of carrying out their duties.

A. Board of Directors' Rules of Procedure

The organization and operation of the Board of Directors are governed by its Rules of Procedure, adopted on August 22, 2005. They were last amended on February 15, 2021 following the transformation of the Investment Committee into the Strategy and Transformation Committee, as well as the change of name of the Appointments and Compensation Committee to the Appointments, Compensation and Governance Committee, in order to update their duties. The Rules of Procedure also include the corporate governance principles which the Board upholds and applies.

The Rules of Procedure also describe the operation, powers, responsibilities and duties of the Board and its specialized Committees: the Audit, Risks and Sustainable Development Committee, the Appointments, Compensation and Governance Committee (formerly the Appointments and Compensation Committee) and the Strategy and Transformation Committee (formerly the Investment Committee).

The professional ethics rules and good governance principles applicable to the members of the Board of Directors are set out in § 4.1.7, p. 263 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 of Directors' Rules of Procedure are available to shareholders in this Universal Registration Document (see chapter 9, § 9.1.5, p. 433 et seq.). They may also be consulted online at the Company's website: www.mercialys.com.

B. Board of Directors information

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.

For this purpose, the information required for examination of the points to be discussed by the Board of Directors is provided to Board members before 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.

The Board of Directors' Rules of Procedure provide that Senior Management provides the Board of Directors, at least once every six months, a statement on the activity of the Company and its main subsidiaries, including in particular:

- revenues and changes in income;
- a report on investments and disposals;
- a summary of debt and the credit lines 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.

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.

Interviews are organized 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.

Senior Management and the Board's Secretariat are available to all directors to provide any information or pertinent explanation.

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.

All directors can, if they deem it necessary, receive additional training on the Company's specific features, businesses, areas of activity, its social, societal and environmental priorities, and on accounting or financial aspects in order to further their knowledge. No director asked for training in 2021.

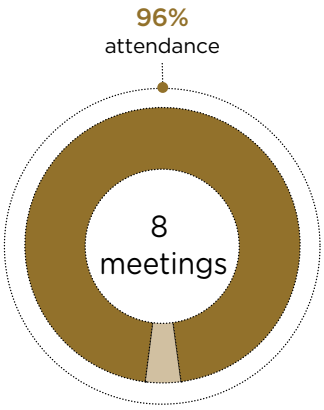
4.1.4.2 Board of Directors' duties and activities

A. Calendar of Board of Directors' Meetings in 2021 and attendance arrangements

	Jan. 20, 2021	Feb. 15, 2021	April 21, 2021	April 22, 2021	June 17, 2021	July 28, 2021	Oct. 21, 2021	Dec. 08, 2021
Éric Le Gentil	Physical	Physical	Physical	Physical	Physical	Physical	Physical	Physical
Stéphanie Bensimon *	Phone	Phone	Phone	Phone	Phone	Phone	Phone	Phone
Victoire Boissier *	Phone	Phone	Phone	Phone	Phone	Phone	Physical	Phone
Élisabeth Cunin *	Physical	Phone	Phone	Represented	Phone	Phone	Physical	Physical
Dominique Dudan *	Physical	Phone	Represented	Physical	Physical	Physical	Physical	Phone
Jacques Dumas	Phone	Phone	Phone	Phone	Phone	Phone	Physical	Phone
David Lubek	Phone	Phone	Phone	Phone	Represented	Phone	Phone	Phone
Pascale Roque *	Phone	Phone	Phone	Phone	Phone	Phone	Physical	Phone
Michel Savart	Phone	Phone	Phone	Phone	Phone	Phone	Phone	Phone
Bruno Servant * *(Permanent representative of Generali Vie until April 22, 2021)*	Physical	Phone	Phone	-	-	-	-	-
Sébastien Pezet * *(Permanent representative of Generali Vie from April 22, 2021)*	-	-	Phone *(guest – not taken into account in the attendance rate below)*	Physical	Phone	Phone	Phone	Phone

* *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 2021

In 2021, the Board of Directors met eight times with an overall attendance rate of 96%.

The Chief Executive Officer and the Deputy Chief Executive Officer were present at all meetings, but did not attend the deliberations on their succession plans or the deliberations concerning their respective compensation.

Various employees of the Group also intervened to inform the Board on certain topics: Corporate Secretary, Secretary of the Board, Director of Operations, Director of Customer Experience, Director of Arbitrages and Acquisitions and the Head of CSR.

The Board also benefited from the occasional presence of third parties outside of the Company, such as Emeric Lepoutre, of the firm Emeric Lepoutre & Partners, concerning the assessment of the Board's operation, and Philippe Moati, co-Founder of the *Observatoire Société & Consommation* and Associate Professor of Economics at the Université Paris-Diderot.

In addition, each year, a meeting is held exclusively for the independent directors.

The main topics examined by the Board of Directors in 2021 are listed below:

	Main work carried out in 2021
Financial position	approval of the annual and half-year financial statements and review of the quarterly financial information
	convening of the Annual General Meeting and approval of the draft resolutions
	review of the Statutory Auditors' audit plan
	monitoring of operational and financial performance within the context of the health situation
Activities, strategy and risk management	review of strategic outlook, asset disposals and investments
	monitoring of the risk mapping and internal audit plan
	review of the anti-corruption system and compliance and ethics measures put in place
	monitoring of the measures implemented within the context of the health situation
	update on the insourcing of functions previously outsourced to the Casino group
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
	allocation of bonus shares to key employees and all employees
	review of the assessment of the operation of the Board of Directors conducted in 2020
	succession plans
	update of the Board of Directors' Rules of Procedure, the charter relating to regulated agreements and commitments, the Stock Market Code of Ethics and the charters of the three Committees
	change in the composition of the Committees
	proposal to renew the directorships of four directors
Corporate Social Responsibility	review and monitoring of CSR policy and performance
	review of the Company's workplace diversity, equality and equal pay policy
	review of the results of the employee engagement survey and measures for change
	update on changes in the workforce and talent retention

In 2021, the work of the Board of Directors was still largely focused on managing the health crisis, in particular the reopening of shopping centers. The issues discussed notably concerned health and safety measures at the retail sites, as well as the impacts on the business, relations with tenants, changes in marketing actions and balance sheet positions. For this reason, the Board of Directors reviewed the Company's budgetary guidelines and authorized the refinancing policy and operations. The Board also spoke out on changes in the Company's management and strategic outlook resulting from this crisis situation.

It also regularly dealt with issues related to Mercialys' CSR policy and performance as part of the new ten-year strategy. Human resources issues were the subject of close analyses, focusing in particular on employee commitment and satisfaction, changes in the workforce, compensation policies, and diversity and professional equality.

The Board's work also focused on Mercialys' development strategy, as well as on the Company's asset rotation strategy, helping to control the debt ratio.

The Board of Directors examined the methods and implementation of the insourcing of certain functions previously outsourced *via* the Service agreement entered into with the Casino group, as well as the options open to Mercialys following the expiry of Sudeco's directorship at the end of 2022.

Lastly, the Board approved the financial statements at December 31, 2020, the financial statements for the first half of 2021, as well as Mercialys' business plan and financial projections. It approved the reports and resolutions submitted to the Ordinary and Extraordinary General Meeting on April 22, 2021. It also took note of the Company's activity at the end of March and at the end of September 2021; it also set the issue price of the shares delivered as payment of the 2020 dividend for shareholders who have opted for this payment method and delegated to Senior Management the powers necessary to implement the payment of the dividend in shares; it also ruled on the terms of payment of the dividend paid in respect of 2020 and ruled in favor of not paying an interim dividend in 2021.

C. Corporate governance

The Board of Directors also reviewed the Company's position with regard to the principles of corporate governance: composition and organization of the Board and the Committees, renewal of the directorships and director independence. It took note of the external assessment of the Board's operations, in accordance with the provisions of the AFEP-MEDEF Code and the anti-corruption system put in place. A reorganization of the Committees took place in February 2021 following this assessment.

The Board of Directors has approved the management report and the corporate governance report. It also amended its Rules of Procedure, as well as the charters of the Strategy and Transformation Committee and the Appointments, Compensation and Governance Committee and the update of the Stock Market Code of Ethics.

The Board of Directors was informed of the work of its specialized Committees as described below (see § 4.1.5, p. 257 et seq.).

Deliberations without the presence of executive corporate officers

The Board of Directors deliberated, without the presence of the Chief Executive Officer and the Deputy Chief Executive Officer, on their succession plans and their respective compensation.

Furthermore, the Company's independent directors met on October 21, 2021. They submitted a report on their observations and recommendations to the Chairman of the Board of Directors. They confirmed to the Chairman of the Board of Directors the smooth functioning of the Board and, in particular, highlighted on Senior Management's availability and its regular dialog with the Board. The independent directors also indicated to the Chairman that they have every confidence in Senior Management and support it in all its projects. They have stated their wishes, particularly in terms of strategy, given the current climate.

D. Corporate Social Responsibility

The Board of Directors monitored the completion at the end of 2020 of the first strategic plan, MERY'21, linked to Mercialys' CSR performance. On this occasion, the Board of Directors carried out an assessment of the improvement of the Company's performance in terms of environmental, societal and social issues and analyzed the second strategic component for the period 2020-2030, called "4 Fair Impacts for 2030", as detailed in chapter 2 of this Universal Registration Document.

In addition, through the reports of the Audit, Risks and Sustainable Development Committee, the Board of Directors was informed of all the points listed in § 4.1.5.1, A, p. 257 et seq., including the implementation of the ten-year CSR strategy, as well as the mapping of the related risks and the prevention measures put in place as part of the fight against corruption. The Board of Directors verified the achievement of the CSR objectives set.

E. Compensation – Granting of bonus shares

After consulting the Appointments, Compensation and Governance Committee, the Board of Directors decided on the variable compensation to be paid in respect of fiscal year 2020 to Éric Le Gentil and Vincent Ravat, as well as Elizabeth Blaise as, respectively, Chairman of the Board of Directors, Chief Executive Officer and Deputy Chief Executive Officer, on the basis of the quantitative and qualitative objectives approved by the Board of Directors.

In accordance with the provisions of the Sapin II Law, the amount of this variable compensation was submitted for the approval of the Ordinary General Meeting of April 22, 2021 (*ex-post* resolutions approved at 99.84% for Éric Le Gentil, at 95.54% for Vincent Ravat and at 94.88% for Elizabeth Blaise). This compensation was paid to the corporate officers at the end of the General Meeting of April 22, 2021.

In connection with the 2021 compensation policy presented to the Ordinary General Meeting of April 22, 2021, the Board of Directors also set the 2021 objectives for the compensation of Vincent Ravat as Chief Executive Officer and Elizabeth Blaise as Deputy Chief Executive Officer. Éric Le Gentil, as Chairman of the Board of Directors, no longer receives variable compensation. The Board also set the principles and criteria for all compensation of executive corporate officers.

The Board also decided to grant bonus shares to the Chief Executive Officer, the Deputy Chief Executive Officer and eight key employees subject to performance conditions, and to all employees.

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 et seq. 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.

On February 14, 2022, the closing date of the financial statements for fiscal year 2021, the specialized Committees were composed as follows:

	Audit, Risks and Sustainable Development Committee	Appointments, Compensation and Governance Committee	Strategy and Transformation Committee
	4 members 3 of whom are independent [1]	5 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	**Victoire Boissier** **Pascale Roque**	**Victoire Boissier** **Élisabeth Cunin**	**Stéphanie Bensimon** **Dominique Dudan** **Sébastien Pezet**
Non-independent members	**Michel Savart** Representing the shareholder, Casino	**Jacques Dumas** Representing the shareholder, Casino **Éric Le Gentil** Chairman of the Board of Directors	**Éric Le Gentil** Chairman of the Board of Directors **Michel Savart** Representing the shareholder, Casino
Permanent guest	-	-	**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 2021

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 Mercialys 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.

The main assignments and duties of the Audit, Risks and Sustainable Development Committee, as well as the work carried out in 2021, are presented below:

Assignments	Main duties and work carried out in 2021
Financial statements and Statutory Auditors	review of the Group's annual and half-year financial statements, 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
	analysis of financing and liquidity
	verification of the independence of the Statutory Auditors, review of all relations they have with the Group and formulation of an opinion on the fees requested; update on offices
Internal control and risk management	review of internal control procedures and risk mapping as well as the work carried out by the Risks Prevention Committee
	analysis of CSR risk mapping
	review of the anti-corruption system and compliance and ethics measures put in place
Sustainable development	review of the guidelines related to the Group's CSR policy, determination of CSR objectives and challenges and verification of the achievement of objectives

Elizabeth Blaise, Chief Financial Officer and Deputy Chief Executive Officer, is the Committee's main contact and attended all Committee meetings.

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 Auditor presented his specific audit approach concerning the certification of the consolidated Extra-Financial Performance Statement.

The Committee also heard from the Deputy Chief Financial Officer and the Head of Investor Relations.

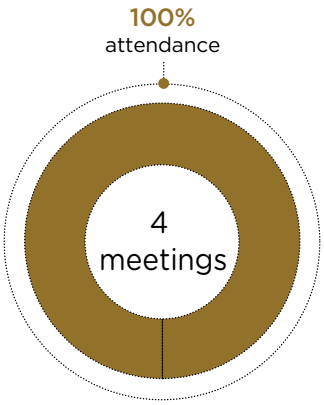
The Audit, Risks and Sustainable Development Committee has an organization and operating charter. It is available on the Company's website at: www.mercialys.com.

B. Calendar of Audit, Risks and Sustainable Development Committee meetings in 2021 and attendance arrangements

	Feb. 12, 2021	April 20, 2021	July 26, 2021	Oct. 20, 2021
Stéphanie Bensimon * – Chairwoman	✆	✆	✆	✆
Victoire Boissier *	✆	✆	✆	👥
Pascale Roque *	✆	✆	✆	✆
Michel Savart	✆	✆	✆	✆

* *Independent director.*

👥 Physical presence ✆ Attendance *via* telephone or video conferencing ✕ Non-attendance



4.1.5.2 Appointments, Compensation and Governance Committee

A. Change from the Appointments and Compensation Committee to the Appointments, Compensation and Governance Committee

The Board of Directors' Meeting of January 20, 2021 decided to increase the governance duties of the Appointments and Compensation Committee and therefore decided from that date that this Committee would be known as the "Appointments, Compensation and Governance Committee."

B. Duties, responsibilities and activity during 2021

The principal duties of the Appointments, Compensation and Governance Committee are to examine candidates for Senior Management positions and directorships, to prepare decisions on the compensation paid to Senior Management, the Chairman of the Board of Directors, in the event that of the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer, and 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, and ensures the respect and proper application of the principles of corporate governance and rules of ethics.

The main assignments and duties of the Appointments, Compensation and Governance Committee, as well as the work carried out in 2021, are presented below:

Assignments	Main duties and work carried out in 2021
	Recurring duties
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
	review of proposed share subscription or purchase option and bonus share plans for employees and executives 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
	formulation of any proposal and any opinion on director compensation and benefits
Appointments and governance	review of the structure, size and composition of the Board of Directors, review of candidates for directorships, review of director independence and potential conflicts of interest
	succession plan for executive corporate officers and key positions in the Company
	obtaining all useful information relating to the conditions for recruitment, compensation and status of the Group's senior executives
	review of the draft corporate governance report
	preparation and updating of the Board of Directors' Rules of Procedure, the charters of the Committees and the charter relating to regulated agreements and commitments
	review of changes in corporate governance rules and identification of emerging practices or significant developments in corporate governance regulations and/or practices in France
	implementation of the regular assessment of the Board of Directors and verification of its compliance with governance rules
	review of the Company's workplace diversity, equality and equal pay policy
	update on the specific powers to be granted to Senior Management with regard to sureties, endorsements and guarantees, loans and credit lines, and issue of bonds and commercial papers
	assessment of the Board's operation and monitoring of measures implemented
	review of the composition and Chairmanship of the Committees

Vincent Ravat, Chief Executive Officer, and Elizabeth Blaise, Chief Financial Officer and Deputy Chief Executive Officer, attended some of the Committee's meetings in 2021.

The Committee heard from third parties outside of the Company, such as Emeric Lepoutre, as part of the review of the assessment of the Board's operation, and Frédéric Bouvet and Laurence Vincent, lawyers, for an exchange on the subject of proxy advisor policies. It also benefited from presentations made by the Director of Human Resources, the Secretary of the Board and the Corporate Secretary.

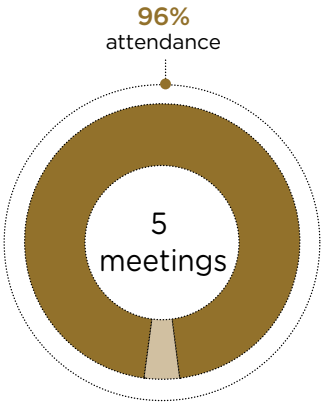
The Appointments and Compensation Committee has an organization and operating charter. It is available on the Company's website at: www.mercialys.com.

C. Calendar of Appointments, Compensation and Governance Committee meetings during 2021 and attendance arrangements

	Jan. 18, 2021 (1)	Feb. 12, 2021	April 20, 2021	Oct. 20, 2021	Dec. 08, 2021
Dominique Dudan * – Chairwoman	Attendance *via* telephone or video conferencing	Attendance *via* telephone or video conferencing	Attendance *via* telephone or video conferencing	Physical presence	Physical presence
Victoire Boissier *	Attendance *via* telephone or video conferencing	Attendance *via* telephone or video conferencing	Attendance *via* telephone or video conferencing	Physical presence	Physical presence
Élisabeth Cunin *	Attendance *via* telephone or video conferencing	Attendance *via* telephone or video conferencing	Attendance *via* telephone or video conferencing	Physical presence	Physical presence
Jacques Dumas	Attendance *via* telephone or video conferencing	Non-attendance	Attendance *via* telephone or video conferencing	Physical presence	Attendance *via* telephone or video conferencing
Éric Le Gentil	Attendance *via* telephone or video conferencing	Attendance *via* telephone or video conferencing	Attendance *via* telephone or video conferencing	Physical presence	Physical presence

* *Independent director.*
(1) Meeting of the committee in the form of the Appointments and Compensation Committee, with Élisabeth Cunin as Chairwoman.

Physical presence — Attendance *via* telephone or video conferencing — Non-attendance



4.1.5.3 Strategy and Transformation Committee

A. Transformation of the Investment Committee into the Strategy and Transformation Committee

On January 20, 2021, the Board of Directors decided, as a result of discussions held by the *ad hoc* Committee, formed in December 2020, and the outcome of the review of the Board's operation, to transform the Investment Committee into the Strategy and Transformation Committee.

B. Duties, responsibilities and activity during 2021

In particular, the duty of the Investment Committee is to examine the investment strategy, to give an opinion on the annual investment budget, and to research any planned investment or disposal by 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 main assignments and duties of the Strategy and Transformation Committee, as well as the work carried out in 2021, are presented below:

Assignments	Main duties and work carried out in 2021
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
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

Vincent Ravat, Chief Executive Officer, is a permanent guest of this committee. Elizabeth Blaise, Chief Financial Officer and Deputy Chief Executive Officer, also attended all of the committee's meetings in 2021.

The committee also heard from the Director of Arbitrage and Acquisitions, as well as the Director of Rental Management. It also benefited from the attendance of third parties, including the representative of a tenant retailer.

Its opinions are adopted by simple majority, it being specified that when the Committee examines a transaction involving the Casino group, the two representatives of the Casino shareholder do not take part in the deliberations or the vote.

The Investment Committee has an organization and operating charter. It is available on the Company's website at: www.mercialys.com.

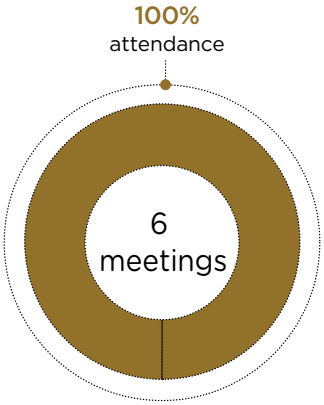
C. Calendar of Strategy and Transformation Committee meetings during 2021 and attendance arrangements

	Feb. 12, 2021	April 20, 2021	June 15, 2021	July 27, 2021	Oct. 20, 2021	Dec. 08, 2021
Élisabeth Cunin * – Chairwoman						
Stéphanie Bensimon *						
Dominique Dudan *						
Éric Le Gentil						
Michel Savart						
Bruno Servant * *(Permanent representative of Generali Vie until April 22, 2021)*			-	-	-	-
Sébastien Pezet * *(Permanent representative of Generali Vie from April 22, 2021)*	-	*(guest – not taken into account in the attendance rate below)*				
Vincent Ravat – Permanent guest *(not taken into account in the attendance rate below)*						

* *Independent Director.*

Physical presence

Attendance *via* telephone or video conferencing



In its form of Investment Committee, no meeting took place in 2021.

4.1.6 Assessment of the operation of the Board of Directors

As recommended by the AFEP-MEDEF Code, the Rules of Procedure provide for annual discussion and regular evaluation of the functioning of the Board of Directors by the Appointments, Compensation and Governance Committee, 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.

During the second half of 2020, the Appointments and Compensation Committee entrusted this assessment to an external consultant, as in 2017, which conducted this assessment based on the analysis of questionnaires submitted personally, and confidentially, by each of the directors. The assessment also covered the evaluation of the actual contribution of each director to the work of the Board.

Outcome

The outcome of this assessment was that governance at Mercialys was very good and was even better than the 2017 assessment, both in terms of Board composition and operation. All the directors declared their satisfaction with the smooth functioning of the Board and its Committees as well as with their relations with the Chairman of the Board and the Company's Senior Management.

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
Provide further information on Mercialys' positioning vis-à-vis its competitors	Presentations have been made on this subject.
Broaden the knowledge of the management team, including mapping of key executives by the Appointments, Compensation and Governance Committee	Members of the Management Committee regularly attend Board and Committee meetings in order to discuss certain topics in depth. Key positions and/or employees have been identified.
Identify possible successors for the Chairman of the Board, the Chief Executive Officer or one of their L-1s	This point was discussed by the Appointments, Compensation and Governance Committee (see § 4.1.5.2, B).
Renew the members and Chairmanships of the Committees on a rotating basis	This rotation is implemented periodically. The last rotation took place in early 2021.
Increase the governance duties of the Appointments and Compensation Committee	These duties were increased and its name was changed to the "Appointments, Compensation and Governance Committee" in February 2021.
Strengthen the functioning/role of the Investment Committee	The transformation of the Investment Committee into the Strategy and Transformation Committee took place in February 2021.
Prepare an annual calendar summarizing the topics to be addressed by the Committees for the coming year, to be shared with non-member directors and to provide them with more detailed reports	An annual calendar stating the main points to be included in the agenda is shared with the directors, giving them an annual overview of the subjects discussed. The minutes of committee meetings are made available to all members of the Board of Directors as soon as they are approved by the Committees.
Organize Board meetings in different locations	The health situation did not allow this point to be implemented in 2021, but such meetings will be organized as soon as possible.

The annual update on the operation of the Board was carried out at the end of 2021 and a progress report on the actions implemented was prepared. The next assessment will be carried out in the second half of 2023.

4.1.7 Ethics

The Board of Directors' Rules of Procedure, and particularly 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 the duty to inform the director, defense of the corporate interest, 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 October 2021. 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 position, 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 the 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 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.

Regarding the rules relating to the prevention and management of conflicts of interest, the Rules of Procedure specify that each director is obliged to inform the Board of Directors about any actual or potential conflict in which they may be involved, directly or indirectly, and is obliged to abstain from participating in any discussion and from voting on the corresponding resolution.

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 take these matters to the Appointments, Compensation and Governance Committee (formerly the Appointments and Compensation Committee) or the Board of Directors.

4.1.7.1 Procedure for prior review of regulated agreements and commitments by the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee

Mercialys decided to pay particular attention to the agreements between the various companies of the Mercialys group and to the agreements entered into between, on one hand, the companies of the Mercialys group and, on the other, the companies of the Casino group, a Mercialys shareholder, and/or the companies that control it.

In this context and thus with regard to conflicts of interest, 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 company controlled exclusively or jointly, directly or indirectly, by Mercialys, with the exception of wholly-owned subsidiaries;

(ii) any company having, directly or indirectly, significant influence over Mercialys;

(iii) any company controlled, directly or indirectly, by a company having significant influence over Mercialys.

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 regulated agreements and commitments by the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee.

4.1.7.2 Procedure for prior review of ordinary agreements by the Audit, Risks and Sustainable Development Committee and the Strategy and Transformation Committee

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 the so-called "ordinary" agreements, entered into under normal conditions (Article L. 22-10-12 of the French Commercial Code):

"In companies whose shares are admitted to trading on a regulated market, the Board of Directors sets up a procedure making it possible to regularly assess whether the agreements concerning ordinary transactions concluded under normal conditions fulfill these terms and conditions. Persons directly or indirectly concerned by one of these agreements must not participate in the assessment."

As mentioned in § 4.1.7.1 above, in order to prevent conflicts of interest and protect non-controlling interests, the Board has adopted a charter relating to regulated agreements and commitments which, depending on the purpose of the agreement, entrusts to the Audit, Risks and Sustainable Development Committee or the Strategy and Transformation Committee (formerly the Investment Committee) 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 virtue of its characteristics, at the request of Senior Management.

At its meeting on December 12, 2019, the Board of Directors decided to assign the legal duty of the annual assessment of "unrestricted" agreements to the Audit, Risks and Sustainable Development Committee or the Strategy and Transformation Committee (formerly the Investment 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. The revised charter includes:

- a reminder of the main aspects of French law applicable to regulated agreements and commitments;
- 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.

4.1.7.3 Convictions

To the best of the Company's knowledge, with the exception of the following, 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.

The Sanctions Committee of the Prudential Control and Resolution Authority (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR), on March 11, 2020, pronounced against Generali Vie a severe reprimand and a financial penalty of Euro 10 million, following an audit of its pension business.

4.1.7.4 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 preferable that this shareholding corresponds to the equivalent of one (1) year of compensation in respect of his or her activity as a director (calculated assuming attendance, for a given fiscal year, at all Board and Committee meetings of which the director is a member, excluding any compensation linked to the Chairmanship of a Committee, and calculating the value as the weighted average price of the Mercialys share for the previous fiscal year).

Subject to the above, to the best of the Company's knowledge, there are no restrictions on the members of the Board of 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.

4.1.7.5 Prevention of misconduct and insider trading

During fiscal year 2016 and in early 2017, the Company updated its internal rules and recommendations following changes to the legislative and regulatory framework for preventing market abuse with the entry into force on July 3, 2016 of regulation (EU) no. 596/2014 of April 16, 2014 on market abuse.

On a recommendation from the Appointments and Compensation Committee, the Board of Directors' Rules of Procedure have been amended and a Stock Market Code of Ethics has been adopted (last updated October 2021). 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 creates an Insider Trading Committee tasked primarily with addressing all questions relating to the application of the Stock Market Code of Ethics.

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.

4.1.7.6 Attendance 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.

It has been verified that no directors whose directorships come up for renewal at the Annual General Meeting are in a position where they are exceeding the guidelines for simultaneous directorships. 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.

4.1.8 Conflicts of interest involving directors and Senior Management

The Company has an important business development relationship with one of its shareholders, the Casino group (see chapter 6, p. 344 et seq.). The Casino group may decide to favor its own interests over those of Mercialys. However, in any event, the organization of governance, the manner in which it enters into agreements, and the use of independent appraisals etc., guarantee that the interests of Mercialys are not affected.

Jacques Dumas, David Lubek (permanent representative of La Forézienne de Participations) and Michel Savart, directors, hold management positions and/or are members of the corporate bodies of this Mercialys shareholder or of companies that control it, and receive compensation in this capacity.

Apart from these links, there are no potential conflicts of interest between the obligations of any member of the Board of Directors and of 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. Furthermore, with the exception of Elizabeth Blaise, none of the corporate officers hold an employment contract with the Company.

The duties conferred upon the Audit, Risks and Sustainable Development Committee, the Strategy and Transformation Committee (formerly the Investment Committee) and the Appointments, Compensation and Governance Committee (formerly the Appointments and Compensation Committee), on which independent directors sit, helps prevent conflicts of interest.

Furthermore, to the best of the Company's knowledge, there are no family ties between members of its Board of Directors.

No agreement has been directly or indirectly entered into between a subsidiary of Mercialys and a senior executive 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.

With the exception of the contracts binding Casino, Guichard-Perrachon and its subsidiaries to Mercialys (see chapter 6, p. 344 et seq.), no other service agreement exists between the corporate officers and Mercialys.

4.2 Compensation and benefits of directors and corporate officers

4.2.1 Directors' compensation and benefits

4.2.1.1 Principles of the compensation policy for directors

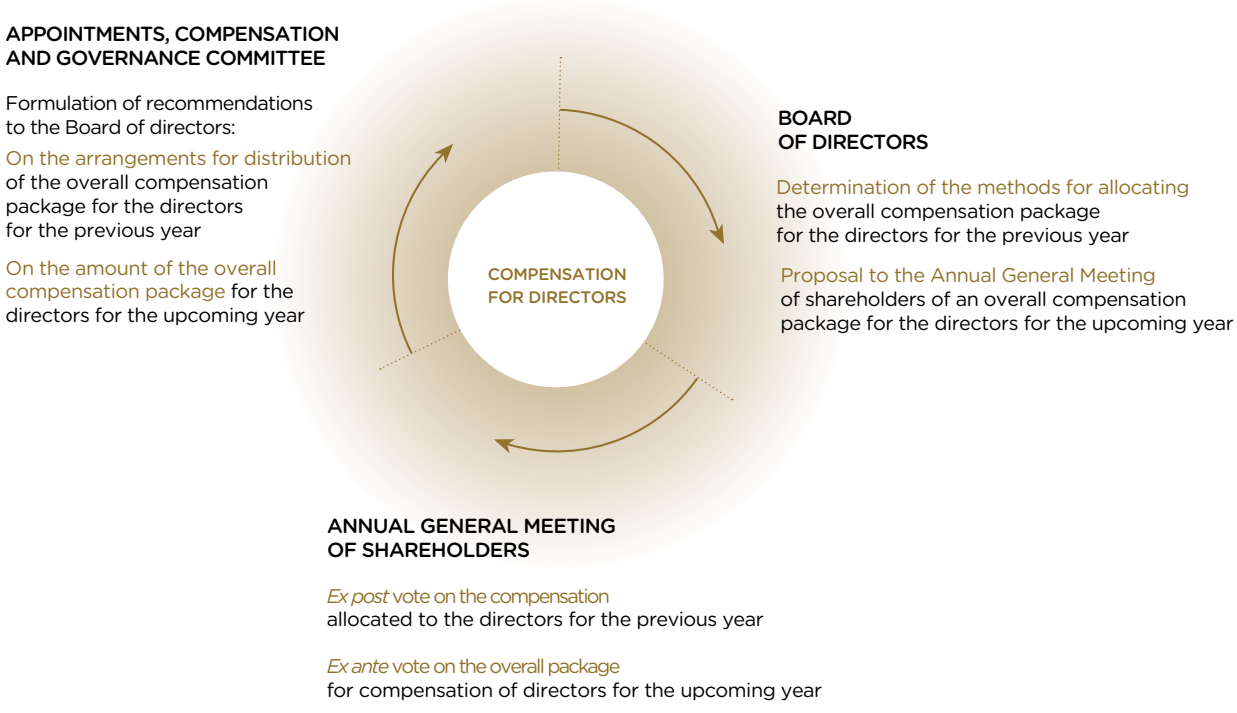
Several years ago, Mercialys introduced a compensation policy for directors which is intended to be balanced, virtuous and favorable to the Company's corporate interest. Accordingly, the Directors receive compensation in return for sharing their expertise and for their involvement in good governance 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 reviews are detailed in § 4.1.1, 4.1.7 and 4.1.8, p. 228 et seq. and p. 263 et seq.

The principles Mercialys applies to its compensation policy for directors are:

- **membership of one or more governance bodies:** in addition to their membership of the Board of Directors, the Directors' participation in specialized committees gives rise to allocation of an 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' Meetings and specialized Committees. It should be noted that 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 can 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 2021

The General Meeting of April 20, 2016 set the overall amount of the package for compensation allocated to members of the Board of Directors and of the specialized Committees at Euro 325,000, in accordance with the principles of the policy set out above. This amount has remained unchanged since then, and was notably readopted by the General Meeting of April 22, 2021.

On the basis of the recommendations of the Appointments, Compensation and Governance Committee, the Board of Directors, at its meeting of December 8, 2021, approved the terms and conditions for the allocation of directors' compensation for fiscal year 2021, which are as follows:

- the annual unitary amount for compensation of members of the Board of Directors is set at Euro 15,000. This compensation consists of a fixed component and a variable component awarded according to attendance:

	Board of Directors
Fixed annual unitary amount	Euro 5,000
Variable annual unitary amount (for 100% attendance)	Euro 10,000

- 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 and Compensation Committee/ Appointments, Compensation and Governance Committee
Fixed annual unitary amount	€4,000	€4,000	€4,000
Variable annual unitary amount (for 100% attendance)	€11,000	€6,000	€6,000
Additional amount paid to the Committee Chairperson	€5,000	€5,000	€5,000

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 individual or additional compensation for members representing or employed by the reference shareholder, the Casino group, or its group of controlled companies, is limited to 50% of the amounts indicated above;
- Generali Vie receives 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, waived their compensation as members of the Strategy and Transformation Committee;
- 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 2022 in respect of fiscal year 2021 to members of the Board of Directors and of the specialized Committees totaled Euro 286,275, *versus* Euro 270,070 in respect of fiscal year 2020.

The tables below detail the compensation paid by Mercialys in 2020, 2021 and 2022 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 in the sense of Article L. 233-16 of the French Commercial Code.

Note that the information concerning Éric Le Gentil, Chairman of the Board of Directors, is also presented in full detail in § 4.2.2.2, B, p. 276 et seq.

COMPENSATION PAID TO DIRECTORS IN 2020 AND 2021 (IN RESPECT OF FISCAL YEARS 2019 AND 2020)

(in euros)	Amounts paid in 2020	Amounts paid in 2021
Stéphanie Bensimon	28,175	30,000
Victoire Boissier	23,750	31,362
Élisabeth Cunin	28,750	30,000
Dominique Dudan	45,000	45,000
Jacques Dumas	12,500	12,500
David Lubek	9,250	15,000
Ingrid Nappi	23,750	8,519 (1)
Pascale Roque	24,325	22,689
Michel Savart	20,000	20,000
Bruno Servant	0 (2)	0 (2)
Generali Vie	15,000 (2)	15,000 (2)
Sub-total excluding Éric Le Gentil, Chairman of the Board of Directors	**230,500**	**230,070**
Éric Le Gentil	41,211 (3)	40,000
TOTAL	**271,711**	**270,070**

(1) Ingrid Nappi's term of office was not renewed at the General Meeting of April 23, 2020, the date on which her term of office ended.

(2) Generali Vie receives its compensation directly as a director on the Mercialys Board of Directors. Bruno Servant, permanent representative of Generali Vie until April 22, 2021, waived his compensation as a member of the Investment Committee and then of the Strategy and Transformation Committee.

(3) Éric Le Gentil received the additional compensation of Euro 20,000 in his capacity as Chairman and Chief Executive Officer until February 12, 2019, calculated on a pro rata basis.

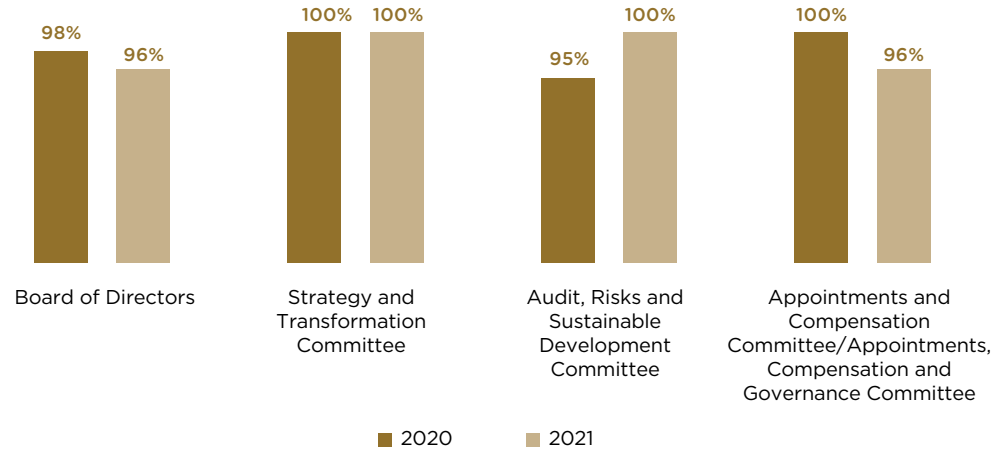
COMPENSATION PAID TO DIRECTORS IN 2022 (IN RESPECT OF FISCAL YEAR 2021)

			Specialized committees						
	Board of Directors		Strategy and Transformation Committee		Audit, Risks and Sustainable Development Committee		Appointments and Compensation 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
Stéphanie Bensimon	5,000	10,000	4,000	11,000	9,000	6,000	-	-	45,000
Victoire Boissier	5,000	10,000	-	-	4,000	6,000	4,000	6,000	36,500
Élisabeth Cunin	5,000	8,750	9,000	11,000	-	-	4,260	6,000	45,510
Dominique Dudan	5,000	8,750	4,000	11,000	-	-	8,740	6,000	44,990
Jacques Dumas	2,500	5,000	-	-	-	-	2,000	2,400	12,500
David Lubek	2,500	4,375			-	-	-	-	6,875
Pascale Roque	5,000	10,000	-	-	4,000	6,000	-	-	25,000
Michel Savart	2,500	5,000	2,000	5,500	2,000	3,000	-	-	20,000
Generali Vie/ Bruno Servant/ Sébastien Pezet	5,000 (1)	10,000 (1)	0 (2)	0 (2)	-	-	-	-	15,000
Sub-total excluding Éric Le Gentil, Chairman of the Board of Directors	**37,500**	**71,875**	**19,000**	**38,500**	**19,000**	**21,000**	**19,000**	**20,400**	**246,275**
Éric Le Gentil	5,000	10,000	4,000	11,000	-	-	4,000	6,000	40,000
TOTAL	**42,500**	**81,875**	**23,000**	**49,500**	**19,000**	**21,000**	**23,000**	**26,400**	**286,275**

(1) Generali Vie receives its compensation directly as a director on the Mercialys Board of Directors.

(2) Bruno Servant, permanent representative of Generali Vie until April 22, 2021, and Sébastien Pezet, permanent representative of Generali Vie since April 22, 2021, waived their compensation as members of the Strategy and Transformation Committee.

ATTENDANCE RATE AT MEETINGS OF THE BOARD OF DIRECTORS AND SPECIALIZED COMMITTEES



4.2.1.3 Compensation policy for directors in respect of 2022

The Board of Directors intends to propose at the General Meeting to be held on April 28, 2022 the increase in the total amount of annual compensation for directors, which would increase from Euro 325,000 to Euro 370,000. This amount of Euro 325,000 has not changed since 2016.

The conditions for the distribution of directors' compensation would be as follows:

- the annual unitary amount for compensation of members of the Board of Directors would be maintained at Euro 15,000. This compensation consists of a fixed component and a variable component awarded according to attendance:

	Board of Directors
Fixed annual unitary amount	€5,000
Variable annual unitary amount (for 100% attendance)	€10,000

- additional compensation is paid to members of the specialized Committees. It consists of a fixed component, which would not be modified, and a variable component. The Board of Directors decided to harmonize the variable annual unitary amount attributable to the members of the specialized Committees to take into account the changes to the duties of the Committees in 2021 and in particular the increase in the duties of the Audit, Risks and Sustainable Development Committee and the Appointments, Compensation and Governance Committee. This variable component would be reduced for members of the Strategy and Transformation Committee and increased for members of the Audit, Risks and Sustainable Development Committee and the Appointments, Compensation and Governance Committee. Thus, for participation on the specialized Committees, the amounts set by the committee would be 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)	€8,500	€8,500	€8,500
Additional amount paid to the committee Chairperson	€5,000	€5,000	€5,000

This harmonization of the variable component attributable to members of the committees does not require any change in the total annual compensation package for directors approved in 2016.

The individual or additional compensation of members representing or from the Casino group, or its group of controlled companies, would no longer be limited to 50% of the amounts indicated above. As the Casino group's equity interest stood at only 16.77% on December 31, 2021 (and 10.27% on February 28, 2022), special conditions for the compensation of these directors no longer seem relevant. The removal of this limitation means the overall annual compensation package for directors needs to be increased.

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;

- Generali Vie receives its compensation directly as a director on the Mercialys Board of Directors. Sébastien Pezet, permanent representative of Generali Vie since April 22, 2021, has also waived his compensation as a member of the Strategy and Transformation Committee;
- 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.

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 practice in the industry, ensuring that the compensation policy will motivate executives, secure their loyalty and reward their performance.

Accordingly, 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.

Its approach is based on three structuring principles:

1. objective recognition of performance;
2. valuation of extra-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. • Predominance of quantifiable criteria within the annual and long-term variable compensation of executives.	• Presence of quantifiable CSR criteria in the annual variable compensation of executives since 2018. • Presence of a quantifiable 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 the criteria of performance, service and ownership. • Internal fairness: differences in compensation over time between executives and employees to remain moderate and stable.

The Board of Directors reviews the compensation policy annually in the light of these criteria, after assessment by the Appointments, Compensation and Governance Committee, and the policy is then submitted for a vote by the Annual General Meeting of shareholders in accordance with the applicable legislation (*ex ante* vote).

Pursuant to Article L. 22-10-8, III (formerly Article L. 225-37-2) of the French Commercial Code, the Board of Directors, on the proposal of the Appointments, Compensation and Governance Committee, may decide to adjust the provisions relating to the quantifiable variable components of executive corporate officers' compensation 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.

In the absence of these specific exemptions, the compensation policy voted for, *ex ante*, by the Annual General Meeting may, on an exceptional basis, be reviewed during the year. If an unforeseen event were to occur, the Appointments, Compensation and Governance Committee could propose justified amendments to the Board of Directors. The Board will then assess the quality of their motivation and will submit this amended policy to the shareholders for approval.

It should not be forgotten that Mercialys, in which 60% of the members of the Board of Directors and Appointments, Compensation and Governance Committee are independent, has put in place the necessary procedures to avoid conflicts of interest within its governance bodies (see § 4.1.1, 4.1.6 and 4.1.7, p. 228 et seq., p. 262 et seq.) and, in particular, situations that may arise in the definition of its executives' compensation.

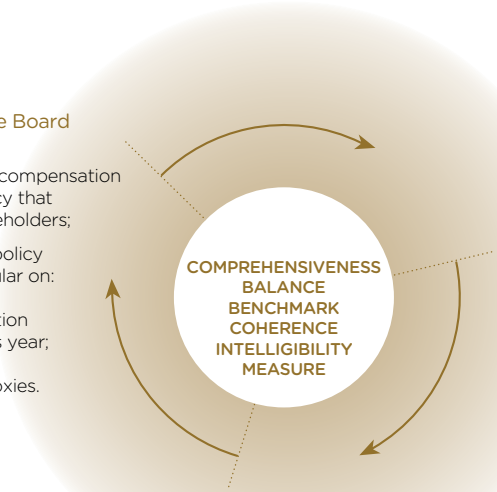
PRINCIPLES AND METHODS FOR DETERMINING THE COMPENSATION POLICY FOR EXECUTIVES

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 *ex ante* vote by shareholders;

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 proxies.



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:

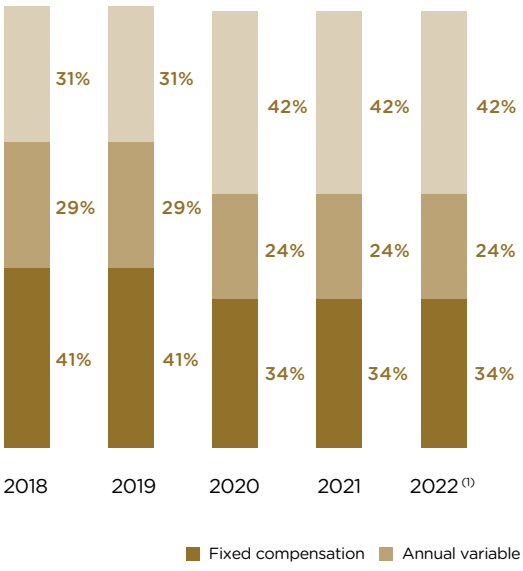
Vote *ex post* on the compensation allocated to the executives for the elapsed year

Vote *ex ante* on the policy for compensation of executives for the upcoming year

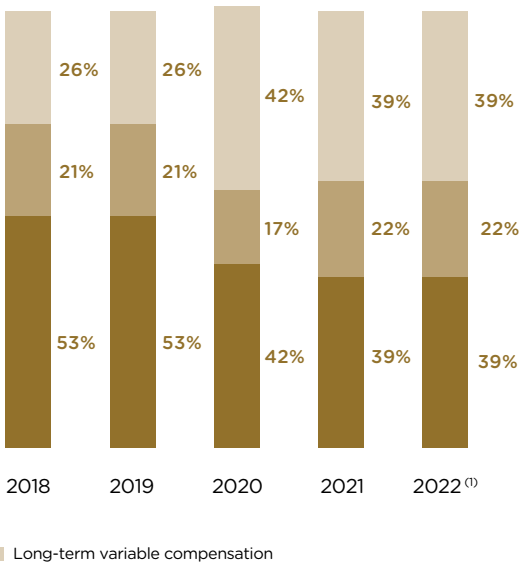
CHANGES IN THE STRUCTURE OF THE TOTAL TARGET COMPENSATION FOR EXECUTIVES

(on the basis of the compensation policy in respect of the indicated year)

(CHAIRMAN)-CHIEF EXECUTIVE OFFICER



DEPUTY CHIEF EXECUTIVE OFFICER

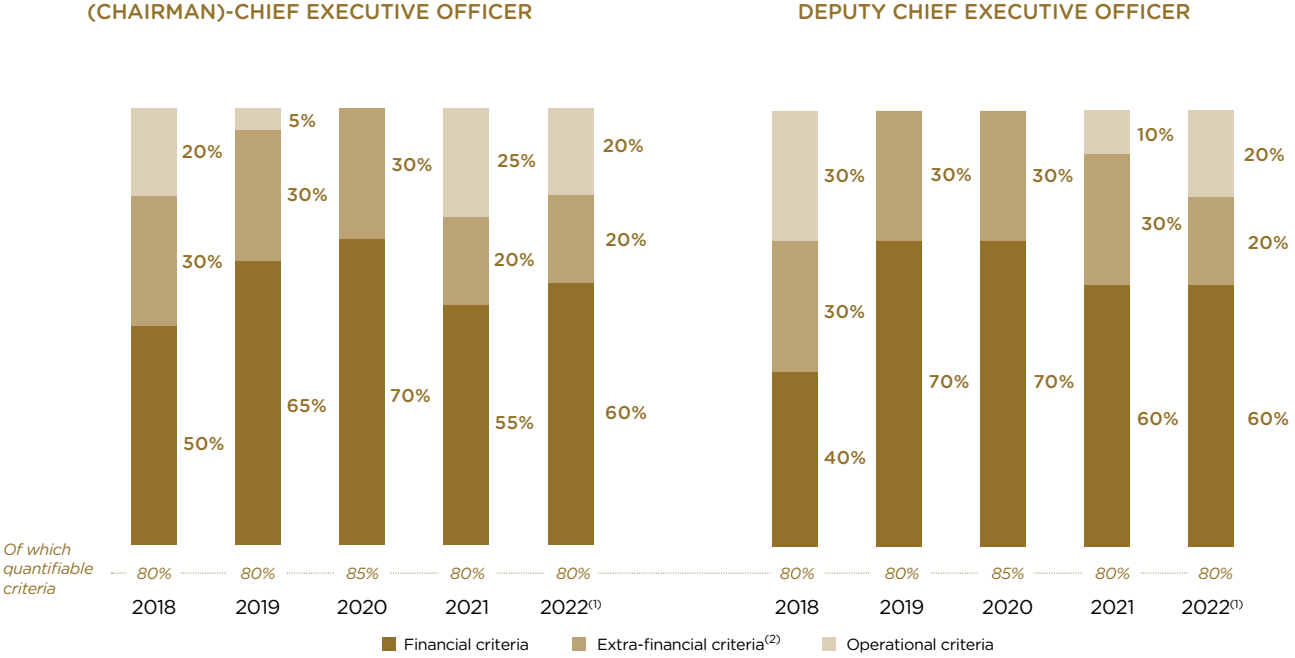


Fixed compensation | Annual variable compensation | Long-term variable compensation

(1) Subject to approval of the 2022 compensation policy by the Ordinary General Meeting of April 28, 2022

CHANGES IN CRITERIA FOR THE ANNUAL VARIABLE COMPENSATION OF EXECUTIVE OFFICERS

(on the basis of the compensation policy in respect of the indicated year)



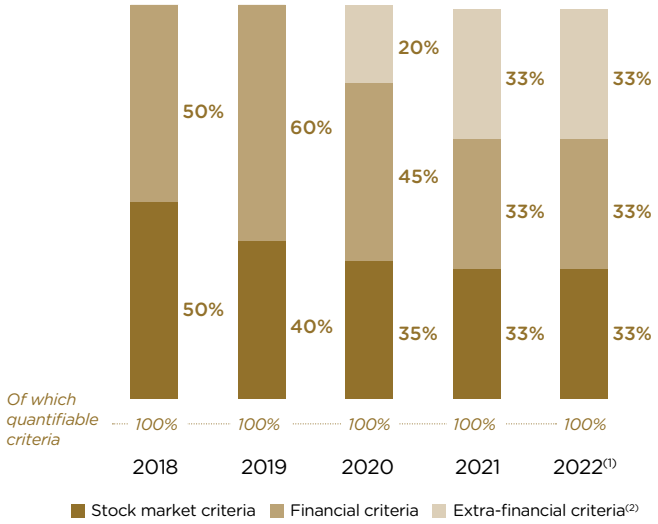
(1) Subject to approval of the 2022 compensation policy by the Ordinary General Meeting of April 28, 2022.

(2) Including, within extra-financial criteria: 10% CSR criteria in 2018 and 2019, 30% and 15% respectively for the Chief Executive Officer and the Deputy Chief Executive Officer in 2020, 20% and 30% respectively for the Chief Executive Officer and Deputy Chief Executive Officer in 2021, and 20% and 20% respectively for the Chief Executive Officer and Deputy Chief Executive Officer in 2022.

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)

(CHAIRMAN)-CHIEF EXECUTIVE OFFICER AND DEPUTY CHIEF EXECUTIVE OFFICER

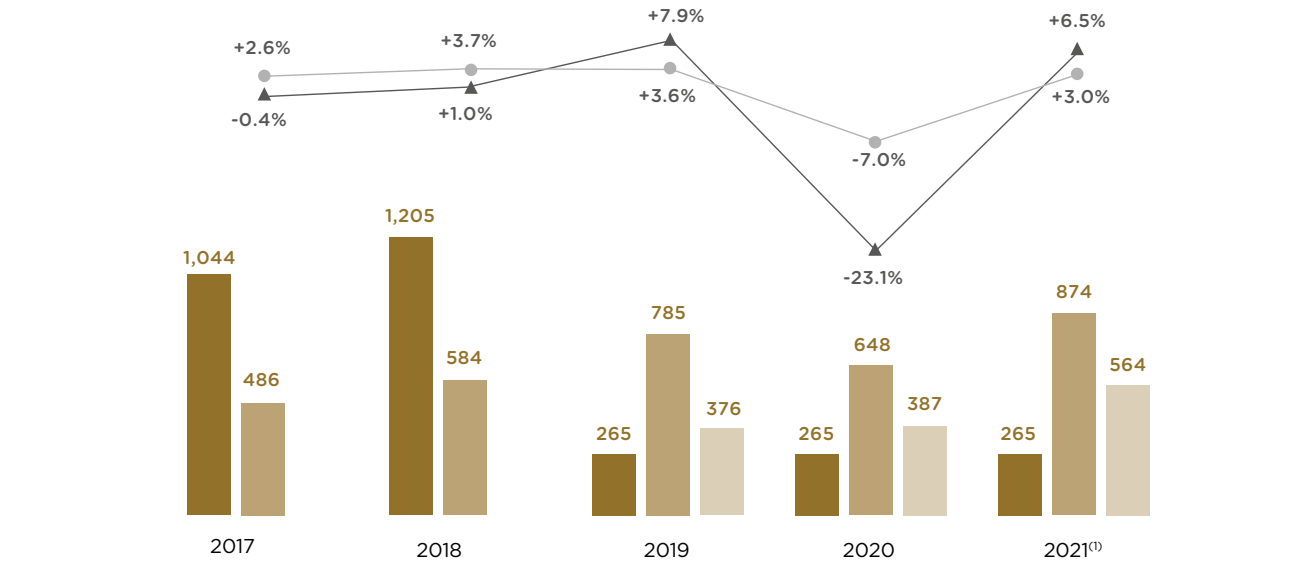


(1) Subject to approval of the 2022 compensation policy by the Ordinary General Meeting of April 28, 2022.

(2) The extra-financial criteria included in the long-term variable compensation relate entirely to CSR.

CHANGE IN THE COMPANY'S PERFORMANCE AND COMPENSATION AWARDED TO EXECUTIVE OFFICERS

(in thousands of euros, for the indicated year)



- Compensation awarded to Mr. Éric Le Gentil (Chairman and Chief Executive Officer until February 2019 then Chairman)
- Compensation awarded to Mr. Vincent Ravat (Deputy Chief Executive Officer until February 2019 then Chief Executive Officer)
- Compensation awarded to Mrs. Elizabeth Blaise (Deputy Chief Executive Officer since February 2019)
- Changes in Funds From Operations (FFO)
- Changes in organic growth in rents including indexation

(1) Subject to approval by the Ordinary General Meeting of April 28, 2022.

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)

	2017	2018	2019	2020	2021
Employee compensation					
Average compensation	87,788	95,434	85,146	82,489	90,443
% change	*11%*	*9%*	*-11%*	*-3%*	*+10%*
Median compensation	71,979	86,188	74,196	68,558	80,487
% change	*11%*	*20%*	*-14%*	*-8%*	*+17%*
Chairman of the Board of Directors					
Éric Le Gentil			1,385,892	352,366	361,974
% change			-	*-75%*	*+2.7%*
Average ratios			16.3	4.3	4.1
% change			-	*-74%*	*-5%*
Median ratios			18.7	5.1	4.6
% change			-	*-72%*	*-0.1%*
Chairman-Chief Executive Officer					
Éric Le Gentil	1,721,000	1,602,958			
% change	*15%*	*-7%*			
Average ratios	19.6	16.8			
% change	*4%*	*-14%*			
Median ratios	23.9	18.6			
% change	*4%*	*-22%*			
Chief Executive Officer					
Vincent Ravat			940,965	1,041,674	830,977
% change			-	*11%*	*-20%*
Average ratios			11.1	12.6	9.2
% change			-	*14%*	*-27%*
Median ratios			12.7	15.2	10.3
% change			-	*20%*	*-32%*
Deputy Chief Executive Officer					
Elizabeth Blaise			571,837	581,295	530,847
% change			-	*2%*	*-9%*
Average ratios			6.7	7.0	5.9
% change			-	*5%*	*-16%*
Median ratios			7.7	8.5	6.6
% change			-	*10%*	*-22%*
Vincent Ravat	833,521	715,909			
% change	*123%*	*-14%*			
Average ratios	9.5	7.5			
% change	*46%*	*-21%*			
Median ratios	11.6	8.3			
% change	*46%*	*-28%*			

Calculation methodology

The equity ratios presented cover the entire workforce of all Mercialys group companies, as well as all of the regions in which it operates, *i.e.* mainland France and overseas territories. In addition, in accordance with AMF [1] recommendations, to accurately reflect the governance changes that have come into effect at Mercialys since 2017 [2], the information is presented by position and by corporate officer holding the position. The veracity of this information was verified by the third-party organization independent of Mercialys, as part of the review of the Extra-Financial Performance Statement (DPEF) (see chapter 2, Appendix 3, p. 126 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 of 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 during year N, including payroll taxes and employer contributions;
- bonus shares vested during year N [4];
- compensation in respect of directorships 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 2021	**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	360,000	360,000	265,000	265,000
Annual variable compensation	0	0	252,000	252,000	106,000	106,000
Multi-annual variable compensation	0	0	0	0	0	0
Exceptional compensation	0	0	0	0	0	0
Compensation allocated on account of the directorship	40,000	40,000	0	0	0	0
Benefits in kind	0	3,760 [4]	2,120 [1]	35,065 [2]	0	32,945 [3]
Employer's contributions on all compensatio components	96,974	0	216,857	0	159,847	0
TOTAL	**361,974**	**268,760**	**830,977**	**647,065**	**530,847**	**403,945**

(1) Company car.
(2) Company car, executive unemployment insurance and healthcare benefit plan.
(3) Executive unemployment insurance and healthcare benefit plan.
(4) Healthcare benefit plan.

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 Annual General Meeting of April 25, 2019.

The 2020 equity ratios reflect the full-year impact of the change in governance in 2019.

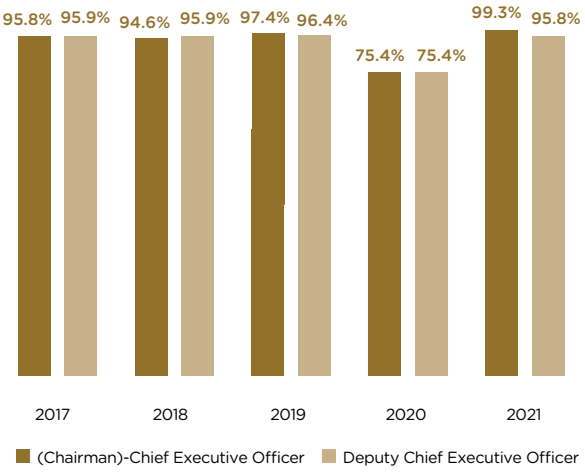
The 2021 equity ratios are down sharply due to both an increase in the average and median compensation of Mercialys employees and a significant decrease in the variable compensation paid in 2021 *versus* 2020, due to the impact of the health crisis on performance.

The overall analysis of compensation 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 proxies.

(1) 2020 report on corporate governance and executive compensation for listed companies.
(2) In 2019, following the separation of the positions 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 compensation payable in respect of year N-1.
(4) The shares awarded definitively in year N correspond to the plans in previous years. The share valuation is defined on the basis of the closing stock exchange price on the definitive vesting dates.

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 2021

A. Reminder of the principles and criteria for determining, distributing and awarding the components of compensation of the Chairman of the Board of Directors in 2021

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 2021 to the Chairman of the Board of Directors, were submitted for the approval of the Ordinary General Meeting on April 22, 2021 (8th resolution).

At this General 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.

You are reminded that this compensation was set after consideration of the duties assigned to the Chairman of the Board of Directors, in addition to the general duties provided for by law, which are 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 and Senior Management.

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 Investment Committee and the Appointments and Compensation 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. 266.

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.

Furthermore, it is specified that Éric Le Gentil keeps the benefit of the bonus share plans that were awarded to him in his capacity as Chairman and Chief Executive Officer, provided that he is still a corporate officer at the end of the vesting period.

Lastly, the non-competition clause binding Éric Le Gentil to the Company in respect of his previous executive duties ended on December 31, 2020 and no other clause or benefit has been awarded to him.

B. Details of the compensation awarded in respect of fiscal year 2021 or paid in respect of 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 2020 and 2021 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)	Fiscal year 2021	Fiscal year 2020
Compensation awarded in respect of the fiscal year (see § 2, below)	265,000	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 three-year performance conditions)	-	171,433 (1)
Valuation of other long-term compensation plans	-	-
TOTAL	**265,000**	**436,433**

(1) As the performance conditions associated with this plan were not met, this potential allocation plan did not give rise to any effective allocation of shares at the end of the three-year vesting period which finished at the end of 2020.

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 during, and in respect of, fiscal years 2020 and 2021, calculated respectively, on a *prorata temporis* basis:

TABLE 2 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Fiscal year 2021		Fiscal year 2020	
(in euros)	Amounts awarded (2)	Amounts paid (3)	Amounts awarded (2)	Amounts paid (3)
Fixed compensation (1)	225,000	225,000	225,000	210,102 (4)
Annual variable compensation (1)	-	-	-	-
Multi-annual variable compensation (1)	-	-	-	-
Exceptional compensation (1)	-	-	-	-
Compensation allocated in respect of his directorship (1)	40,000	40,000	40,000	41,211 (5)
Benefits in kind	-	3,760	-	-
TOTAL	**265,000**	**268,760**	**265,000**	**251,313**

(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) The difference in compensation between the amount awarded and the amount paid is due to the reversal in 2020 of a 13th month paid in error in 2019.
(5) In accordance with the compensation policy as approved by the Annual General Meeting of April 25, 2019, the Chairman of the Board of Directors lost the benefit of the additional annual compensation of Euro 20,000 which was previously paid to the Chairman and Chief Executive Officer. Since Éric Le Gentil was Chairman and Chief Executive Officer up until February 12, 2019, this additional annual compensation was calculated on a pro rata basis for 2019, resulting in a payment of Euro 41,211 in respect of 2019, paid in January 2020.

The table below summarizes the amounts awarded and paid by the Company to Éric Le Gentil solely in his capacity as Chairman of the Board of Directors and as a director for fiscal years 2020 and 2021:

TABLE 3 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Fiscal year 2021		Fiscal year 2020	
(in euros)	Amounts awarded (3)	Amounts paid (4)	Amounts awarded (3)	Amounts paid (4)
Director's compensation (1) (2)	40,000	40,000	40,000	41,211 (6)
Other compensation (1)	225,000	225,000	225,000	210,102 (5)
TOTAL	**265,000**	**265,000**	**265,000**	**251,313**

(1) Gross compensation before social security contributions and tax.
(2) In accordance with the compensation policy as approved by the Annual General Meeting of April 22, 2021, the Chairman of the Board of Directors receives compensation in his capacity as director.
(3) Compensation awarded in respect of the fiscal year, regardless of the date of payment.
(4) Compensation paid during the fiscal year, regardless of the allocation date.
(5) The difference in compensation between the amount awarded and paid is due to the reversal in 2020 of a 13th month paid in error in 2019.
(6) In accordance with the compensation policy as approved by the Annual General Meeting of April 25, 2019, the Chairman of the Board of Directors lost the benefit of the additional annual compensation of Euro 20,000 which was previously paid to the Chairman and Chief Executive Officer. Since Éric Le Gentil was Chairman and Chief Executive Officer up until February 12, 2019, this additional annual compensation was calculated on a pro rata basis for 2019, resulting in a payment of Euro 41,211 in respect of 2019, paid in January 2020.

Éric Le Gentil does not receive any compensation or benefits of any kind from companies controlled by Mercialys.

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 were awarded to Éric Le Gentil in 2020 or 2021 by the Company and/or companies it controls.

In his capacity as Chairman of the Board of Directors, a non-executive corporate officer, Éric Le Gentil no longer benefits from new bonus share plans.

In light of the three-year performance criteria, the plan awarded in 2018 and which expired in 2021 did not give rise to any vesting of shares.

TABLE 10 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Plan 27
Date of the Annual General Meeting	April 26, 2018
Date of Board meeting	April 26, 2018
Total number of bonus shares awarded to corporate officers (subject to service and three-year performance conditions)	31,306
o/w shares awarded to Éric Le Gentil	21,673
Vesting date of shares	April 26, 2021
Holding period end date	April 26, 2023
Total number of shares vested at December 31, 2020, to corporate officers	0
o/w shares vested to Éric Le Gentil	0
Number of shares canceled or lapsed at December 31, 2021	31,306
Number of outstanding bonus shares for plans not yet matured at December 31, 2021	0

5. Employment contract, special pension plans, 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 ARGIC) and in the insurance and healthcare benefit plan covering all the Company's employees.

It should be noted that all the tables in AMF (French Financial Markets Authority) Position/Recommendation DOC-2021-02 not appearing in the previous pages do not apply to Éric Le Gentil's compensation for fiscal year 2021, namely:

- 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.

4.2.2.3 Compensation policy for the Chairman of the Board of Directors, non-executive corporate officer, in respect of fiscal year 2022

Board of Directors' report on the compensation policy for the Chairman of the Board of Directors for fiscal year 2022

(12th resolution of the Ordinary General Meeting of April 28, 2022)

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 2021 to the Chairman of the Board of Directors, must be submitted for the approval of the Ordinary General Meeting of April 28, 2022.

In this regard, the Board of Directors, at its meeting on February 14, 2022, 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 duties assigned to the Chairman of the Board of Directors in addition to the general duties provided for by law, which are 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 and Senior Management.

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 (unchanged);
- compensation in his capacity as director: according to the rules applicable in the Company, as set out in § 4.2.1.1, p. 266.

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.

4.2.2.4 Compensation of the Chief Executive Officer in respect of fiscal year 2021

A. Principles and criteria for determining, distributing and awarding the compensation components of the Chief Executive Officer in 2021

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 2021 to the Chief Executive Officer in respect of his corporate term of office, were submitted for approval by the Ordinary General Meeting on April 22, 2021 (9th resolution).

At the Ordinary General Meeting of April 22, 2021, the shareholders 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. 270 et seq.

A reminder is provided below of the 2021 compensation policy for the Chief Executive Officer. The way in which this policy was followed is set out in point B below.

Fixed compensation

Since February 13, 2019, the compensation of Vincent Ravat as Chief Executive Officer has not changed and remains set at Euro 360,000.

Annual variable compensation

It was proposed to maintain the 2020 variable compensation mechanism, which includes a CSR objective, for fiscal year 2021.

Vincent Ravat's variable compensation for 2021 is based on two types of objectives:

1. quantifiable objectives, weighted at 80%;
2. qualitative objectives, weighted at 20%, focused on CSR and Human Resources.

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:

		% of fixed compensation		
		Minimum	**Target**	**Maximum**
Quantifiable objectives (80% of the total variable compensation)	FFO growth (20% of the total variable compensation)	0%	14%	28%
	EBITDA margin on a like-for-like basis (15% of the total variable compensation)	0%	10.5%	21%
	Difference between the change in footfall at Mercialys shopping centers and that of the national index (on a like-for-like basis and for comparable opening weeks) (10% of the total variable compensation)	0%	7%	14%
	Acceleration of the Company's digital transformation: development of last-mile activities *(retailer members as a% of the total number of retail outlets in the portfolio, excluding standalone units and minority interests)* (15% of the total variable compensation)	0%	10.5%	21%
	Bond maturity management *(€M)* (5% of the total variable compensation)	0%	3.5%	7%
	Asset disposals during the fiscal year *(€M)* (15% of the total variable compensation)	0%	10.5%	21%
Qualitative objectives (20% of the total variable compensation)	Social and Environmental Responsibility: improving sites' performance, contributing to value creation and responsible, long-term growth (10% of the total variable compensation)	0%	7%	14%
	Human resources and talent management: promoting diversity in the workforce, developing the internal training program, developing and diversifying skills, improving employee satisfaction and commitment (10% of the total variable compensation)	0%	7%	14%
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 portion of the compensation due for fiscal year 2021, after determining the amount based on the achievement of the objectives defined above, is conditional upon approval by the Ordinary General Meeting to be held on April 28, 2022.

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. For companies that already have such an agreement in place, the first allocation authorized by the Annual General Meeting held after the introduction of the Law of December 3, 2008, requires that each company (listed company and relevant subsidiaries) amend the calculation methods relating to one of these agreements, or pay a supplementary incentive or profit-sharing amount.

This award would represent a target of 125% of the annual fixed compensation (*i.e.* Euro 450,000) 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 three criteria would in any event be capped at 160% of the annual fixed compensation (*i.e.* Euro 576,000), in order to comply with best market practices.

The bonus shares awarded will only be fully vested by the Chief Executive Officer at the end of a three-year vesting period, subject to service conditions (in his capacity as a corporate officer), it being specified that in the event of non-renewal of his corporate office (except in the event of resignation or removal from office), the Board of Directors may decide to maintain the plan benefits. The Company's performance conditions will also apply, said performance being assessed over a three-year period 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 specific panel of comparable companies, measured between January 1, 2021 and December 31, 2023, 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, 2021
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	1,222
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	1,974
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,179
Deutsche Euroshop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czech Republic, Austria, Hungary	905
Eurcommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,005
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,721
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	426
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,054
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	323
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	8,540
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	457
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	515

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	140%
3rd place	130%
4th place	120%
5th place	110%
6th 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 at January 1, 2021, plus Mercialys.

Should the panel of comparable companies no longer comprise these 12 companies at December 31, 2023, 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 ten companies, *i.e.* a total of eleven companies including Mercialys, were still listed on the panel at December 31, 2023, 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, 2021 and December 31, 2023, for 33.33% of the initial allocation.

At the end of the three-year period, the number of shares vested on the basis of this performance criterion will be determined in accordance with the table below:

Average annual three-year FFO growth	Multiplier
0.00%	0%
1.00%	100%
2.00%	150%

The multiplier moves in a linear fashion between the limits set above.

3. An extra-financial criterion, namely the rate of certification of the portfolio as a percentage of its value, for 33.33% of the initial allocation.

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:

Three-year BREEAM In-Use certification rate *(as a% of the portfolio value)*	Multiplier
75%	0%
85%	100%
95%	150%

In the event of an exceptional event such as the impact of the Covid-19 epidemic, a change in ownership or a 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 TSR criterion, the application of an extra-financial criterion (a maximum of 33.3% of long-term compensation criteria).

The bonus shares awarded in 2021 will only become the beneficiary's property after a three-year vesting period which will end in 2024.

At the end of this three-year vesting period, the Chief Executive Officer will be required to keep 100% of his shares for a period of at least two years after they are fully vested, and thereafter to hold 50% of them as registered shares until the termination of his duties as corporate officer.

Furthermore, in accordance with the provisions of the final paragraph of Article 25.3.3 of the AFEP-MEDEF Code, the Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the lock-up 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 clause. In the event of termination of his position, the Chief Executive Officer will be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of his employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of this clause. In exchange, the Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of his annual fixed compensation, which will be paid in installments during its term.

B. Details of the compensation, in respect of fiscal year 2021, 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 2020 and 2021 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)	Fiscal year 2021	Fiscal year 2020
Compensation awarded in respect of the fiscal year (see § 2 below)	873,865	647,563
Valuation of multi-annual variable compensation awarded during the fiscal year	-	-
Valuation of options awarded during the fiscal year		
Cumulative value of current bonus share plans (vesting subject to service and performance conditions) (1)	251,549	220,924
Valuation of other long-term compensation plans	-	-
TOTAL	**1,125,414**	**868,487**

(1) Potential value in the consolidated financial statements of the shares awarded and not yet vested, for the fiscal year and subject to still being employed as a corporate officer as well as three-year performance conditions (see § 4 below).

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 2020 and 2021, are as follows:

TABLE 2 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Fiscal year 2021		Fiscal year 2020	
(in euros)	**Amounts awarded [5]**	**Amounts paid [6]**	**Amounts awarded [5]**	**Amounts paid [6]**
Fixed compensation [1]	360,000	360,000	360,000	360,000
Annual variable compensation [1] [2]	478,800	252,000	252,000	412,650
Multi-annual variable compensation [3]	-	-	0	-
Exceptional compensation	-	-	-	-
Compensation allocated on account of the directorship	-	-	-	-
Benefits in kind [4]	35,065	35,065	35,563	35,563
TOTAL	**873,865**	**647,065**	**647,563**	**808,213**

(1) Gross compensation before social security contributions and tax.

(2) The methods for determining variable compensation are restated in the 2021 compensation policy, as approved at the Ordinary General Meeting of April 23, 2021, in § 4.2.2.4, A, p. 279 et seq., and clarifications are provided in Table 3 below. It should be noted that the payment of this amount will be subject to the approval of the 6th resolution presented to the Ordinary General Meeting of April 28, 2022.

(3) Vincent Ravat does not receive multi-annual variable compensation in cash, but is the beneficiary of bonus share plans, which did not result in any shares vesting in 2019 or 2020.

(4) Company car, senior executive unemployment insurance and insurance and healthcare benefit plan covering all the Company's employees. The contribution of the latter is for 24 months, the coverage rate having been increased to 70% from 55% for tranches A and B, resulting in a higher contribution in 2022.

(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 2021 was determined by the Board of Directors at its meeting of April 28, 2022, on the proposal of the Appointments, Compensation and Governance Committee, applying the criteria in the table below:

			% of fixed compensation				Amount (€)
		Assessment	Minimum	Target	Maximum	Achieved	
Quantifiable objectives (80% of the total variable compensation)	FFO growth (20% of the total variable compensation)	FFO, after being heavily impacted by the health crisis in 2020, is recovering despite the negative impact of disposals carried out in 2020 and the costs associated with protecting the balance sheet, as a result of rent-related measures, casual leasing, lower vacancy rates and cost control measures	0.0%	14.0%	28.0%	200.0%	100,800
				2.5%		6.5%	
	EBITDA margin (15% of the total variable compensation)	EBITDA normalization thanks to an increase in income and cost control measures which are much needed as a result of the health crisis and commitments related to the insourcing of certain functions	0.0%	10.5%	21%	200.0%	75,600
				80%		84.0%	
	Difference between the change in footfall at Mercialys shopping centers and that of the national index (on a like-for-like basis and for comparable opening weeks) (10% of the total variable compensation)	For shopping centers nationwide, due to health constraints affecting large shopping centers in particular, 2020 was marked by a high variability in site opening periods (especially in May/June and December 2020), making the opening scopes of the market panel non-comparable between 2021 and 2020. As such, it is only possible to make comparisons of changes on a like-for-like basis and comparable opening weeks between the 2021 and 2019 fiscal years. Over this two-year period, footfall in Mercialys' shopping centers fell by 14.18% on a like-for-like basis, *versus* a drop of 16.48% for the market panel on a like-for-like basis over comparable opening weeks.	0.0%	7.0%	14.0%	200.0%	50,400
				+100 bps		+230 bps	

		Assessment	% of fixed compensation				Amount (€)
			Minimum	Target	Maximum	Achieved	
Quantifiable objectives (80% of the total variable compensation)	Acceleration of the Company's digital transformation: development of last-mile activities (retailer members as a% of the total number of retail outlets in the portfolio, excluding standalone units and minority interests) (15% of the total variable compensation)	308 membership contracts for the Ocitô marketplace at December 31, compared with 210 a year earlier, representing a 46% increase in recruitment in a context where Click & Collect – instrumental to the Ocitô service – was gradually banned over the course of one quarter in early 2021. These 308 retailers now represent 20.13% of the 1,530 retail outlets eligible for the service, in shopping centers where Mercialys is the majority owner (excluded from the calculation are leases for retail services such as Photomaton, gold buying and the issue of vehicle registration documents, as well as standalone units not benefiting from collection/delivery services).	0.0%	10.5% 15.0%	21.0%	200% 20.13%	75,600
	Debt refinancing *(in millions of euros)* (5% of the total variable compensation)	Successful completion of an oversubscribed partial tender offer in the second half of the year as well as an *ad hoc* purchase in the first half of the year	0.0%	3.5% €50M	7.0%	200.0% €99.2M	25,200
	Disposal of assets during the fiscal year *(in millions of euros)* (15% of the total variable compensation)	Disposal for a total volume of Euro 95.1 million, including Euro 28.0 million of disposals finalized and Euro 67.1 million under preliminary sales agreements without financing conditions precedent	0.0%	10.5% €40M	21.0%	200.0% €95.1M	75,600

			% of fixed compensation				Amount (€)
		Assessment	Minimum	Target	Maximum	Achieved	
		For our environment	0.0%	7.0%	14.0%	150.0%	
Qualitative objectives (20 % of the total variable compensation)	Social and Environmental Responsibility: improving sites' performance, contributing to value creation and responsible, long-term growth (10 % of the total variable compensation)	Reduction of energy consumption (in KWh/sq.m.): -8 % on a like-for-like basis Reduction of scopes 1 & 2 greenhouse gas emissions using the market-based method (in metric tons of CO_2): -14 % on a like-for-like basis over one year Increase in waste recovery rate: +3 % on a like-for-like basis CDP: continued A List ranking Increase in the BREEAM In-Use certification rate (as a % of portfolio value): +14 pt to 91 %, *versus* 77 % in 2020, and BREEAM In-Use certification rate after three years: 100% of strategic assets *versus* 83 % in 2020. For our regions National partnership with Initiative France particularly active in the Gard region Market best practices *Grand Prix de la Transparence*: 2021 award for best Universal Registration Document GRESB: GREEN STAR status, score of 89/100 (+4 points *versus* 2020) Gaïa: 1st in the category for revenues between Euro 150 million and Euro 500 million				Progress beyond the objectives	37,800

		Assessment	% of fixed compensation				Amount (€)
			Minimum	Target	Maximum	Achieved	
Qualitative objectives (20% of the total variable compensation)	Human resources and talent management: promoting diversity in the workforce, developing the internal training program, developing and diversifying skills, improving employee satisfaction (10% of the total variable compensation)	"Great Place to Work" label reflecting the positive trend in employee satisfaction and commitment in a sector heavily impacted by the health crisis. This change was notably measured through a response rate of 90%, 11 points higher than in 2020, a confidence index of Management Committee members close to 80%, and a significant improvement in the average results with 67% positive responses. In addition, the results highlight Mercialys' excellence in terms of fairness and a healthy work-life balance. In 2021, 99% of employees received training. Turnover remained at approximately 15%, despite a strong focus on skills retention.	0.0%	7.0%	14.0%	150.0%	
				Stable		Improvement of satisfaction and commitment	37,800
TOTAL VARIABLE COMPENSATION AS A% OF FIXED COMPENSATION			**0.0%**	**70.0%**	**140.0%**	**190.0%**	**478,800**

During fiscal year 2021, in a context and economic sector still highly disrupted by the crisis associated with the Covid-19 pandemic, the Chief Executive Officer demonstrated his ability to step back in all circumstances to enable Mercialys to weather the crisis calmly and to come out the other side in a strong position. Under the leadership and responsibility of Vincent Ravat, Mercialys managed to achieve excellent performance in terms of both the quantitative and qualitative criteria that had been set.

From a financial standpoint, the management implemented led to a further positive change in cash flows, in contrast to the expected trend for the sector due to the health restrictions, and a return to a pre-crisis EBITDA margin on a like-for-like basis. The debt refinancing objectives were exceeded and the asset disposals signed at the end of the year made it possible to exceed the disposal target that had been set, thus consolidating the Company's balance sheet on one of the most solid foundations in the sector.

On an operational level, the actions carried out have helped to improve the vacancy rate which had been put under pressure by the health crisis, the return to a standard rate of revenues for casual leasing, and footfall at shopping centers higher than the market average.

In addition, the Company's digital transformation was actively pursued, notably through the further deployment of the "Ocitô" unified retail platform and the development of the "Prim Prim" loyalty program, whose operational upturn actively helped to support the overall activities of member retailers.

Mention must also be made of the successful structuring of the new Coworking business line, rolled out under the "Cap Cowork" brand, with the opening of a fourth location at the end of 2021, combined with an excellent occupancy rate and the orchestration of a favorable trend in line with the sector mix objectives for shopping centers.

Mercialys stands out in all aspects of Social and Environmental Responsibility with practices that are among the best in the market. Its increasingly specialized management, thanks to the steering tools put in place, has contributed to a significant improvement in energy consumption on the Company's sites, with a 12% drop in consumption. At the same time, the gradual certification of assets continued successfully. The Company's ESG approach was regularly praised throughout the year, with awards at performance levels that were even better than in 2020.

Finally, the promotion of diversity within Mercialys was able to continue and the overall employee satisfaction index has clearly improved, enabling Mercialys to benefit from the "Great Place to Work" label.

This variable compensation will be paid subject to the approval of the 10th resolution proposed to the Company's Ordinary General Meeting on April 28, 2022 (see chapter 8, p. 391).

4. Share subscription or purchase options and bonus shares awarded by the Company and/or the companies it controls

In 2021, Vincent Ravat, as Chief Executive Officer, was the beneficiary of a bonus share plan by the Company, as described below (Plan 36).

It is also stated that Vincent Ravat was the beneficiary, in 2014 and 2016, of bonus share plans awarded to him as an employee, prior to his appointment as Deputy Chief Executive Officer (see chapter 7, § 7.2.5.3, p. 379 et seq.).

Vincent Ravat is the beneficiary of three potential bonus share plans, which have not yet expired and are subject to service and three-year performance conditions, in accordance with the following criteria, terms and conditions:

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 30, of 04/25/2019	21,329 (2)	€140,197	04/25/2022	04/25/2024 (1)	YES (3)
Plan 33, of 04/23/2020	67,355 (4)	€220,924	04/23/2023	04/23/2025 (1)	YES (5)
Plan 36, of 04/22/2021	46,497 (6)	€251,549	04/22/2024	04/22/2026 (1)	YES (7)
TOTAL	**135,181**	**€612,670**			

(1) The Board of Directors has set at 50% the number of bonus shares definitively awarded, which the beneficiary is required to hold in registered form until the end of his corporate mandate within Mercialys.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Vincent Ravat will be 31,994 shares, corresponding to a value in the consolidated financial statements of Euro 210,200.

(3) 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 three performance criteria: 1) the relative performance of Mercialys shares including dividends (relative Total Shareholder Return) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2019, measured between January 1, 2019 and December 31, 2021, for 40% of the initial allocation, 2) organic growth in rental revenues, including Casual Leasing, excluding indexation, measured as an annual average over three years between January 1, 2019 and December 31, 2021, for 20% of the initial allocation, and 3) FFO growth measured as an annual average over three years between January 1, 2019 and December 31, 2021, for the remaining 40% 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 86,215 shares, corresponding to a value in the consolidated financial statements of Euro 282,785.

(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 three performance criteria: the relative performance of Mercialys shares including dividends (relative Total Shareholder Return) 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; the Company's CDP (Carbon Disclosure Project) rating, measured once a year over a three-year period between January 1, 2020 and December 31, 2022, for 20% of the initial allocation; and FFO growth measured as an annual average over three years between January 1, 2020 and December 31, 2022, for the remaining 45% 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 59,516 shares, corresponding to a valuation in the consolidated financial statements of Euro 321,982.

(7) 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 three performance criteria: the relative performance of Mercialys shares including dividends (relative TSR) compared to the performance of a specific 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 three 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.

No shares vested under Plan 24, awarded in 2017 and maturing in 2020, as the performance criteria were not met.

No shares vested under Plan 27, awarded in 2018 and maturing in 2021, as the performance criteria were not met.

Below is a 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 24	Plan 27	Plan 30	Plan 33	Plan 36
Date of the Annual General Meeting	04/27/2017	04/26/2018	04/25/2019	04/23/2020	04/22/2021
Date of Board meeting	04/27/2017	04/26/2018	04/25/2019	04/23/2020	04/22/2021
Total number of bonus shares awarded to corporate officers (subject to service and performance conditions)	27,833	31,306	30,414 (1)	107,020 (2)	73,879 (3)
o/w number of shares awarded to Vincent Ravat	8,564	9,633	21,329 (1)	67,355 (2)	46,497 (3)
Vesting date of shares	04/27/2020	04/26/2021	04/25/2022	04/23/2023	04/22/2024
Holding period end date	04/27/2022	04/26/2023	04/25/2024	04/23/2025	04/22/2026
Total number of shares vested at December 31, 2020, to corporate officers	0	0	na (5)	na (4)	na (4)
o/w number of shares vested to Vincent Ravat	0	0	na (5)	na (4)	na (4)
Number of shares canceled or lapsed at December 31, 2021	27,833	31,306	na (5)	na (4)	na (4)
Number of outstanding bonus shares for plans not yet matured at December 31, 2021	0	0	30,414	107,020	73,879

(1) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will be 45,621, of which 31,994 shares for Vincent Ravat, corresponding to a valuation in the consolidated financial statements of Euro 210,200.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will be 137,779, of which 86,215 shares for Vincent Ravat, corresponding to a valuation in the consolidated financial statements of Euro 282,785.

(3) If the performance criteria are exceeded, the maximum number of shares that can be awarded to corporate officers will be 95,112, of which 59,516 shares for Vincent Ravat, corresponding to a valuation in the consolidated financial statements of Euro 321,982.

(4) Since the three-year plan has not yet expired, the final allocations at December 31, 2021 cannot be calculated.

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 ARGIC) 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 employment at the Company, up to a maximum of one year; 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 fixed compensation. This compensation will be paid in installments during his directorship.

As mentioned for Éric Le Gentil on p. 278, all the tables in AMF (French Financial Markets Authority) Position/Recommendation DOC-2021-02 not appearing in the previous pages do not apply to Vincent Ravat's compensation for fiscal year 2021 (Tables 3, 4, 5, 7, 8, 9).

Pursuant to the provisions of Article L. 225-100, III, of the French Commercial Code, the Ordinary General Meeting of April 28, 2022 is called to approve the fixed, variable and exceptional components of the compensation package and the benefits of any kind paid or awarded in respect of the previous fiscal year to the Chief Executive Officer for his mandate in fiscal year 2020. Details and comments about this information can be found in Chapter 8, Appendix 2, p. 412 et seq.

4.2.2.5 Compensation policy for the Chief Executive Officer in respect of fiscal year 2022

Board of Directors' report on the compensation policy for the Chief Executive Officer for fiscal year 2022

(13th resolution of the Ordinary General Meeting of April 28, 2022)

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 2022 to the Chief Executive Officer in respect of his corporate term of office must be submitted for approval by the Ordinary General Meeting on April 28, 2022.

In this regard, the Board of Directors, at its meeting on February 14, 2022, established, 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 2022.

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 given in § 4.2.2.1 p. 270 et seq.

Note 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 Social and Environmental 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.**

   Every year, the Appointments, Compensation and Governance Committee employs an independent company to conduct a market survey amongst 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 measurable and quantifiable performance conditions, over 80% of which must be achieved;

3. **compensation incorporates Social and Environmental 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 Group share of employees' variable compensation. In addition, in order to further align their interests, one of the corporate officers' objectives is to develop employee satisfaction and commitment, diversity and to develop effective training.

These principles apply to all compensation components, including long-term compensation.

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

Since February 13, 2019, *i.e.* for the past three years, the annual fixed compensation of Vincent Ravat as Chief Executive Officer has remained unchanged and stood at Euro 360,000.

For 2022, the annual fixed compensation of the Chief Executive Officer is increased by 19.5%, it being specified that the structure and terms of allocation of the annual variable compensation and long-term incentive plans would remain unchanged. The proposed increase would bring the new annual fixed compensation of the Chief Executive Officer to Euro 430,000.

In addition to the absence of an increase in the annual fixed compensation of the Chief Executive Officer since he began his directorship, this proposal is justified by the factors described below.

Firstly, the increase in compensation is intended to reflect the successful assumption of duties by Vincent Ravat. Indeed, at the meeting of October 21, 2021, the independent directors of the Company's Board of Directors praised the successful management of the crisis by Senior Management and its ability to step back in all circumstances. They also emphasized the accessibility and availability of Senior Management, as well as the fluidity and quality of exchanges and the consideration by Senior Management of the suggestions of independent directors and their implementation (particularly with regard to the quality of the Company's ESG approach and the creation of a new Strategy and Transformation Committee that meets expectations).

The proposal also takes into account the change in the Company's profile, resulting in an extension of the responsibilities and duties of Senior Management. This change was notably seen through the gradual insourcing of support functions in 2020 and 2021: on the one hand, arbitrage, acquisitions and fund management activities, and on the other hand, major functions such as human resources management (HR and payroll), IT and, for 2022, the secretariat of the Board, accounting and corporate finance.

The level of the Chief Executive Officer's annual fixed compensation, after taking into account the proposed increase, would remain reasonable and consistent with the level of annual fixed compensation of the executives of comparable companies. In accordance with the AMF's recommendation in its 2020 report on Corporate Governance and the Executive Compensation of Listed Companies, a benchmark was established by AON in January 2022 with regard to the level of compensation of the executives of a panel of twenty companies comparable to Mercialys. Two methodologies were applied: a constant methodology analysis (used in the previous benchmarks established by AON in 2019 and 2020) called "Pricing", which compares the compensation of the Chief Executive Officer with that of executives of similar or smaller companies in terms of size, or that of the N-1 of the top executive of the largest company, and a so-called "Proxies" analysis, which compares the compensation of the Chief Executive Officer with that of same-level executives within the companies in the selected panel.

This benchmark shows, according to the so-called "Pricing" analysis, that the annual fixed compensation of the Chief Executive Officer is 21% below the average and 11% below the median observed in the sample of 19 companies comparable to Mercialys. According to the "Proxies" analysis, the annual fixed compensation of the Chief Executive Officer is 43% below the average and 28% below the median of the same panel.

This difference could therefore be mitigated by an increase in the annual fixed compensation of the Chief Executive Officer.

In addition, the Proxinvest ranking of the executive compensation of SBF 120 companies for fiscal year 2020 shows that Mercialys is in the first quartile of the compensation ranking, *i.e.* the lowest quartile of the panel.

The data presented in the Proxinvest report, details an average fixed compensation allocated to SBF 120 executive corporate officers of Euro 865,197 per year, and the last two benchmarks established by AON show that the level of compensation of Mercialys' Senior Management remains significantly lower than the level of executive compensation of comparable companies.

Lastly, this proposal is in line with the interests of stakeholders, particularly the Group's employees. Indeed, the Proxinvest study on the executive compensation of French companies for fiscal year 2020 shows that Mercialys is one of the "best" companies in terms of equity ratio (8th in the SBF 120). In fact, the difference between Senior Management compensation and that of employees is one of the lowest among the panel of SBF 120 companies, and well below the average and median; only semi-public companies achieve a better ratio.

Annual variable compensation

Annual variable compensation rewards performance for the year in question and aims to establish a link between executives' interests and Mercialys' operational strategy over the period.

This compensation is conditional upon the achievement of specific and ambitious targets.

The target annual variable compensation for Vincent Ravat in 2022 would remain at 70% of his annual fixed compensation if the objectives set are achieved.

The maximum achievement rate for each objective could be as high as 200%.

In the event of outperformance, this variable compensation could reach up to 140% of the annual fixed compensation.

In the event of leaving the Group, the CEO's variable portion would be calculated *prorata temporis*, on the basis of service and in his capacity as CEO.

Variable compensation would remain structured around two types of objectives; quantitative objectives weighted at 80% and two objectives, both quantitative and qualitative, on the HR and CSR aspects for 20%. As a result, Mercialys' compensation policy would continue to comply with the highest market standards, with a very high percentage of quantifiable criteria.

The proposed annual variable compensation is designed to reflect the major challenges facing the Company in 2022. As a result, it would cover both aspects of financial, operational and extra-financial performance and balance sheet positions. For the sake of balance, two criteria were used for each type of performance.

1. Financial criteria
   - FFO growth, measuring the change in Mercialys' recurring income;
   - EBITDA margin, measuring effective operational management.
2. Operational criteria
   - downward trend in the portfolio's overall vacancy rate, reflecting a normalization of activity and enabling Mercialys to confirm its cash flow outlook;
   - human resources management to ensure the retention of talent in the context of pressure on the sector's job market, ongoing development of training, and the continuous improvement of employee satisfaction.
3. Balance sheet criteria
   - debt refinancing to extend terms and continue to strengthen the protection of the Company's liquidity and balance sheet positions;
   - net investment over the fiscal year to resume a growth trajectory.
4. Extra-financial criteria
   - increase in the proportion of centers certified in part 2 to a level at least equal to VERY GOOD of the BREEAM In-Use certification standard;
   - continuity of the Company's adherence to best practices and the highest levels of sustainability rating in terms of Social and Environmental Responsibility.

		% of fixed compensation		
		Minimum	**Target**	**Maximum**
Quantifiable objectives (80% of the total variable compensation)	FFO growth (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%	28.0%
	Reduction in overall vacancy rate (10% of the total variable compensation)	0%	7.0%	14.0%
	Percentage of shopping centers certified in part 2 to a level at least equal to VERY GOOD of the BREEAM In-Use certification standard (10% of the total variable compensation)	0%	7.0%	14.0%
	Debt refinancing to extend terms *(€M)* (10% of the total variable compensation)	0%	7.0%	14.0%
	Net investment over the fiscal year *(€M)* (10% of the total variable compensation)	0%	7.0%	14.0%
Qualitative objectives (20% of the total variable compensation)	Social and Environmental Responsibility: continuity of benchmark performance in sustainability rating (10% of the total variable compensation)	0%	7.0%	14.0%
	Human resources management to ensure the retention of talent in the context of pressure on the sector's job market, ongoing development of training, and the continuous improvement of employee satisfaction (10% of the total variable compensation)	0%	7.0%	14.0%
TOTAL VARIABLE COMPENSATION AS A% OF FIXED COMPENSATION		**0%**	**70.0%**	**140.0%**

For each quantitative 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.

The Board of Directors, on a recommendation from the Appointments, Compensation and Governance Committee, may adjust the objectives and thus take into account exceptional events on a nationwide scale, such as a health crisis, when assessing the achievement of the performance objectives to ensure, in the Company's corporate interest, that the implementation of the compensation policy is in line with performance.

The Board of Directors may, by the same reasoning, adjust trigger 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 ownership, the acquisition or creation of a new significant business or the discontinuation of an existing significant business), the Board of Directors, on a 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 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 2022, after determination of its amount based on the achievement of the objectives defined above, will be conditional on the approval by the Company's Ordinary General Meeting to be held in 2023.

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. For companies that already have such an agreement in place, the first allocation authorized by the Annual General Meeting held after the introduction of the Law of December 3, 2008, requires that each company (listed company and relevant subsidiaries) amend the calculation methods relating to one of these agreements, or pay a supplementary incentive or profit-sharing amount.

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 three 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.

The bonus shares awarded would only be fully vested by the Chief Executive Officer at the end of a three-year vesting period, subject to service conditions (in his capacity as a corporate officer), it being specified that in the event of non-renewal of his corporate office (except in the event of resignation or removal from office), the Board of Directors may decide to maintain the plan benefits.

In the event of the Chief Executive Officer's forced departure (except in the event of resignation or dismissal for serious or gross misconduct) following a change of ownership or change in strategy, any bonus share entitlement that he may have been awarded prior to his effective departure date 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 in which the Chief Executive Officer ceases to perform his duties (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.

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 and that the panel of companies used in 2021 will be used again.

This panel is made up of companies similar to Mercialys in terms of business activity, geographical location or size. It is set up as follows:

Peers constituting the index	ISIN index	Country	Business segment	Geographical exposure	Market capitalization *(€M)* at December 31, 2021
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	1,222
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	1,974
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,179
Deutsche Euroshop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czech Republic, Austria, Hungary	905
Eurcommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,005
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,721
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	426
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,054
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	323
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	8,540
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	457
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	515

In addition, in order to assess changes in the Company's financial performance, it is proposed to use a criterion of FFO growth measured as an annual average over three years, between January 1, 2022 and December 31, 2024, 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 maintained, in order to ensure the Company's positive contribution to the fight against climate change.

The award of all shares will be subject to the following performance conditions, measured at the end of the three-year period on the basis of three equally-weighted criteria.

1. The relative performance of the Mercialys share, including dividends (Total Shareholder Return – TSR), compared to the performance of a specific panel of comparable companies, measured between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation.

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	140%
3rd place	130%
4th place	120%
5th place	110%
6th 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 at January 1, 2022, 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 ten companies, *i.e.* a total of eleven companies including Mercialys, were still listed on the panel on December 31, 2024, 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. FFO growth measured as the three-year annual average (CAGR) between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation.

At the end of the three-year period, the number of shares vested on the basis of this performance criterion will be determined in accordance with the table below:

Average annual three-year FFO growth	Multiplier
2.00%	0%
3.00%	100%
4.00%	150%

The multiplier moves in a linear fashion between the limits set above.

3. Reduction over three years of the carbon intensity of the Mercialys portfolio for 33.33% of the initial allocation.

The Mercialys portfolio carbon intensity indicator is the surface intensity on scopes 1 & 2 following Mercialys' SBTi carbon trajectory (in $kgCO_2eq/sq.m.$, on a like-for-like basis with Mercialys' portfolio, the "market-based" method). The minimum value at the end of 2024 is set at 17.4 $kgCO_2eq./sq.m.$, corresponding to the Company's target commitment by the end of 2024 of a 25% reduction in emissions *versus* 2017 (reference year of the certified trajectory).

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:

Reduction of carbon intensity on scopes 1 & 2 on the portfolio's current scope (three-year change *versus* reference value of the 2017 trajectory)	Multiplier
-25%, *i.e.* 17.4 $kgCO_2eq./sq.m.$	0%
-30%, *i.e.* 16.3 $kgCO_2eq./sq.m.$	100%
-35%, *i.e.* 15.1 $kgCO_2eq./sq.m.$	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 in ownership or a 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 TSR criterion, the application of an extra-financial criterion (a maximum of 33.3% of long-term compensation criteria).

The bonus shares awarded in 2022 will only become the beneficiary's property after a three-year vesting period which will end in 2025.

In accordance with the provisions of Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code, the Board of Directors must either decide that the shares vested to corporate officers may not be sold before the end of their directorship, or set the number of shares they are required to keep in registered form until the end of their directorship.

At the end of this three-year vesting period, the Chief Executive Officer would be required to keep 100% of his shares for a period of at least two years after they are fully vested, and thereafter to hold 50% of them as registered shares until the termination of his duties as corporate officer.

Furthermore, in accordance with the provisions of the final paragraph of Article 25.3.3 of the AFEP-MEDEF Code, the Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the lock-up 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. In the event of the forced departure of the Chief Executive Officer, the benefit of the Company's health plan will be extended to the period covered by the social security guarantee for company managers.

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.

However, in the event of termination of his duties, the Chief Executive Officer may receive compensation under a non-competition and non-solicitation clause. In the event of termination of his duties, the Chief Executive Officer will be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of his employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of this clause. In return, the Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of his total annual compensation (fixed and variable) by applying the average total compensation paid for the two fiscal years preceding his departure. This compensation, paid for one year, would not exceed six months of compensation (fixed and variable).

4.2.2.6 Compensation of the Deputy Chief Executive Officer in respect of fiscal year 2021

A. Principles and criteria for determining, distributing and awarding the components of the Deputy Chief Executive Officer's compensation in 2021

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 2021 to the Deputy Chief Executive Officer in respect of her corporate office, were submitted for approval by the Ordinary General Meeting on April 22, 2021 (11th resolution).

At the Ordinary General Meeting of April 22, 2021, 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. 270 et seq.

The 2021 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

Elizabeth Blaise's fixed compensation as Deputy Chief Executive Officer is set at Euro 265,000.

It should be noted that the Deputy Chief Executive Officer retained her employment contract as Chief Financial Officer during fiscal year 2021. Accordingly, her annual fixed and variable compensation continue to be divided into two parts, half on the basis of her corporate function and half on the basis of her employment contract.

Annual variable compensation

It was proposed to maintain the variable compensation mechanism in force in 2020, which included a CSR objective, with the proportion of qualitative criteria being increased from 15% to 20%.

The variable compensation is therefore structured around four types of objectives:

1. Financial criteria:
   - FFO growth, measuring the change in Mercialys' recurring income;
   - EBITDA margin, measuring the efficiency of its operational management.
2. Operational criteria:
   - maintenance of the Company's best financial reporting practices, as assessed by market bodies such as EPRA and the *Grand Prix de la Transparence*, contributing to Mercialys' ability to enhance its KPIs and create value for its shareholders;
   - insourcing, by end-2021, of functions terminated by Mercialys under the Service agreement: corporate legal and insurance functions, which are decisive both for the governance of the listed company and for business continuity.
3. Balance sheet criteria:
   - partial refinancing of bond debt to lengthen its duration and continue to strengthen the protection of the Company's liquidity and balance sheet positions against an uncertain macro-economic and health backdrop;
   - asset disposals during the fiscal year to strengthen the protection of the Company's liquidity and balance sheet positions.
4. Extra-financial criteria:
   - deployment of the new sustainable development plan such that Mercialys continues to follow best market practices in terms of CSR;
   - human resources and talent management to ensure that employees' skills are constantly being adapted to a changing market.

The selected criteria, and their weighting in determining the variable compensation, would be as follows:

		% of fixed compensation		
		Minimum	**Target**	**Maximum**
Quantifiable objectives (80% of the total variable compensation)	FFO growth (20% of the total variable compensation)	0.00%	11.00%	22.00%
	EBITDA margin on a like-for-like basis (15% of the total variable compensation)	0.00%	8.25%	16.50%
	EPRA and *Grand Prix de la Transparence* (10% of the total variable compensation)	0.00%	5.50%	11.00%
	Implementation of action plans for the deployment of the new CSR strategy by 2030 *(as a% of the number of predefined objectives)* (10% of the total variable compensation)	0.00%	5.50%	11.00%
	Bond maturity management *(€M)* (15% of the total variable compensation)	0.00%	8.25%	16.50%
	Asset disposals during the fiscal year *(€M)* (10% of the total variable compensation)	0.00%	5.50%	11.00%
Qualitative objectives (20% of the total variable compensation)	Internalization of functions terminated by Mercialys under the Service agreement, by the end of 2021 (10% of the total variable compensation)	0.00%	5.50%	11.00%
	Human resources and talent management: promoting diversity in the workforce, developing the internal training program, developing and diversifying skills, improving employee satisfaction and commitment (10% of the total variable compensation)	0.00%	5.50%	11.00%
TOTAL VARIABLE COMPENSATION AS A% OF FIXED COMPENSATION		**0.00%**	**55.00%**	**110.00%**

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 portion of the compensation due for fiscal year 2021, after determining the amount based on the achievement of the objectives defined above, is conditional upon approval by the Ordinary General Meeting to be held on April 28, 2022.

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 mentioned on p. 291 for the Chief Executive Officer), on the principle of bonus share plans.

This award would represent a target of 100% of the annual fixed compensation (*i.e.* Euro 265,000) if the defined objectives are achieved, and up to 150% of the annual fixed compensation if each criteria is exceeded. The sum of the three criteria would in any event be capped at 130% of the annual fixed compensation (*i.e.* Euro 344,500), in order to comply with best market practices.

The bonus shares awarded would only be fully vested by the Deputy Chief Executive Officer at the end of a three-year vesting period, subject to service conditions (in her capacity as corporate officer and/or employee), it being specified that in the event of non-renewal of her corporate office (except in the event of resignation or removal from office), the Board of Directors may decide to maintain the plan benefits.

In the event of the Deputy Chief Executive Officer's forced departure (except in the event of resignation or dismissal for serious or gross misconduct) following a change of ownership or change in strategy, any bonus share entitlement that she may have been awarded prior to her effective departure date would be maintained on a *prorata temporis* basis in relation to her 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 are then calculated on the basis of the plan's performance criteria, assessed at the end of the year in which the Deputy Chief Executive Officer ceases to perform her duties (and without taking into account the impact of the year, or years, after 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.

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, but that the panel of companies should be adapted in order to be more comparable and relevant than the EPRA NAREIT/Eurozone index used until now. This new panel is made up of companies more like Mercialys in terms not only of business, but also geography or size. It is set up as follows:

Peers constituting the index	ISIN index	Country	Business segment	Geographical exposure	Market capitalization (€M) at December 31, 2021
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	1,222
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	1,974
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,179
Deutsche Euroshop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czech Republic, Austria, Hungary	905
Eurcommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,005
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,721
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	426
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,054
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	323
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	8,540
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	457
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	515

In addition, in order to assess changes in the Company's financial performance, it is proposed to use a criterion of FFO growth, measured as an annual average over three years between January 1, 2021 and December 31, 2023, in order to align executives' interests with those of the shareholders to restore the Company's growth trajectory and, as a result, its stock market performance.

Lastly, with regard to the CSR policy, an objective is set to achieve a certification rate under the BREEAM nomenclature of 85% of Mercialys' portfolio in order to ensure the sustainability of the Company's portfolio by managing it according to the best market standards. This rate includes the regular renewal of certifications already obtained, in the context of increasing requirements, as well as the certification of additional assets.

The award of all shares will be subject to the following performance conditions, measured at the end of the three-year period on the basis of three equally-weighted criteria.

1. The relative performance of Mercialys shares, including dividends (Total Shareholder Return – TSR), compared to the performance of a specific panel of comparable companies, measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation:

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	140%
3rd place	130%
4th place	120%
5th place	110%
6th 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 at January 1, 2021, plus Mercialys.

Should the panel of comparable companies no longer comprise these 12 companies at December 31, 2023, 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 ten companies, *i.e.* a total of eleven companies including Mercialys, were still listed on the panel at December 31, 2023, 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. FFO growth measured as the three-year annual average (CAGR) between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation:

At the end of the three-year period, the number of shares vested on the basis of this performance criterion will be determined in line with the table below:

Average annual three-year FFO growth	Multiplier
0.00%	0%
1.00%	100%
2.00%	150%

The multiplier moves in a linear fashion between the limits set above.

3. Portfolio certification rate as a percentage of its value, for 33.33% of the initial allocation.

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:

Three-year BREEAM In-Use certification rate (as a% of the portfolio value)	Multiplier
75%	0%
85%	100%
95%	150%

In the event of an exceptional event such as the impact of the Covid-19 epidemic, a change in ownership or a significant change in strategy, the Board of Directors, on the recommendation of the Appointments, Compensation and Governance Committee, may use its discretionary power in particular to reduce, eliminate or postpone, for the TSR criterion, the application of extra-financial criteria (a maximum of 33.3% of long-term compensation criteria).

The bonus shares awarded in 2021 will only become the beneficiary's property after a three-year vesting period which will end in 2024.

In accordance with the provisions of Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code, the Board of Directors must either decide that the shares vested to corporate officers may not be sold before the end of their term of office, or set the number of shares they are required to keep in registered form until the end of their term of office. This information is published in the management report.

At the end of this three-year vesting period, the Deputy Chief Executive Officer will be required to keep 100% of her shares for a period of at least two years after they are fully vested, and thereafter to hold 50% of them as registered shares until the termination of her duties as corporate officer.

Furthermore, in accordance with the provisions of the final paragraph of Article 25.3.3 of the AFEP-MEDEF Code, the Deputy Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the lock-up period.

Moreover, it should be noted that Elizabeth Blaise is the beneficiary of bonus share plans which were awarded to her as a Mercialys employee, prior to her appointment as Deputy Chief Executive Officer.

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 position, the Deputy Chief Executive Officer would be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of her employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of such clause. In exchange, the Deputy Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of her annual fixed compensation as a corporate officer, which will be paid in installments during its term.

B. Details of the compensation, in respect of fiscal year 2021, of Elizabeth Blaise, Deputy Chief Executive Officer

1. Summary table of compensation payable by Mercialys and the companies it controls or which control it

Compensation and benefits of any kind payable by Mercialys and the companies it controls to Elizabeth Blaise, for fiscal year 2021 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)	Fiscal year 2021	Fiscal year 2020
Compensation awarded in respect of the fiscal year (see § 2 below)	563,939	386,725
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) (1)	148,137	130,101
Valuation of other long-term compensation plans	-	-
TOTAL	**712,076**	**516,826**

(1) Potential value in the consolidated financial statements of the shares awarded and not yet vested, for the fiscal year and subject to still being employed as a corporate officer as well as three-year performance conditions (see § 4 below).

2. Compensation awarded or paid by Mercialys and the companies it controls

The compensation and benefits of any kind awarded or paid to Elizabeth Blaise, in respect of her office as Deputy Chief Executive Officer, during and in respect of fiscal years 2020 and 2021, are as follows:

TABLE 2 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Fiscal year 2021		Fiscal year 2020	
(in euros)	Amounts awarded (5)	Amounts paid (6)	Amounts awarded (5)	Amounts paid (6)
Fixed compensation (1)	132,500	132,500	132,500	132,500
Annual variable compensation (1) (2)	132,994	53,000	53,000	72,864
Multi-annual variable compensation (3)	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation allocated on account of the directorship	-	-	-	-
Benefits in kind (4)	29,800	29,800	12,581	12,581
TOTAL	**295,294**	**215,300**	**198,081**	**217,945**

(1) Gross compensation before social security contributions and tax.

(2) The methods for determining variable compensation are restated in the 2021 compensation policy, as approved at the Ordinary General Meeting of April 22, 2021, in § 4.2.2.6, A, p. 295 et seq., and clarifications are provided in Table 3 below. It should be noted that the payment of this amount will be subject to the approval of the 11th resolution presented to the Ordinary General Meeting of April 28, 2022.

(3) Elizabeth Blaise does not receive multi-annual variable compensation in cash, but is the beneficiary of bonus share plans, which did not result in any shares vesting in 2019, 2020 or 2021 for her corporate office.

(4) Executive unemployment insurance and healthcare benefit plan.

(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.

In addition, Elizabeth Blaise still holds the employed position of Chief Financial Officer at Mercialys. In this respect, the amounts of compensation and benefits of any kind paid for fiscal years 2020 and 2021 are as follows:

TABLE 2 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Fiscal year 2021		Fiscal year 2020	
(in euros)	Amounts awarded [5]	Amounts paid [6]	Amounts awarded [5]	Amounts paid [6]
Fixed compensation [1]	132,500	132,500	132,500	132,500
Annual variable compensation [1] [2]	132,997	53,000	53,000	72,864
Multi-annual variable compensation [3]	-	-	-	671
Exceptional compensation	-	-	-	-
Compensation allocated on account of the directorship	-	-	-	-
Benefits in kind [4]	3,145	3,145	3,144	3,144
TOTAL	**268,642**	**188,645**	**188,644**	**209,179**

(1) Gross compensation before social security contributions and tax.

(2) The methods for determining the variable compensation are presented in § 4.2.2.6, A, p. 295 et seq., and details are provided in Table 3 below.

(3) Elizabeth Blaise does not receive multi-annual variable compensation in cash, but is the beneficiary of bonus share plans, which did not result in any shares vesting in 2019, 2020 or 2021 for her corporate office. The amount of Euro 671 paid in 2020 corresponds to the benefit, as an employee of the Company, of democratic bonus share plan No. 29 awarded on 04/26/2018, under which the 87 shares it comprised fully vested to Elizabeth Blaise on 04/26/2020.

(4) 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 Elizabeth Blaise for fiscal year 2021 was determined by the Board of Directors at its meeting of February 14, 2022, on the proposal of the Appointments, Compensation and Governance Committee, applying the criteria in the table below:

			% of fixed compensation				Amount *(€)*
		Assessment	Minimum	Target	Maximum	Achieved	
Quantifiable objectives (80% of the total variable compensation)	FFO growth (20% of the total variable compensation)	FFO, after being heavily impacted by the health crisis in 2020, is recovering despite the negative impact of disposals carried out in 2020 and the costs associated with protecting the balance sheet, as a result of rent-related measures, casual leasing, lower vacancy rates and cost control measures	0.0%	2.5%	22.0%	6.5%	58,300
	EBITDA margin (15% of the total variable compensation)	EBITDA normalization thanks to an increase in income and cost control measures which are much needed as a result of the health crisis and commitments related to the insourcing of certain functions	0.0%	80%	16.50%	84%	43,725
	EPRA and *Grand Prix de la Transparence* (10% of the total variable compensation)	For the 5th consecutive year, Mercialys has been recognized for its exemplary financial and extra-financial communication practices, obtaining this year the prize for the best Universal Registration Document whilst maintaining its EPRA Gold status.	0.0%	Gold + Top 5 Labrador	11.0%	Gold + *Grand Prix*	29,150

		Assessment	% of fixed compensation				Amount (€)
			Minimum	Target	Maximum	Achieved	
Quantifiable objectives (80% of the total variable compensation)	Implementation of action plans for the deployment of the new MERY 2030 sustainable development plan (as a% of the number of predefined objectives) (10% of the total variable compensation)	As a reminder, the new CSR strategy includes four commitments deemed key by its ecosystem of stakeholders. Each of these commitments is broken down into objectives, accompanied by a concrete and operational roadmap. There are 13 objectives. As part of the "For our environment" commitment, the three associated objectives are the subject of a clearly-defined action plan. Of the four associated objectives, two relate to the "For our regions" commitment. The "For our businesses" commitment was the subject of action plans on one associated objective out of a total of three. Finally, the three objectives relating to the "For our talents" commitment gave rise to action plans that bore fruit in 2021.	0.0%	5.50%	11.0%	200%	
				40%		69%	29,150
	Bond maturity management *(€M)* (15% of the total variable compensation)	Successful completion of an oversubscribed partial tender offer in the second half of the year as well as an *ad hoc* purchase in the first half of the year	0.0%	8.25%	16.50%	200%	
				€50M		€99.2M	43,725
	Asset disposals during the fiscal year *(€M)* (10% of the total variable compensation)	Disposal for a total volume of Euro 95.1 million, including Euro 28.0 million of disposals finalized and Euro 67.1 million under preliminary sales agreements without financing conditions precedent	0.0%	5.50%	11.0%	200%	
				€40M		€95.1M	29,150
Qualitative objectives (20% of the total variable compensation)	Insourcing of functions terminated by Mercialys under the Service agreement by the end of 2021 (10% of the total variable compensation)	At the end of December 2021, the insurance management and corporate legal activities were successfully brought back in-house. It should also be noted that in 2021, within the scope of Deputy Senior Management, significant work was carried out to prepare for the insourcing of the accounting, tax and cash management functions, as well as rental management activities, in terms of information systems, human resources and process review.	0.0%	5.50%	11.0%	125%	
							18,219

		Assessment	% of fixed compensation				Amount (€)
			Minimum	Target	Maximum	Achieved	
Qualitative objectives (20% of the total variable compensation)	Human resources and talent management: promoting diversity in the workforce, developing the internal training program, developing and diversifying skills, improving employee satisfaction and commitment (10% of the total variable compensation)	"Great Place to Work" certification reflecting the positive trend in employee satisfaction and commitment in a sector heavily impacted by the health crisis and in the context of improving overall participation in the annual survey (90%). Improvement in the satisfaction of teams under the direct responsibility of the Deputy Chief Executive Officer, with average levels that could be improved further compared to the overall average. The high turnover of certain teams was offset by recruitment with a positive impact on internal skills in terms of diversified profiles.	0.0%	5.50%	11.0%	105%	14,575
TOTAL VARIABLE COMPENSATION AS A% OF FIXED COMPENSATION			**0.0%**	**55.0%**	**110.0%**	**182.50%**	**265,994**

During 2021, Elizabeth Blaise continued a rigorous and optimized management of financial indicators and balance sheet positions, and carried out remarkable work on the rating and improving the Company's liquidity.

In a still depressed environment for shopping centers, she maintained effective and productive dialog with financial counterparties including rating agencies, bonds and bank stakeholders, helping to consolidate the liquidity of the balance sheet and the rating, key factors of strength in an industry that uses a significant level of leverage. Discussions with investors and analysts were very high quality, supporting a relationship of trust, including in a downward cycle. These actions led to the success of debt buyback and refinancing operations.

She continued to provide the Company, its governance and its stakeholders with maximum visibility, participating in rapid and appropriate decision-making in an ever-changing context. Once again, this work resulted in the award for the best Universal Registration Document across all categories, in line with the awards received by Mercialys for several years.

Throughout the year, the teams under her responsibility carried out significant work on the renegotiation of leases and systematically monitored recovery in the context of the Covid-19 epidemic, making it possible to secure positions and cash flows, despite an unfavorable environment.

In addition to crisis management, the Deputy Chief Executive Officer maintained positive interactions with all of the Company's teams regarding previously agreed strategic projects such as risk mapping, the active implementation of the CSR policy, compliance, and diversity and ethics training and communications.

Lastly, in 2021, Elizabeth Blaise was heavily involved in the continuation of the insourcing projects: operational management of insourcings initiated in previous years, preparation for the insourcing of accounting (scheduled for April 2022), corporate finance, tax and insurance.

This variable compensation will be paid subject to the approval of the 11th resolution proposed to the Company's Ordinary General Meeting on April 28, 2022 (see chapter 8, p. 392).

4. Share subscription or purchase options and bonus shares awarded by the Company and/or the companies it controls

In 2021, Elizabeth Blaise, as Deputy Chief Executive Officer, was the beneficiary of a bonus share plan by the Company, as described below (Plan 36).

It is also stated that Elizabeth Blaise was the beneficiary of bonus share plans awarded to her as an employee, prior to her appointment as Deputy Chief Executive Officer (see chapter 7, § 7.2.5.3, p. 379 et seq.).

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 30, of 04/25/2019	9,085 (2)	€59,688	04/25/2022	04/25/2024 (1)	YES (3)
Plan 33, of 04/23/2020	39,665 (4)	€130,101	04/23/2023	04/23/2025 (1)	YES (5)
Plan 36, of 04/22/2021	27,382 (6)	€148,137	04/22/2024	04/22/2026 (1)	YES (7)
TOTAL	**76,132**	**€337,926**			

(1) The Board of Directors has set at 50% the number of bonus shares definitively awarded, which the beneficiary is required to hold in registered form until the end of her corporate mandate within Mercialys.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will be 13,627 shares, corresponding to a valuation in the consolidated financial statements of Euro 89,529.

(3) Bonus shares shall only vest if the beneficiary (in their capacity as corporate officer and/or employee) is still employed by the Company on the vesting date of the shares, and subject to the achievement of three performance criteria: 1) the relative performance of Mercialys shares including dividends (relative Total Shareholder Return) compared to the performance of the companies in the EPRA/NAREIT Eurozone index at January 1, 2019, measured between January 1, 2019 and December 31, 2021, for 40% of the initial allocation, 2) organic growth in rental revenues, including Casual Leasing, excluding indexation, measured as an annual average over three years between January 1, 2019 and December 31, 2021, for 20% of the initial allocation, and 3) FFO growth measured as an annual average over three years between January 1, 2019 and December 31, 2021, for the remaining 40% of the initial allocation.

(4) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will be 51,564 shares, corresponding to a valuation in the consolidated financial statements of Euro 169,129.

(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 three performance criteria: the relative performance of Mercialys shares including dividends (relative Total Shareholder Return) 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; the Company's CDP (Carbon Disclosure Project) rating, measured once a year over a three-year period between January 1, 2020 and December 31, 2022, for 20% of the initial allocation; and FFO growth measured as an annual average over three years between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial allocation.

(6) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will be 35,596 shares, corresponding to a valuation in the consolidated financial statements of Euro 192,575.

(7) 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 three performance criteria: the relative performance of Mercialys shares including dividends (relative TSR) compared to the performance of a specific 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 three 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.

No shares became available in fiscal year 2021 for her corporate office.

Below is a summary of the bonus share plans granted to Elizabeth Blaise as a corporate officer:

TABLE 10 – FRENCH FINANCIAL MARKETS AUTHORITY POSITION/RECOMMENDATION DOC-2021-02

	Plan 30	**Plan 33**	**Plan 36**
Date of the Annual General Meeting	04/25/2019	04/23/2020	04/22/2021
Date of Board meeting	04/25/2019	04/23/2020	04/22/2021
Total number of bonus shares awarded to corporate officers (subject to service and performance conditions) (1)	30,414 (1)	107,020 (2)	73,879 (3)
o/w number of shares awarded to Elizabeth Blaise	9,085 (1)	39,665 (2)	27,382 (3)
Vesting date of shares	04/25/2022	04/23/2023	04/22/2024
Holding period end date	04/25/2024	04/23/2025	04/22/2024
Total number of shares vested at December 31, 2021, to corporate officers	na (4)	na (3)	na (3)
o/w number of shares vested to Elizabeth Blaise	na (4)	na (3)	na (3)
Number of shares canceled or lapsed at December 31, 2021	na (4)	na (3)	na (3)
Number of outstanding bonus shares for plans not yet matured at December 31, 2021	30,414	107,020	73,879

(1) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will be 13,627 shares, corresponding to a valuation in the consolidated financial statements of Euro 89,529.

(2) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will be 51,564 shares, corresponding to a valuation in the consolidated financial statements of Euro 169,129.

(3) If the performance criteria are exceeded, the maximum number of shares that can be awarded to Elizabeth Blaise will be 35,596 shares, corresponding to a valuation in the consolidated financial statements of Euro 192,574.

(4) Since the three-year plan has not yet expired, the final allocations at December 31, 2021 cannot be calculated.

Moreover, it should be noted that Elizabeth Blaise is the beneficiary of bonus share plans which were awarded to her as a Mercialys employee, prior to her appointment as Deputy Chief Executive Officer.

5. Employment contract, special pension plans, 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 [1]	No	Yes	No [2]	Yes	No	Yes [3]	No
○			○		○	○	

(1) Elizabeth Blaise, as Chief Financial Officer, holds an employment contract with Mercialys SA.

(2) Elizabeth Blaise does not benefit from any supplementary pension plan. She is included in the mandatory group pension plan (ARRCO and ARGIC) and in the insurance and healthcare benefit plan covering all the Company's employees.

(3) 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 employment by the Company, up to a maximum of one year; 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 fixed compensation. This compensation will be paid in installments during her term of office.

As mentioned for Éric Le Gentil on p. 278, all the tables in AMF (French Financial Markets Authority) Position/Recommendation DOC-2021-02 not appearing in the previous pages do not apply to Elizabeth Blaise's compensation for fiscal year 2021 (Tables 3, 4, 5, 7, 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 28, 2022 is called to approve the fixed, variable and exceptional components of the compensation package and the benefits of any kind paid or awarded in respect of the previous fiscal year to the Deputy Chief Executive Officer for her mandate in fiscal year 2021. Details and comments about this information can be found in chapter 8, Appendix 3, p. 414 et seq.

4.2.2.7 Compensation policy regarding the Deputy Chief Executive Officer in respect of fiscal year 2022

Board of Directors' report on the compensation policy for the Deputy Chief Executive Officer for fiscal year 2022

(14th resolution of the Ordinary General Meeting of April 28, 2022)

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 2022 to the Deputy Chief Executive Officer in respect of her corporate term of office must be submitted for approval by the Ordinary General Meeting on April 28, 2022.

In this regard, the Board of Directors, at its meeting on February 14, 2022, established, 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 2022.

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 given in § 4.2.2.1 p. 270 et seq.

Note 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 Social and Environmental 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.**

Every year, the Appointments, Compensation and Governance Committee employs an independent company to conduct a market survey amongst 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 measurable and quantifiable performance conditions, over 80% of which must be achieved;

3. **compensation incorporates Social and Environmental 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 Group share of employees' variable compensation. In addition, in order to further align their interests, one of the corporate officers' objectives is to develop employee satisfaction and commitment, diversity and to develop effective training.

These principles apply to all compensation components, including long-term compensation.

Note that the concept of compensation for exceptional circumstances is not part of executive compensation policy.

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 gross annual fixed compensation of Elizabeth Blaise has been Euro 265,000 since January 1, 2020.

The Deputy Chief Executive Officer has retained her employment contract as Chief Financial Officer. Accordingly, her annual fixed and variable compensation has been divided into two parts, half on the basis of her corporate function and half on the basis of her employment contract.

It is envisaged that, in the event of renewal of her directorship, all the compensation of the Deputy Chief Executive Officer will be transferred to her corporate office and that her employment contract as Chief Financial Officer will therefore be terminated, without her being paid any contractual severance pay. It should also be noted that Elizabeth Blaise shall not benefit from any severance pay in the event of the termination of her duties as Deputy Chief Executive Officer. However, such termination would give rise to the calculation of a balance of any account.

The end of her employment contract and the waiver of any contractual severance pay in this respect, as well as the absence of any severance payment linked to her corporate office, help to justify a proposal to increase her annual fixed compensation.

For 2022, it is proposed to increase the annual fixed compensation of the Deputy Chief Executive Officer, it being specified that the structure and terms of allocation of the annual variable compensation and her long-term compensation would remain unchanged.

The AFEP-MEDEF Code provides in its recommendation 25.3.1 that "Fixed compensation should in principle only be reviewed at relatively long intervals".

At the time of her appointment, on February 13, 2019, it was decided to set the annual fixed compensation of Elizabeth Blaise as Deputy Chief Executive Officer at Euro 230,000. Since January 1, 2020, her annual fixed compensation has been increased by approximately 15% to take into account the level of compensation observed at comparable companies and has since been set at Euro 265,000. This compensation has remained unchanged for two years. The proposed increase would bring the new annual fixed compensation of the Deputy Chief Executive Officer to Euro 318,000, *i.e.* an increase of 20% *versus* 2021.

In addition to the absence of an increase in the annual fixed compensation of the Deputy Chief Executive Officer over the past two years, this proposal is justified by the factors described below.

Firstly, the increase in compensation is intended to reflect her successful assumption of duties as Deputy Chief Executive Officer. At the meeting of October 21, 2021, the independent directors on the Company's Board of Directors emphasized the accessibility and availability of Senior Management, as well as the fluidity and quality of exchanges and the consideration by Senior Management of the suggestions of independent directors and their implementation (particularly with regard to the quality of the Company's ESG approach and the creation of a new Strategy and Transformation Committee that meets expectations).

The proposal also takes into account the change in the Company's profile, resulting in an extension of the responsibilities and duties, as well as the strong involvement, of Senior Management. This change was notably seen through the gradual insourcing of support functions between 2020 and 2022, a significant part of which has been under the responsibility of Elizabeth Blaise: property management control activities, insurance, and for 2022, accounting and taxation; this resulted in a 25% increase in the Mercialys workforce between 2019 and 2021.

The level of the Deputy Chief Executive Officer's annual fixed compensation, after taking into account the proposed increase, would remain reasonable and consistent with the level of annual fixed compensation of the executives of comparable companies. In accordance with the AMF's recommendation in its 2020 report on Corporate Governance and Executive Compensation of Listed Companies, a benchmark was established by AON in January 2022 with regard to the level of compensation of a panel of twenty companies comparable to Mercialys. Two methodologies were applied: a constant methodology analysis (used in the previous benchmarks established by AON in 2019 and 2020) called "Pricing", which compares the compensation of the Deputy Chief Executive Officer with that of Deputy Chief Executive Officers of similar or smaller companies in terms of size, or that of business line managers of larger companies, and a so-called "Proxies" analysis, which compares the compensation of the Chief Executive Officer with that of same-level executives within the companies in the selected panel.

This benchmark shows, according to the so-called "Pricing" analysis, that the annual fixed compensation of the Deputy Chief Executive Officer is 11% lower than the average and 12% lower than the median observed in the sample of 19 companies comparable to Mercialys. According to the so-called "Proxies" analysis, the annual fixed compensation of the Deputy Chief Executive Officer is 31% lower than the average and 20% lower than the median of the same panel.

This difference could therefore be mitigated by the proposed 20% increase in the annual fixed compensation.

With regard to the Deputy Chief Executive Officer, the proposal to increase the annual fixed compensation is also in line with a desire to align it with the compensation of a male Deputy Chief Executive Officer over an equivalent period. In fact, the annual fixed compensation of the Company's previous Deputy Chief Executive Officer at the end of his directorship in 2019 was Euro 300,000. This approach is therefore fully in line with the Group's efforts in respect of workplace gender equality.

In addition, the Proxinvest ranking of the executive compensation of executives of SBF 120 companies for fiscal year 2020 shows that the level of compensation of Mercialys Senior Management remains significantly lower than the level of executive compensation of comparable companies.

Lastly, this proposal is in line with the interests of stakeholders, particularly the Group's employees. In fact, the Proxinvest study on the executive compensation of French companies for fiscal year 2020 shows that Mercialys is among the "best" companies in terms of equity ratio. In fact, the difference between Senior Management compensation and that of employees is one of the lowest among the panel of SBF 120 companies, and well below the average and median; only semi-public companies can offer a better ratio.

The Deputy Chief Executive Officer would not retain her employment contract as Chief Financial Officer after the Board of Directors' Meeting following the Ordinary General Meeting. Until then, her annual fixed and variable compensation will continue to be divided into two parts, half on the basis of her corporate function and half on the basis of her employment contract.

Annual variable compensation

Short-term variable compensation rewards performance for the year N-1 and aims to establish a link between the interests of executives and Mercialys' operational strategy for the period.

This compensation is conditional upon the achievement of specific and ambitious targets.

The variable compensation scheme for Elizabeth Blaise remains unchanged for 2022.

As a reminder, the target variable compensation for Elizabeth Blaise in 2021 was 55% of her annual fixed compensation.

The maximum achievement rate for each objective could be as high as 200%. In the event of outperformance, this variable compensation could reach up to 110% of her annual fixed compensation.

In the event of leaving the Group, the Deputy Chief Executive Officer's variable portion will be calculated *prorata temporis* on the basis of service as Deputy Chief Executive Officer.

Variable compensation is structured around two types of objectives, quantitative objectives weighted at 80% and two quantitative and qualitative objectives on the HR and insourcing of functions remaining within the scope of the Service agreement with the Casino group aspects for 20%. Mercialys' compensation policy will continue to comply with the highest market standards, with a very high percentage of quantifiable criteria.

A set of balanced criteria has been maintained for 2022, covering aspects of financial performance, operational performance, extra-financial performance and balance sheet positions. For each of these four types of criteria, we have chosen two criteria that we believe are the most relevant in the current context. The eight objectives selected reflect the main challenges facing the Company for the coming year; they are ambitious and measurable:

1. Financial criteria
   - FFO growth, measuring the change in Mercialys' recurring income;
   - EBITDA margin, measuring effective operational management.
2. Operational criteria
   - gross recovery rate of rent and charges for 2021;
   - successful insourcing of accounting functions, treasury and implementation of adequate internal management and control procedures.
3. Balance sheet criteria
   - debt refinancing to extend terms and continue to strengthen the protection of the Company's liquidity and balance sheet positions;
   - net investment over the fiscal year to resume a growth trajectory.
4. Extra-financial criteria
   - compliance with CSR objectives associated with changes in bank line margins;
   - human resources management to ensure the retention of talent in the context of pressure on the sector's job market, ongoing development of training, and the continuous improvement of employee satisfaction.

The selected criteria, and their weighting in determining the variable compensation, would be as follows:

		% of fixed compensation		
		Minimum	**Target**	**Maximum**
Quantifiable objectives (80% of the total variable compensation)	FFO growth (20% of the total variable)	0%	11.0%	22.0%
	EBITDA margin on a like-for-like basis (20% of the total variable compensation)	0%	11.0%	22.0%
	Gross recovery rate of rents and charges 2021 (10% of the total variable compensation)	0%	5.5%	11.0%
	Compliance with CSR objectives associated with changes in bank line margins (10% of the total variable compensation)	0%	5.5%	11.0%
	Debt refinancing to extend terms *(in millions of euros)* (10% of the total variable compensation)	0%	5.5%	11.0%
	Net investment over the fiscal year *(in millions of euros)* (10% of the total variable compensation)	0%	5.5%	11.0%
Qualitative objectives (20% of the total variable compensation)	Internalization of functions terminated by Mercialys under the Service agreement (10% of the total variable compensation)	0%	5.5%	11.0%
	Human resources management to ensure the retention of talent in the context of pressure on the sector's job market, ongoing development of training, and the continuous improvement of employee satisfaction (10% of the total variable compensation)	0%	5.5%	11.0%
TOTAL VARIABLE COMPENSATION AS A% OF FIXED COMPENSATION		**0%**	**55.0%**	**110.0%**

For each quantitative 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 or graduated fashion between the minimum threshold and the maximum threshold.

The Board of Directors, on a recommendation from the Appointments, Compensation and Governance Committee, may adjust the objectives and thus take into account exceptional events on a nationwide scale, such as a health crisis, when assessing the achievement of the performance objectives to ensure, in the Company's corporate interest, that the implementation of the compensation policy is in line with performance.

The Board of Directors may, by the same reasoning, adjust trigger 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 ownership, 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 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 2022, after determination of its amount based on the achievement of the objectives defined above, will be conditional on the approval by the Company's Ordinary General Meeting to be held in 2023.

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. For companies that already have such an agreement in place, the first allocation authorized by the Annual General Meeting held after the introduction of the Law of December 3, 2008, requires that each company (listed company and relevant subsidiaries) amend the calculation methods relating to one of these agreements, or pay a supplementary incentive or profit-sharing amount.

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 sum of the three 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.

The bonus shares awarded would only be fully vested by the Deputy Chief Executive Officer at the end of a three-year vesting period, subject to service conditions (in her capacity as corporate officer and/or employee), it being specified that in the event of non-renewal of her corporate office (except in the event of resignation or removal from office), the Board of Directors may decide to maintain the plan benefits.

In the event of the Deputy Chief Executive Officer's forced departure (except in the event of resignation or dismissal for serious or gross misconduct) following a change of ownership or change in strategy, any bonus share entitlement that she may have been awarded prior to her effective departure date would be maintained on a *prorata temporis* basis in relation to her 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 are then calculated on the basis of the plan's performance criteria, assessed at the end of the year in which the Deputy Chief Executive Officer ceases to perform her duties (and without taking into account the impact of the year, or years, after 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.

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 and that the panel of companies used in 2021 will be used again.

This panel is made up of companies similar to Mercialys in terms of business activity, geographical location or size. It is set up as follows:

Peers constituting the index	ISIN index	Country	Business segment	Geographical exposure	Market capitalization *(€M)* at December 31, 2021
Atrium European Real Estate	JE00B3DCF752	Austria	Diversified shopping centers	Poland, Slovakia, Czech Republic, Russia	1,222
Carmila	FR0010828137	France	Neighborhood shopping centers	France, Italy, Spain	1,974
Citycon	FI4000369947	Finland	Diversified shopping centers	Northern Europe	1,179
Deutsche Euroshop	DE0007480204	Germany	Diversified shopping centers	Germany, Poland, Czech Republic, Austria, Hungary	905
Eurcommercial Properties	NL0000288876	Netherlands	Neighborhood shopping centers	France, Italy, Sweden, Belgium	1,005
Hammerson	GB00BK7YQK64	Great Britain	Destination shopping centers	France, United Kingdom, Ireland	1,721
Immobiliare Grande Distribuzione	IT0005322612	Italy	Neighborhood shopping centers	Italy, Romania	426
Klépierre	FR0000121964	France	Destination shopping centers	Continental Europe	6,054
New River	GB00BD7XPJ64	Great Britain	Neighborhood shopping centers	United Kingdom	323
Unibail-Rodamco-Westfield	FR0013326246	France	Destination shopping centers	Continental Europe, United Kingdom, United States	8,540
Vastned Retail	NL0000288918	Netherlands	Ground-floor retail premises	France, Netherlands, Belgium, Spain	457
Wereldhave	NL0000289213	Netherlands	Diversified shopping centers	France, Netherlands, Belgium	515

In addition, in order to assess changes in the Company's financial performance, it is proposed to use a criterion of FFO growth measured as an annual average over three years, between January 1, 2022 and December 31, 2024, 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 maintained, in order to ensure the Company's positive contribution to the fight against climate change.

All initiatives will be subject to the following performance conditions, measured at the end of the three-year period on the basis of three equally-weighted criteria.

1. The relative performance of the Mercialys share, including dividends (Total Shareholder Return – TSR), compared to the performance of a specific panel of comparable companies, measured between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation.

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	140%
3rd place	130%
4th place	120%
5th place	110%
6th 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 at January 1, 2022, 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 ten companies, *i.e.* a total of eleven companies including Mercialys, were still listed on the panel on December 31, 2024, 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. FFO growth measured as the three-year annual average (CAGR) between January 1, 2022 and December 31, 2024, for 33.33% of the initial allocation.

At the end of the three-year period, the number of shares vested on the basis of this performance criterion will be determined in accordance with the table below:

Average annual three-year FFO growth	Multiplier
2.00%	0%
3.00%	100%
4.00%	150%

The multiplier moves in a linear fashion between the limits set above.

3. Reduction over three years of the carbon intensity of the Mercialys portfolio for 33.33% of the initial allocation.

The Mercialys portfolio carbon intensity indicator is the surface intensity on scopes 1 & 2 following Mercialys' SBTi carbon trajectory (in $kgCO_2eq/sq.m.$, on a like-for-like basis with Mercialys' portfolio, the "market-based" method). The minimum value at the end of 2024 is set at 17.4 $kgCO_2eq/m^2$, corresponding to the Company's target commitment by the end of 2024 of a 25% reduction in emissions *versus* 2017 (reference year of the certified trajectory).

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:

Reduction of carbon intensity on scopes 1 & 2 on the portfolio's current scope (three-year change *versus* reference value of the 2017 trajectory)	Multiplier
-25%, *i.e.* 17.4 $kgCO_2eq/sq.m.$	0%
-30%, *i.e.* 16.3 $kgCO_2eq/sq.m.$	100%
-35%, *i.e.* 15.1 $kgCO_2eq/sq.m.$	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 in ownership or a 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 TSR criterion, the application of an extra-financial criterion (a maximum of 33.3% of long-term compensation criteria).

The bonus shares awarded in 2022 will only become the beneficiary's property after a vesting period lasting three years which will end in 2025.

In accordance with the provisions of Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code, the Board of Directors must either decide that the shares vested to corporate officers may not be sold before the end of their term of office, or set the number of shares they are required to keep in registered form until the end of directorship.

At the end of this three-year vesting period, the Deputy Chief Executive Officer will be required to keep 100% of her shares for a period of at least two years after they are fully vested, and thereafter to hold 50% of them as registered shares until the termination of her duties as corporate officer.

Furthermore, in accordance with the provisions of the final paragraph of Article 25.3.3 of the AFEP-MEDEF Code, the Deputy Chief Executive Officer undertakes not to make use of risk hedging transactions until the end of the lock-up 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. In the event of the forced departure of the Deputy Chief Executive Officer, the benefit of the Company's health plan will be extended to the period covered by the social security guarantee for company managers.

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. In the event of the termination of her position, the Deputy Chief Executive Officer would be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of her employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of such clause. In return, the Deputy Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of her total annual compensation (fixed and variable) by applying the average total compensation paid for the two fiscal years preceding her departure. This compensation, paid for one year, would not exceed six months of compensation (fixed and variable).

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. 435
1.2	Setting strategic guidelines	Yes	Art. 5 and 12.2 of the IR, p. 435 and 440
1.3	Compliance with the main duties assigned by law	Yes	Art. 5 and 11.2.1 of the RP, p. 435 and 439
1.4	Information on the Board of Directors	Yes	Art. 6 of the RP, p. 436
1.5	Review of opportunities and risks in line with directors' strategy and information	Yes	Art. 6 of the RP, p. 436
1.6	Oversight of the anti-corruption and influence-peddling system	Yes	Art. 5 of the RP, p. 435
1.7	Non-discrimination and diversity policy within ruling bodies	Yes	§ 4.1.1.2, A, p. 229 et seq. § 4.1.2, B, p. 251 et seq.
1.8	Corporate governance report on the Board's activities	Yes	§ 4.1.4.2, p. 255 and 256
1.9	Clarifications required incorporated in the Rules of Procedure	Yes	Art. 5, 6 and 8 of the RP, p. 435 et seq. § 4.1.2, A, p. 250
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 15, 2021 § 9.1.5, p. 433 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	§ 4.1.2, p. 250 Separation of duties Appointment of a Lead Director not applicable
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	§ 4.1.2, p. 250
4	**The Board and reporting to shareholders and the markets**		
4.1	Rigorous financial reporting policy	Yes	§ 7.1.4, p. 368 et seq.
4.2	Fair reporting	Yes	§ 7.1.4, p. 368 et seq.
4.3	Relevance, balance and educational aspect of information	Yes	§ 7.1.4, p. 368 et seq. + Chap. 2, p. 80 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 RIC, p. 436
4.5	Reliable procedures to identify, control and assess commitments and risks	Yes	Chap. 5, p. 316 et seq.
4.6	Relevant information in this area for shareholders and investors	Yes	Off-balance sheet commitments: § 3.1.2 Note 23, p. 183 et seq. + Financial rating: § 1.2.5.5, p. 58 et seq.
5	**The Board of Directors and the Annual General Meeting of Shareholders**		
5.1	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.
5.2	Compliance with the holding and authority of the Annual General Meeting of Shareholders	Yes	Chap. 8, p. 382 et seq.
5.3	Management of conflicts of interest in the event of large-scale transactions	Yes	§ 4.1.7 and 4.1.8, p. 263 et seq.
5.4	Consultation of shareholders on major transactions	Not applicable	No major transaction in progress

Article number	Recommendations	Implementation by Mercialys	Comments
6	**Composition of the Board of Directors: guiding principles**		
6.1	Balance of the composition of the Board – Competence and ethics of the members	Yes	§ 4.1.1, p. 228 et seq.
6.2	Composition of the Board of Directors – Diversity policy	Yes	§ 4.1.1.2, p. 229 et seq.
7	**Gender diversity policy within ruling bodies**		
7.1	Gender equality targets for ruling bodies	Yes	§ 4.1.1.2, p. 229 et seq. § 4.1.2, p. 250 et seq.
7.2	Description of ruling bodies' gender diversity policy	Yes	§ 4.1.2, p. 250 et seq.
8	**Representation of employee shareholders and employees**		
8.1	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
8.2	Voting by directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
8.3	Equal rights and obligations of directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
9	**Independent directors**		
9.1	Integrity, competence, proactivity, attendance and involvement of independent directors	Yes	§ 4.1.1.2, A, p. 229 et seq.
9.2	Definition of independent directors	Yes	§ 4.1.1.2, A, p. 231
9.3	Percentage of independent directors	Yes	§ 4.1.1.2, B, p. 229 et seq.
9.4	Review of the independence of directors and reporting to shareholders	Yes	§ 4.1.1.2, A, p. 231
9.5	Director independence review criteria	Yes	§ 4.1.1.2, B, p. 231 The independence criterion relating to the significance or otherwise of the relationship with the Company was the subject of a special analysis by the Appointments and Compensation Committee following the appointment of Élisabeth Cunin as Chairwoman of the Company. Kiabi, tenant brand of Mercialys
9.6	No variable compensation linked to Company performance for non-executive corporate officers	Yes	§ 4.2.2.2, p. 276 et seq.
9.7	Analysis of the independence of directors representing shareholders holding more than 10% of the share capital or voting rights	Not applicable	The permanent representatives of the Casino group are not considered independent
10	**Assessment of the Board of Directors**		
10.1	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. 228 et seq. § 4.1.6, p. 262
10.2	Compliance with the three objectives of the assessment	Yes	§ 4.1.6, p. 262 An independent firm was appointed in October 2020 to assess the operation of the Board of Directors. The conclusions of its assessment were presented to the Appointments, Compensation and Governance Committee
10.3	Compliance with methods of assessment	Yes	§ 4.1.6, p. 262
11	**Board meetings and committee meetings**		
11.1	Publication of the number of meetings and attendance of directors	Yes	§ 4.1.1.2, A, p. 229 §4.1.4.2. A p.254 et seq.
11.2	Frequency and appropriate length of meetings	Yes	§ 4.1.4,1. p. 253

Article number	Recommendations	Implementation by Mercialys	Comments
11.3	Meetings without the presence of executive corporate officers	Yes	Art. 17 of the RP, p. 441 § 4.1.4.2, B, p. 255 et seq. The independent directors meet at least once a year without the presence of the Chairman of the Board of Directors and Senior Management
11.4	Clear minutes of meetings	Yes	Art. 3 of the RP, p. 435
12	**Access to information for directors**		
12.1	Directors' right to information and duty of confidentiality included in the Rules of Procedure	Yes	Art. 6, 15 and 19 of the RP, p. 436 and 441
12.2	Diligent transmission of useful information to directors, even between Board meetings	Yes	Art. 6 of the RP, p. 436
12.3	Director's duty to seek the information needed to perform related duties	Yes	Art. 15 of the RP, p. 441
12.4	Ability of directors to meet with the Company's key executives	Yes	Art. 6 of the RP, p. 436
13	**Director training**		
13.1	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. 441
13.2	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
13.3	Specific training for directors representing employees	Not applicable	No director representing employees, since Mercialys does not exceed legal thresholds
14	**Directors' term of directorship**		
14.1	Term of directorships	Yes	Art. 16 of the articles of association, p. 428 Art. 1 of the RP, p. 433
14.2	Staggering of directorships	Yes	Art. 16 of the articles of association, p. 429 Art. 1 of the RP, p. 433
14.3	Information on the directors	Yes	§ 4.1.1.2, A, p. 229 et seq.
14.4	Grounds for the candidacy of a director submitted for appointment or renewal	Yes	Annual General Meeting brochure
15	**Board committees: general principles**		
15.1	Existence and composition of committees	Yes	§ 4.1.1.2, A, p. 229 No cross-directorships
15.2	Scope of responsibility of committees	Yes	§ 4.1.5, p. 257 et seq.
15.3	Committee operating procedures and rules	Yes	Committee charters, available at: www.mercialys.com
16	**Audit Committee**		
16.1	Existence and composition	Yes	§ 4.1.1.2, A, p. 229
16.2	Powers	Yes	§ 4.1.5.1, p. 257 et seq.
16.3	Operating procedures	Yes	§ 4.1.5.1, p. 257 et seq. Audit, Risks and Sustainable Development Committee Charter, available at: www.mercialys.com
17	**The Appointments Committee**		
17.1	Existence and composition	Yes	§ 4.1.1.2, A, p. 229 Mercialys has an Appointments, Compensation and Governance Committee
17.2	Powers	Yes	§ 4.1.2, A, p. 233 § 4.1.3, p. 253 § 4.1.5.2, p. 259 et seq. The presence of a Deputy Chief Executive Officer mitigates any unforeseen succession of the Chief Executive Officer

Article number	Recommendations	Implementation by Mercialys	Comments
17.3	Operating procedures	Yes	§ 4.1.3, p. 253 § 4.1.5.2, p. 259 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
18	**The Compensation 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	§ 4.1.5.2, p. 259 et seq.
18.3	Operating procedures	Yes	§ 4.1.5.2, p. 259 et seq.
19	**The number of terms of office of executive corporate officers and directors**		
19.1	Director involvement	Yes	Art. 18 of the RP, p. 441
19.2	Limit on the number of terms of office of the executive corporate officer	Yes	Art. 18 of the RP, p. 441 § 4.1.1.2, B, p. 235 The Chief Executive Officer does not hold any other office in a listed company outside the Group
19.3	Specific recommendations regarding non-executive corporate officers' terms of office	Yes	§ 4.1.1.2, B, p. 234 The Chairman does not hold any other office in a listed company outside the Group
19.4	Restriction on the number of directorships	Yes	Art. 18 of the RP, p. 441 § 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
19.5	Information submitted by the directors on the other directorships held	Yes	Art. 18 of the RP, p. 441 § 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	**Ethics for directors**		
20	Fundamental obligations to be met by the directors	Yes	Art. 14 et seq. of the RP p. 440 et seq.
21	**Directors' compensation**		
21.1	Attendance-based compensation	Yes	§ 4.2.1, p. 266 et seq.
21.2	Additional compensation possible, particularly in the event of attendance at, or Chairmanship, of specialized committees	Yes	§ 4.2.1, p. 266 et seq.
21.3	Adjustment of compensation to the level of responsibilities and time spent on the role	Yes	§ 4.2.1, p. 266 et seq.
21.4	Publication of compensation rules and individual amounts paid	Yes	§ 4.2.1, p. 266 et seq.
22	**Termination of employment contract in the event of corporate office**		
22.1	End of employment contract if an employee becomes an executive corporate officer	Yes	§ 4.2.2.6, B, 5, p. 304 The Deputy Chief Executive Officer receives compensation as a corporate officer. Since she continues to perform the duties of CFO, she also has a paid employment contract in this capacity

Article number	Recommendations	Implementation by Mercialys	Comments
22.2	Scope of the recommendation	Yes	§ 4.2.2.2, B, 5, p. 278 § 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
22.3	Exclusions	Not applicable	Only the Mercialys group executive corporate officers are executive corporate officers of subsidiaries
23	**Executive corporate officers' share ownership obligation**		
23	Definition of a minimum number of shares that executive corporate officers must hold in registered form until the end of their directorship	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 two years, then 50% until the termination of their duties as corporate officers. § 4.2.2.4, A, p. 282 and § 4.2.2.5, B, p. 294 § 4.2.2.6, A, p. 298 § 4.2.2.7, B, p. 309
24	**The signing of a non-competition agreement with an executive corporate officer**		
24.1	Definition of non-competition agreement	Yes	§ 4.2.2.4, A, p. 282 § 4.2.2.5, B, p. 295 § 4.2.2.6, A, p. 298 § 4.2.2.7, B, p. 309
24.2	Board's authorization of the non-competition agreement and its publication	Yes	§ 4.2.2.4, A, p. 282 § 4.2.2.5, B, p. 295 § 4.2.2.6, A, p. 298 § 4.2.2.7, B, p. 309
24.3	Board's option to waive the implementation of this agreement upon the executive officer's departure	Yes	§ 4.2.2.4, A, p. 282 § 4.2.2.6, A, p. 298
24.4	Payment of non-competition compensation excluded when executives exercise their right to retire and when they are over the age of 65	Not applicable	Executives are significantly younger than 65 years of age
24.5	Prohibition of non-competition agreements signed at the time of the executive corporate officer's departure and not previously specified	Not applicable	Non-competition agreements are included in compensation policies
24.6	Amount of non-competition indemnity and terms of payment	Yes	§ 4.2.2.4, A, p. 282 § 4.2.2.6, A, p. 298
25	**Compensation of executive corporate officers**		
25.1	Principles for determining the compensation of executive corporate officers and role of the Board of Directors	Yes	§ 4.2.2, p. 270 et seq.
25.2	Principles for determining the compensation of non-executive corporate officers	Yes	§ 4.2.2, p. 270 et seq.

Article number	Recommendations	Implementation by Mercialys	Comments
25.3	Components of the compensation of executive corporate officers	Yes	§ 4.2.2.4 et seq. p. 279 et seq. The 29th resolution, which was approved by the Annual General Meeting of April 22, 2021, set 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 (122 staff on permanent contracts at the end of December 2021) and so complies with the principle of non-concentration of bonus share plans
25.4	Allowance paid to executive corporate officers upon taking office	Not applicable	No recent executive changes
25.5	Severance pay in the event of the departure of executive corporate officers	Not applicable	§ 4.2.2.4, A, p. 282 § 4.2.2.5, B, p. 294 § 4.2.2.6, A, p. 300 § 4.2.2.7, B, p. 309 Not covered by the compensation policies
25.6	Supplementary pension plans for executive corporate officers	Not applicable	§ 4.2.2.4, A, p. 282 § 4.2.2.5, B, p. 294 § 4.2.2.6, A, p. 300 § 4.2.2.7, B, p. 309 Not covered by the compensation policies
26	**Information on the compensation of corporate officers and policies for granting stock options and performance shares**		
26.1	Constant flow of information	Yes	https://www.mercialys.com/investors/regulated-information/compensation-of-senior-executives
26.2	Annual information – Content and presentation	Yes	§ 4.2, p.266 et seq. Diligent use of AMF tables
27	**Implementation of recommendations**		
27.1	Application of the "Comply or explain" rule	Yes	Chapter 4 Appendix, p. 310 et seq.
27.2	Monitoring of recommendations from the High Committee in charge of Corporate Governance	Not applicable	No comments received by Mercialys in 2021
28	**Review of the Code**		
28	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 January 2020

Terminology: RP – Rules of Procedure of the Board of Directors.



€1,102M
Net financial debt

2%
Average cost of drawn debt

5.1x
EBITDA/Net finance costs

5

RISK FACTORS

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5.1 Organization of internal control and risk management

Mercialys' internal control and risk management systems presented in this chapter 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 in-house discussions to identify all the internal control and risk management systems.

These systems constitute an organizational framework defining: 1/the stakeholders, roles and responsibilities; 2/a risk management process based on their identification, analysis and handling, and 3/continuous management of this system.

They are based in particular on:

- a specific organization dedicated to risk management *via* the existence of a Risks Prevention Committee;
- internal dissemination of procedures, documentation and operating methods deemed to be areas for improvement;
- permanent monitoring *via* assessment (depending on the occurrence and impact) of the risks leading to the regular updating of the associated mapping.

These systems are an integral part of Mercialys' operational and strategic management. Their aim is to protect the Company against several families of identified risks, ensuring the Company's controlled and sustainable development. 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 severe national restrictions in 2020 and 2021, these systems make it possible to immediately engage stakeholders and set up procedures that are key to ensuring business continuity.

5.1.1 Internal control and risk management bodies

Mercialys' risk management and internal control systems, as described in this chapter, apply to Mercialys and its controlled subsidiaries within the meaning of 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 system is built on three lines of control, which operated and acted efficiently during the health crisis in 2020 and 2021.

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.

For this, it relies on the Audit, Risks and Sustainable Development Committee. The Committee checks 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.

It accordingly issues observations and recommendations on audit work, and carries out or commissions any analyses and reviews that it deems appropriate on any internal control and risk management issues.

The Audit, Risks and Sustainable Development Committee is notably responsible for overseeing the process of preparing financial information. In 2020 and 2021, the Committee was called upon, in particular, to help manage risks heightened by the Covid-19 crisis. 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 chapter 4, § 4.1.4.1, p. 257 and 258.

5.1.1.2 Risks Prevention Committee (RPC)

A Risks 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 Risks Prevention Committee's main mission is to manage the risk control system through a mapping process. It is primarily tasked to:

- identify the risks run by Mercialys;
- identify and assess existing procedures;
- implement a plan to supplement and optimize risk handling, and to organize the oversight of the proper application of procedures.

This Committee comprises the Chief Executive Officer, the Deputy Chief Executive Officer and Chief Financial Officer, the Corporate Secretary, the Head of Internal Control, the Head of CSR and the Director 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.

In addition, the Committee's direct reporting to Senior Management strengthens the link between Mercialys' strategy and risk management. This close link proved invaluable in light of health and economic instability in 2020 and 2021. It facilitated ongoing discussions between players in the risk management process and Senior Management, favoring rapid decision-making for the roll-out of on-site actions and head office initiatives.

(1) AMF – Reference framework on risk management and internal control systems – July 22, 2010.

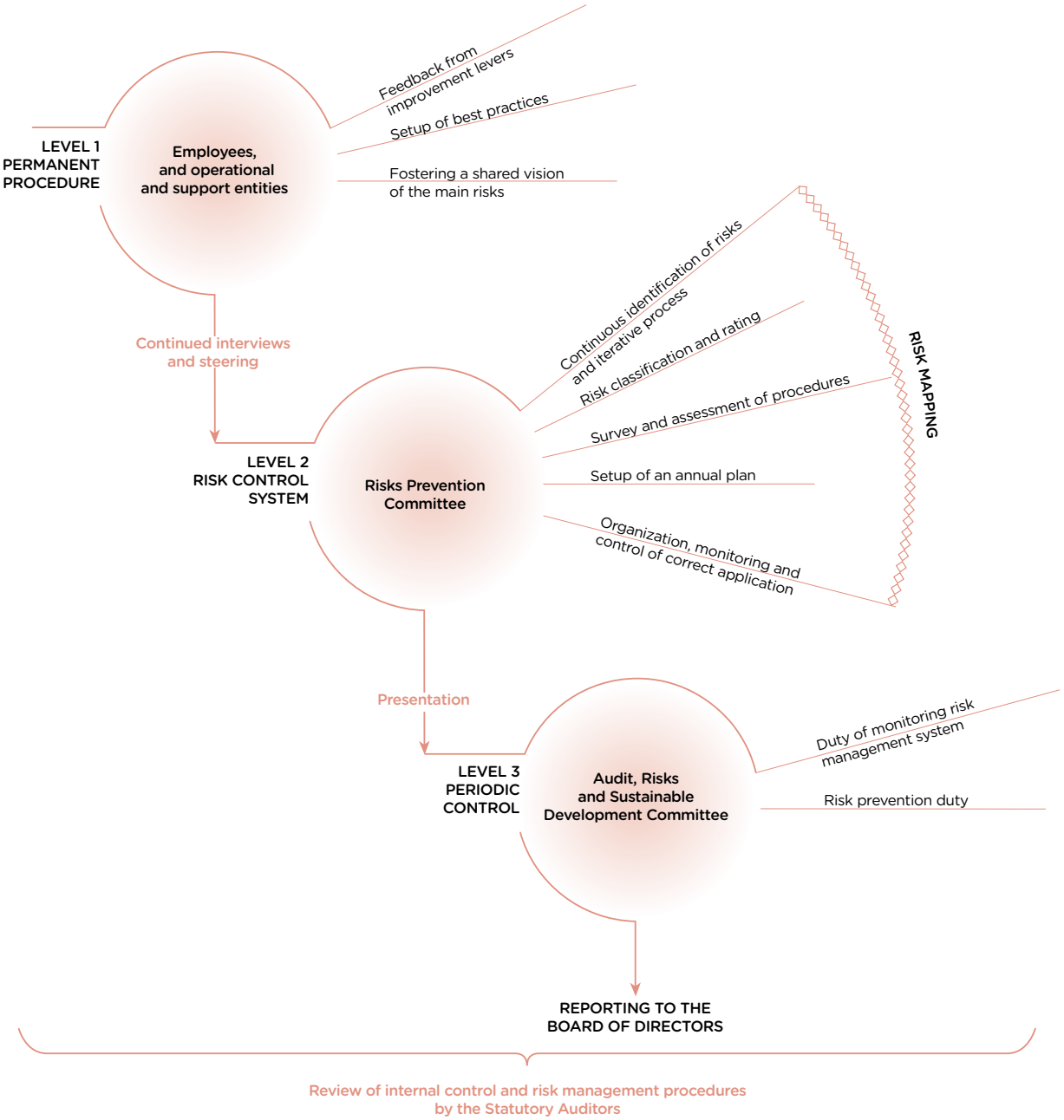
The Risks Prevention Committee meets once a quarter and reports on its work to the Audit, Risks and Sustainable Development Committee at least once a year. The Management Committee is also kept informed through regular presentations.

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.

To this end, Mercialys ensures that all its employees are involved in the risk management process by running occasional presentations, sending out communications and informing on Risks Prevention Committee operations. Heads of Department and/or employees hold regular meetings with Risks 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.



5.1.2 General principles of internal control and risk management

5.1.2.1 Approach and prerequisite

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.

This was particularly true in 2020 and 2021 with the Covid-19 pandemic which led to unprecedented measures in France to combat the spread of the virus: repeated lockdowns of the population and closures of non-essential shops, widespread teleworking, social distancing measures, etc.

Mercialys is, however, working to minimize these risks and their effects. All its internal control and risk management systems are part of 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 maintaining the Company's financial equilibrium, 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 an code of ethics and a code of conduct, as well as a Responsible Lobbying Charter, which formalizes its commitments in terms of professional ethics and the resulting guidelines for conduct to be followed by all its employees daily. The code of ethics and code of conduct are regularly enhanced and updated, and are signed by employees to reconfirm their commitment to respecting their principles. All employees also receive training each year on specific ethics-related topics. Lastly, a frame of reference for managerial attitudes and conduct 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 internal control and risk management systems

	Internal control	Risk management
Definition	The Company is responsible for defining and implementing the internal control system, which contributes to the control of its business activities, the efficiency of its operations and the effective use of its resources. 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 set of resources, practices, procedures and actions relevant to the nature of the Company. It is designed to enable executives to eliminate these risks or to keep them at a level acceptable to 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 it achieve its objectives; • help ensure that actions are aligned with the Company's values; • engage employees around a shared vision of the main risks.

	Internal control	Risk management
Organizational framework	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. An internal organization chart sets out this organizational structure. Delegations of signature are requested by the proxy where a signature cannot be obtained for a specific transaction. Delegations of powers are managed and monitored by the Human Resources Department, liaising with the Casino group Corporate Legal Department, which operates in line with the Service agreement between Mercialys and the Casino group until the end of 2021. Following the insourcing of this function, the Mercialys Corporate Legal Department will be involved from 2022. **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. In order 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 chapter 4, § 4.2.2.1, p. 274 and 275). In addition, every year, managers are assessed on their managerial attitudes and behaviors in line with a frame of reference used as part of the annual performance review. It partly determines the amount of their variable compensation. Lastly, a satisfaction survey on the environment and the organization of work within the Company is carried out on a regular basis. **3. Information systems:** In order to ensure the security of its data, Mercialys manages its IT network through an internal IT Department and dedicated service providers. Data are also managed by the Casino group in connection with the rental management and technical and administrative management agreements, as well as the accounting services provided. The Casino group uses integrated management software and aligns itself with IT industry standards and processes to ensure that the information systems are adapted to the Company's current and future objectives. They also make it possible to address issues such as physical security, the retention of archived information and the continuity of operations.	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 Risks 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. A special team is on standby should a particular crisis arise. This unit is made up of employees and members of Mercialys' Senior Management, as well as key staff and Senior Management representatives from the rental management company. This crisis unit was mobilized several times in 2020 and 2021, demonstrating its responsiveness and the relevance of its composition. During the 2021 fiscal year, Mercialys renewed its insurance policies for property damage, professional liability and the environment. These policies were previously included in the Casino group's centralized policies, as part of the service agreement between the two groups. Mercialys also has insurance policies to cover cyber risks, fraud and the civil liability of corporate officers. The main risks insured and the corresponding amounts are presented in the table below. Lastly, Mercialys controls all the service quality-related functions delegated as part of the Service agreement and updates its risk mapping on an annual basis.
Internal distribution of information	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 Company employees and to those concerned by subcontracting activities under the Service agreement. 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 activities for the stakeholders concerned.	

	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 Company's Chief Financial Officer is responsible for monitoring Mercialys' internal control and risk management system, as well as the internal control system for the activities carried out by the Casino group for Mercialys. 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 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. During 2021, in line with the insourcing of insurance services, Mercialys set up its own insurance policies for most risks. 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 in Reunion Island)	115
Excluding floods and natural disasters and ground movements (limit of Euro 10 million for sites in Reunion Island)	30
Neighbor/third-party claims	115
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, in particular malicious acts by third parties and data loss, up to Euro 5 million;
- for the fraud policy: the risks of fraud to which Mercialys could be exposed, up to Euro 3 million, as well as its customers up to Euro 1.5 million.

5.1.3 Specific aspects of internal control relating to published accounting and financial information

Accounting and financial internal control is 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.

Mercialys uses the Casino group's accounting services to prepare its financial statements, in accordance with the Service agreement between the two groups.

5.1.3.1 Process for overseeing the accounting and financial organization

A. General organization

The Casino Real Estate Department shared accounting services center teams prepare the accounting and financial, separate and consolidated information published by Mercialys. This service is regulated by the Service agreement signed with the Casino group and is overseen by Mercialys' Administrative and Financial Department. This activity will be brought in-house by Mercialys from September 2022, *via* a dedicated accounting and consolidation team.

The Company's Audit, Risks and Sustainable Development Committee examines the annual and half-year financial statements and reviews the Statutory Auditors' conclusions on their work. It then issues an opinion to the Mercialys Board of Directors on the draft financial statements, which then approves said 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 to everyone involved in the process of preparing accounting and financial data.

The Casino group's Accounting Department monitors regulations, ensuring the understanding and anticipation of changes in accounting policy that may impact Mercialys' accounting standards, as part of the Service agreement in place until the end of August 2022, the date on which Mercialys will bring the accounting function in-house. From that date, the Company will rely on internal expertise and external consultants to ensure the proper application of accounting rules.

The impact of these changes on the financial statements and their presentation is assessed 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 conducts 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 published accounting and financial information

A. Identification of risks affecting the preparation of published accounting and financial information

Mercialys' Administrative and Financial Department is responsible for identifying risks affecting the preparation of the published accounting and financial information, 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 published accounting and financial information

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 to be published. In addition, to produce information within short timeframes, early closing procedures are used with a view to securing the reliability of information.

Procedures have been put in place for closing the accounts, with the accounting information produced and controlled by the Casino group's accounting teams under the Service agreement and by Mercialys' Administrative and Financial Department. The accounting function will be brought in-house by Mercialys in September 2022.

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 2016. 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' Administrative and Financial Department is in charge of liaising with external auditors. Procedures for appointing the Company's Statutory Auditors are organized in line with a process initiated and overseen by the Audit, Risks and Sustainable Development Committee. This organization complies with the recommendations of the AFEP/MEDEF Corporate Governance Code for listed companies and with European regulations (European regulation No. 537/2014 and Directive No. 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 definition of operational, financial and extra-financial performance indicators [(1)], aligning itself with industry best practices and contributing to the comparability of results between the sector's various operators.

The latest version of the "EPRA Best Practices Recommendations Guidelines" can be found here: https://www.epra.com/finance/financial-reporting/guidelines.

And the "EPRA Sustainability Best Practices Recommendations Guidelines" here: 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 Communication and Investor Relations Department.

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 Risks Prevention Committee identifies these risks on the basis of interviews with each of the Company's Departments, employees and 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 related to the dynamics of the retail real estate market.

5.2.1.1 Risk categories

Mercialys' Risks Prevention Committee has identified 51 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	15
Legal and regulatory risks	8
Governance risks	5
Environmental, social and societal risks	6
Risks related to financial operations underway	0

(1) EPRA: European Public Real Estate Association.
(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.

The accuracy of these ratings was reassessed in 2021 notably through changes in the health and economic situation caused by the Covid-19 crisis. Its impact on the Company's priority risks involved is presented in detail for each risk and summarized in § 5.2.5, p. 340 and 341 of this chapter.

Impact

It measures the potential impact of a risk for the Company if it were to materialize. When it can be quantified, the impact is expressed as a percentage of Funds From Operations (FFO) 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 consultation with internal and external stakeholders, in line with the strategic CSR approach. The evaluation of Mercialys' other risks is based on internal stakeholders. In order to ensure consistency between these two methodologies, the Risks Prevention Committee rates the impact of environmental, social and societal risks on the basis of their reputational consequences, the rating level being directly taken from their positioning within the Company's materiality matrix.

	Low	Moderate	High
Change in FFO	Less than 1% of FFO	From 1% to 5% of FFO	More than 5% of FFO
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 roll-out of the strategy and operations	Moderate obstacles to the roll-out of the strategy and operations	Major obstacles to the roll-out of the strategy and operations
Reputation	No media impact or impact on a limited number of stakeholders	Local media impact or impact on certain stakeholders	National media impact or impact on a high number of stakeholders

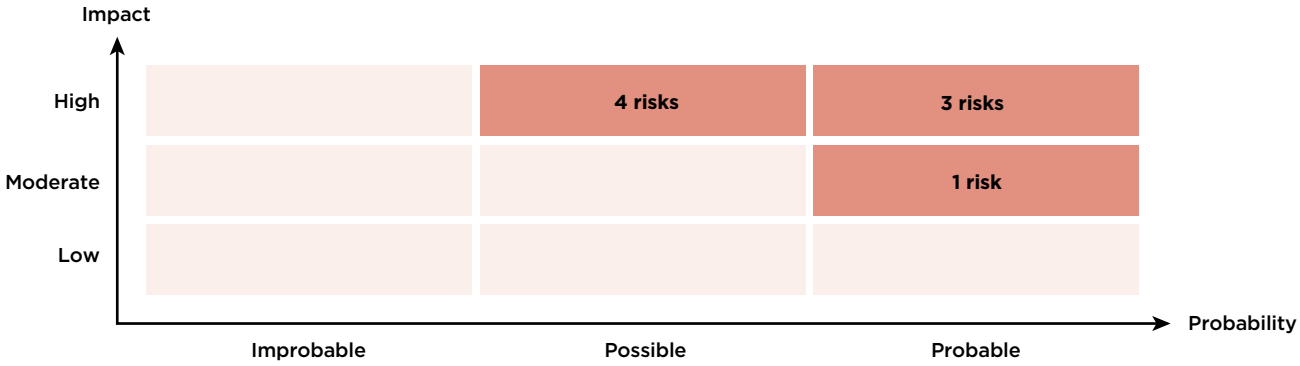
Probability

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 a risk-bearing event happening. The probability is split into three levels: improbable, possible and probable.

	Improbable	Possible	Probable
Probability of at least one occurrence of the risk	Within four to five years	Within two to three years	Within one year

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**. This means that it assesses the impact and probability of its gross risks, taking into account any potential mitigation measures and arrangements (insurance, cover, controls and procedures, policies, diversification, etc.).

Of the 51 risks identified by Mercialys, eight risks, from three categories, are classed as priority:

Category	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	High (NAV)	Probable	Stable
	Risk related to competition on the physical retail segment	High (FFO)	Possible	Stable
	Risk related to new forms of consumption	High (FFO)	Possible	Upward
Risks related to business activities	Risk related to retailer arbitrage and reletting	High (FFO)	Probable	Upward
	Risk related to the safety and security of operations and a deterioration in the portfolio	High (reputation)	Possible	Stable
	Risk related to acquisitions and construction operations	High (NAV)	Possible	Stable
	Risk related to providers, suppliers and subcontractors	Moderate (implementation of the strategy and continuity of operations)	Probable	Upward
Risks related to the financial position	Risk related to interest rates, the cost of debt, liquidity and financing	High (FFO)	Probable	Stable

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: Stable

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 deemed risk-free rate (*i.e.* the interest rate paid by the French state on its borrowings) and the risk premiums associated with the property 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 property market.

The appraisal value of the Mercialys portfolio can thus be positively/negatively impacted *via* the capitalization rate:

- by a significant drop/rise in rates deemed risk-free or risk premiums;
- by the recognition of more favorable/lower rates within 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 in the calculation of the Company's Net Asset Value (NAV) and the 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 (providing regular updates to members of 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 updated every six months, based on a 0.5% decrease/increase in the capitalization rate and a 10% increase/decrease in appraised net rental income.

The risk of a deterioration in the appraisal value, through unfavorable changes in the underlying assumptions, is therefore regularly tracked through the monitoring methods applied and their frequency. In addition, all the assets in Mercialys' portfolio are valued by independent real estate appraisers every six months, 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 the one hand, on the disposal of assets that have reached maturity or potentially become commercially vulnerable. It is also based on investments in its leading assets, in order to consolidate their dominance in their catchment area and strengthen their value. In line with this approach, the Company has drastically reduced the size of its portfolio in recent years, from 93 shopping centers at end-2010 to 50 at end-2021. Since 2020, it has also strengthened its specialist acquisitions and arbitrage team, by appointing the Company's former Head of Asset Management to manage it, thus attesting to the strategic and central nature of these topics.

Mercialys' portfolio value came to Euro 2,945.1 million excluding transfer taxes at end-December 2021, compared with Euro 2,996.6 million at end-June 2021 and Euro 3,065.6 million at end-December 2020. The value of the portfolio excluding transfer taxes therefore dropped -3.9% over twelve months (-3.1% like-for-like) and -1.7% over six months (-0.9% like-for-like). The average appraisal capitalization rate came to 5.71% at December 31, 2021, *versus* 5.74% at June 30, 2021 and 5.72% at December 31, 2020.

Due to the strong correlation between the capitalization rate and the discount rate in the real estate appraisers' model, the sensitivity test for changes in the capitalization rates also shows the sensitivity to changes in the discount rate. Based on the annual appraised potential net rental income of Euro 179.2 million and the average capitalization rate of 6.09% recorded at the end of December 2021, the sensitivity analysis is as follows:

Sensitivity criteria	**Impact on the appraisal value excluding transfer taxes** *(in millions of euros)*
-0.5% decrease in the capitalization rate	+263.6
+10% increase in rents	+294.5
+0.5% increase in the capitalization rate	(223.6)
-10% decrease in rents	(294.5)

Risk trend: stable

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 meet debt repayment deadlines in the event of a slowdown or pause in the finance markets.

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. An upward trend in capitalization rates was observed at Mercialys over the period, with a relatively moderate negative impact on the appraisal value of its portfolio. Over the past three years, the Company has been able to sell assets at rates that support its portfolio's valuation levels.

It is recalled that real estate appraisers value the Mercialys portfolio on a half-yearly basis.

Ultimately, the risk trend related to the capitalization rate, the portfolio value and the liquidity of real estate assets on the market is considered stable.

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 the catchment areas of the cities where it is present. The level of footfall at its sites is a key indicator that has an upward or downward 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 the footfall at shopping centers would lead to a drop in the profitability for retailers and would ultimately lead to pressure on the rents invoiced by the Company.

Risk management and coverage

Mercialys manages this risk through two key pillars:

- a regular asset rotation policy, which may lead to sales of 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 its sites through (i) medium-sized stores set up to generate additional traffic supporting the entire shopping center, (ii) a merchandising mix that is adapted to each catchment area, and (iii) the implementation of new uses of shopping centers (*e.g.* coworking, medical centers and first- and last-mile logistics services in particular), with a view to consolidate their foothold in their local areas within their communities.

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 national shopping centers council (*Conseil National des Centres Commerciaux*, CNCC). In 2021, footfall at Mercialys sites during opening periods was 86% of the normalized level in 2019, despite major operational constraints related to the health crisis (namely curfews and health pass requirements). Retailer sales also demonstrated good resilience, illustrating the strength of the Company's shopping centers.

Risk trend: stable

Some real estate projects have historically had a localized impact on footfall trends at certain Mercialys sites. However, the Company has never observed any major, widespread increase in competition across its physical commercial real estate portfolio. In addition, following a moratorium initiated in 2020 by the French government on the construction of new retail space, Law No. 2021-1104 of August 22, 2021 (known as the "Climate and Resilience Law") includes the fight against the artificialization of soils among the principles referred to in Article L. 101-2 of the Urban Planning Code, as well as the establishment of a "Net Zero Artificialization" objective. The constraints concerning the implementation of *ex nihilo* new retail spaces should contribute to the sustainability of existing sites.

The resilience of business levels at Mercialys sites in 2020 and 2021, despite the health crisis, once again proves the Company's competitive edge. 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. The very limited current financial vacancy rate recorded by Mercialys at the end of 2021 (3.2%) was significantly lower than that at end-December 2020 (3.8%), end-June 2021 (4.0%) and end-September 2021 (3.4%), also illustrating the power of Mercialys sites in their catchment area.

Consequently, the risk related to physical retail competition is considered stable.

C. Risk related to new forms of consumption

Impact: high/Probability: possible/Trend: upward

Description of the risk

The breakdown of Mercialys' rents by business sector shows a high level of diversification. However, at December 31, 2021, two sectors account for more than 20% of contractual rents on an annualized basis – personal items and large food stores:

	Dec. 31, 2021	Dec. 31, 2020
Restaurants and catering	8.4%	8.6%
Health and beauty	12.6%	12.3%
Culture, gifts and sports	16.3%	16.0%
Personal items	30.5%	31.5%
Household equipment	7.2%	6.9%
Large food stores	21.8%	21.5%
Services	3.2%	3.2%
TOTAL	**100.0%**	**100.0%**

The risk associated with new forms of consumption is primarily reflected *via* the following elements:

- a structural contraction in revenues for the personal items sector from 2008 to 2016. After picking up slightly in 2017 (fashion and textiles consumption in France up +0.6% [(1)]), the downward trend continued in 2018 (-2.9% for clothing sales [(1)]) and in 2019 (-1.0% [(1)]). This crisis worsened during the Covid-19 epidemic, resulting in a -17% decrease in clothing retailer revenues in 2020, according to the Institut Français de la Mode. However, the same source announced that this indicator recovered by +5% in 2021.
- a paradigm shift in consumption affecting large retailers with: 1/in the food segment, a loss of market share by integrated hypermarket operators in favor of independent retailers and hard discounters, 2/in the non-food segment, a downward trend for non-food products as a percentage of total hypermarket revenues;
- steady growth in e-commerce revenues, which represented 9.8% of retail in France in 2020 [(2)].

The two main factors behind a downturn in consumption may affect textiles or clothing retailer profitability and result in pressure on Mercialys' rents or even contribute to an increase in its vacancy rate.

The development of e-commerce may impact on "physical" retailers which need to make significant investments in terms of IT (to develop their online distribution and improve their inventory management) and marketing.

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 hypermarkets, partly floorspace allocated to non-food products, in coordination with the food operator. These projects have optimized the surface of hypermarkets to concentrate on food products, while providing the shopping centers with access to additional space, in order to accommodate a number of specialist retailers, restaurants, etc., helping drive growth in footfall at these sites;
- the constant adaptation of its merchandising mix, in keeping with the objective of a well-diversified portfolio across different sectors, as well as the identification of the most relevant retailers in each sector, particularly with respect to their price positioning;
- the development of customer knowledge, through marketing tools making it possible to provide visitors with offers and information that are aligned with their consumption profile, with a view to building loyalty;
- the ramping up of its proprietary first- and last-mile logistics solution, Ocitô, with the retail digitalization tool being rolled out in physical stores in 31 of its centers by the end of 2021. The Ocitô ecosystem incorporates three solutions for the convergence of physical and digital commerce:
  1/an online and mobile marketplace, enabling retailers in Mercialys' centers to benefit from an additional channel through which to offer food and non-food products to consumers,
  2/a logistics platform that groups together all centers' retailer services, facilitating the ship-from-store service which consolidates and ships parcels from their shops (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, for greater effectiveness and efficiency both for retailers and consumers (immediate delivery, home delivery within two days, Click & Collect, drive-through, and parcel collection lockers).

Risk trend: upward

While difficult to assess, the risk related to new modes of consumption is considered to be on the rise.

Retailer obsolescence has been a constant feature of the retail sector for the past decade, and the need to adapt the shopping centers is a major strategic element. This increased in 2020 and 2021 with the successive lockdown measures related to the health crisis which weakened many retailers, particularly in the textiles and catering/leisure sector. Some segments have, however, benefited from this particular environment, such as home equipment and digital products. All food distribution formats were also able to remain open throughout 2020 and 2021, constituting a major resilience factor for business at Mercialys shopping centers. However, it should be noted that the various assistance measures implemented by the French government, supplemented (particularly concerning fixed costs) or introduced (for the payment of rents) in 2021, have greatly reduced the number of shop and restaurant closures in shopping centers.

Similarly, although the health crisis has led to the repeated closure of all "non-essential" shops, prompting some consumers to make some of their purchases online, it is difficult to assess the sustainability of this trend. Statistics do not indicate that e-commerce players have benefited from a massive and structural shift in consumption over the 2020 and 2021 fiscal years, as illustrated by the rapid normalization of footfall in shopping centers as soon as the various lockdown measures were lifted. This also raises the question of the sustainability of the gains in market share achieved by e-commerce.

In any event, Mercialys believes that it has proven competitive advantages:

1. the difficulty in obtaining authorizations 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 government decree, during the three periods of lockdown 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 in medium-sized cities where Mercialys' assets are located and where visits are recurrent, short-lived, and involve limited average baskets, making delivery costs for online purchases comparatively high.

(1) Source: French Institute of Fashion (Institut Français de la Mode).
(2) Source: Fevad – Federation of e-commerce and distance selling.

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 centers 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 and H&M groups, no single retailer represents more than 2% of Mercialys' annual rents. Exposure to the Casino group accounted for a significant percentage of rents, amounting to 22.4% at the end of 2021. This exposure fell to 19.6% as a result of restating: 1/downwards BNP Paribas REIM's 49% minority interest in SAS Hyperthetis Participations and SAS Immosiris, which own a total of ten hypermarkets operated under the Géant Casino brand, and 2/upwards Mercialys' 25% minority interest in SCI AMR, which owns three Monoprix and two hypermarkets operated under the Géant Casino brand. The consolidated exposure is mainly divided between the Géant (21.1% of rents at the end of 2021) and Monoprix (0.7% of rents at the end of 2021) hypermarket brands. 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.

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. Casino and Mercialys are discussing new operations of this type, in accordance with the terms of the leases binding the two companies. Under these negotiations, the hypermarket may be awarded a rent reduction, while the space vacated would, at the same time, make it possible to create value. If it was not possible to reach an agreement with the Casino group, it could exercise its option to vacate these units with the three-year breaks. As part of the re-letting of these premises, Mercialys would then look at reviewing the food offering in terms of both its operator and format, and increasing the space allocated to the shopping center.

The lease expiry schedule for Mercialys' two main tenants, *i.e.* the Casino group and H&M, is presented below.

Casino group lease schedule *(main leases: hypermarkets, supermarkets and Monoprix stores)*

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
Saint-Étienne	100%	Hypermarket	07/2014	06/2026	3-6-9-12 commercial lease
Quimper	100%	Hypermarket	12/2014	12/2026	3-6-9-12 commercial lease
Annecy	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
Le Puy	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

H&M group lease schedule

Site	Lease start date	Lease end date	Lease characteristics
Grenoble	05/2010	05/2020	3-6-9-10
Marseille	04/2011	04/2021	3-6-9-10
Angers	07/2011	07/2021	3-6-9-10
Clermont-Ferrand	08/2013	08/2023	3-6-9-10
Mandelieu	01/2016	01/2028	12-year commercial lease, 6-year firm period
Brest	02/2016	02/2028	12-year commercial lease, 6-year firm period
Lanester	07/2016	07/2028	12-year commercial lease, 6-year firm period
Toulouse	07/2016	07/2028	12-year commercial lease, 6-year firm period
Aix-en-Provence	08/2016	08/2028	12-year commercial lease, 6-year firm period
Besançon	12/2016	12/2028	12-year commercial lease, 6-year firm period
Quimper	05/2017	05/2029	3-6-9-12
Morlaix	07/2017	07/2029	12-year commercial lease, 6-year firm period
Narbonne	07/2017	07/2029	12-year commercial lease, 6-year firm period
Nîmes	08/2017	07/2029	12-year commercial lease, 6-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.

Furthermore, the risk linked to potential difficulties affecting the food retailers of the Casino group operating on the Company's sites must be put into perspective with the options available for reletting the vacated space. Demand for space for food outlets remains strong in France, in a context where authorizations to open new physical retail stores are now very limited.

Mercialys has also put in place procedures to contain the retailer counterparty risk, including:

- a detailed analysis of achievements from a lettings perspective compared with the budget, carried out each month by the Administrative and Financial Department, Asset Management Department and Lettings Department. The findings are presented to the Management Committee and lead to specific action plans;
- an annual analysis of the occupational cost ratio (ratio between the amount of rent including tax, the costs including marketing funds and the works charged back to the retailer and its sales including tax) 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% of Mercialys' contractual rents on an annualized basis are fixed or include a guaranteed minimum rent at December 31, 2021);
- very regular operational procedures for rent collection and monitoring, carried out jointly by the Rental Management, Asset Management, Lettings and Administrative and Financial 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 merchandising mix;
- the creation of a specialist Lettings team 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, within the broader context of each shopping center's target profitability;
- the asset rotation strategy. Mercialys regularly analyzes the positioning of all of its assets within their catchment area. A shopping center's ability to continue to be very attractive in the long term in this area is one of the criteria that may lead to arbitrage of the site.

Risk trend: upward

Consumption in France is expected to remain buoyant in the long term, based on positive demographics and a high savings rate, which increased significantly in 2020 (21.4% at the end of December 2020 *versus* 14.9% in 2019 [(1)]). During the third quarter of 2021, this rate decreased to 17.5% with the easing of health restrictions, however it remains higher than the historical level.

In addition, the underlying demand for quality retail premises, such as those offered by Mercialys, should remain resilient in the long term. The Company benefits from its sites' strong foothold in their catchment areas, offering merchandising mixes that respond to daily needs. This is illustrated by the fact that, during the lockdowns, up to 40% of the Mercialys rental base was classified as "essential businesses". The French commercial property system, through lease rights, offers strong protection for landlords. These factors help to secure Mercialys' revenues.

(1) Source: INSEE - The National Institute of Statistics and Economic Studies.

The effects of the Covid-19 health crisis on the economic climate were mixed. By the end of 2021, State aid had helped to significantly limit the impact on unemployment rates and business failures. Nevertheless, the highly fluctuating trend in consumer confidence and consumption over the period 2020 and 2021 illustrates persistent uncertainties and could have a negative impact on Mercialys' tenant retailers. Lastly, at the end of December 2021, it cannot be determined whether the health situation will lead to new public health measures that could have an impact on the footfall at Mercialys sites or on retailer sales, as was the case with the lockdowns, or the temporary introduction of the "health pass" in shopping centers.

Mercialys greatly increased its monitoring of tenants' financial health in 2020 and 2021. The health and economic crisis exacerbated pre-existing profitability issues for some tenants, particularly in the textiles sector. In addition to business disruptions, the investments required from retailers for their marketing and digital strategy when faced with competition from online operators 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 (H&M in particular), or even pressure on minimum guaranteed rents.

Lastly, the Casino group's sales of its Géant business operations in recent years show that its Géant hypermarket brand may be considered less strategic by the Casino group. This may have potentially dilutive effects on Mercialys' rental revenues.

Thus, even if the recovery rates (rents and charges) for the fiscal years 2020 and 2021 were at acceptable levels of 90.1% (99.9% restated for credit notes to be issued and provisions for doubtful receivables) and 88.8% respectively, in view of the magnitude of the shock experienced, and the current financial vacancy rate of 3.2% at the end of 2021, this risk is estimated to be increasing.

B. Risk related to the safety and security of operations and a deterioration in the portfolio
Impact: high/Probability: possible/Trend: stable

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 the quality of soils, underground water, 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 associated with Covid-19, which may generate 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 measures 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, and if the latter considers the results to be unsatisfactory, corrective measures 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, where required;
- crisis management procedures are available and are 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 that works are 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 of the insurers' fire prevention engineers are released after each on-site appraisal, accompanied by recommendations which are followed up on jointly by Mercialys and the Casino group Insurance Department, under the Service agreement between the two groups;
- in exceptional circumstances, such as social movements ("yellow vests", farmers, for example), or the Covid-19 pandemic, Mercialys also takes strong measures to ensure the health and safety of its visitors, retailers and employees, with the direct collaboration of 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: stable

Public safety at Mercialys shopping centers is part of the Company's core responsibility. It takes all necessary measures to ensure the highest level of safety for visitors. The Company remains vigilant in the context of recurring acts of terrorism on the national territory, despite the status of the Vigipirate plan having been revised downwards, from an "attack emergency" at the end of 2020 to "heightened security – risk of attack" in March 2021.

As part of the fight against the Covid-19 epidemic, Mercialys also implemented strict health measures to ensure the health and safety of its customers, traders and staff. These measures include real-time customer counting systems, organization of traffic flows, distribution of hydroalcoholic gel at entrances, continuous cleaning and disinfection of premises and equipment, the management and adaptation of communal areas and increased indoor air renewal.

On a more structural level, regular portfolio maintenance ensures business continuity and the cover offered by the insurance policies in place is deemed to be effectively calibrated in relation to the potential damages for the Company.

Consequently, this risk is considered stable.

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 deemed to have sub-optimal geographic exposure and growth potential, as well as those deemed to have reached their optimum value, are sold in order to finance the Company's development pipeline or acquisitions of assets.

Since its initial public offering in 2005, Mercialys has not built any greenfield sites (*ex nihilo* sites), and no such projects are included in its current project portfolio. This mainly comprises the restructuring and extension of existing spaces. The potential demolition and construction operations relating to these projects are carried out under different types of contracts: direct basis or delegated project management, property development contract, etc. These structures entail various levels of legal responsibility and various financial risks. Notably, these include possible exposure to budget overruns or the impact of delays in delivery.

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 works 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). Independent economists cost 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 holds 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, Administrative and Financial Department and Asset Management).

Lastly, once the ten-year warranties have expired on sites acquired or under development, Mercialys ensures that the assets are properly maintained throughout their life through multi-year work plans. This vigilance makes it possible to guarantee that shopping centers are safe and to evenly distribute the investment expense needed to ensure their sustainability.

Risk trend: stable

At the end of 2021, Mercialys had a Euro 494-million project pipeline for 2027. Its depth and flexibility offer Mercialys the prospect of quick and sequenced building starts in line with opportunities at the various sites, and particularly emerging needs within their respective catchment areas.

Given the current climate, Mercialys has suspended its developments since 2019, limiting its commitments to strict maintenance investments and projects already under way, amounting to Euro 3.9 million in 2021.

The Company has all the legal expertise specific to project development. At the same time, it calls on recognized 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 stable.

D. Risk related to providers, suppliers and subcontractors

Impact: moderate/Probability: probable/Trend: upward

Description of the risk

To effectively carry out its day-to-day management and its development projects, Mercialys works with external providers. There are hundreds of providers, contributing to the high level of overheads of Euro 16.9 million in 2021 and Euro 16.2 million in 2020.

If one or more of them was to potentially default, this could disrupt the deployment of Mercialys' strategy and the continuity of its operations, particularly when certain services that were previously outsourced are gradually being brought back in-house.

For instance, Mercialys uses various accounting and management software and IT systems, which could result in disruptions if the suppliers of these services (solution vendors, hosting providers and IT consultants) were to experience difficulties concerning the security, management and recovery of data belonging to Mercialys.

Furthermore, due to Mercialys' historical organizational structure, services provided by Casino group entities still represent nearly 5.7% of Mercialys' overheads at this stage, resulting in a concentration of the risk related to providers and suppliers for the Company.

For reference, the Casino group provides services to Mercialys under the following agreements entered into between the two groups:

- the Service agreement, under which some of Mercialys' support functions are still performed by Casino group teams;
- the technical and administrative management and rental management mandates signed with Sudeco, a Casino group subsidiary;
- the non-exclusive framework agreement for delegated project management, entered into with another Casino group subsidiary.

Note that the Partnership agreement, under which Mercialys benefited from priority access to retail real estate development projects conducted by the Casino group, ended on December 31, 2020.

Lastly, although it puts in place all necessary due diligence measures in this area, owing to the large number of providers that it works with, Mercialys is still exposed to the risks relating to non-compliance with the General Data Protection regulation (GDPR) by one or more of them, or even risks linked to any failure to respect the principles of professional ethics and compliance.

Risk management and coverage

Mercialys protects itself against the risks relating to its suppliers by first of all working primarily with providers that have a solid reputation and leading position. This enables the Company to be supported by leaders on their respective markets, particularly for its accounting and management software. The tools used are those of the market's major players (including Microsoft, Sopra and SAP), whose long-term viability is established.

Mercialys has built clauses into its contracts concerning compliance with the GDPR regulation and business ethics. This is supported by its collaboration with established operators. Due to the legal obligations that these groups generally face, they have usually put in place the procedures and investments needed to ensure their own regulatory compliance. In connection with the outsourcing of its real estate management and technical and administrative management activities, Mercialys also receives regular reports from its provider Sudeco concerning the supplier audits that it conducts on behalf of Mercialys.

With regard to the relationship of service provision with the Casino group, the corresponding risk is managed through:

- regular spot-checks, supported by market consultations and benchmarks;
- a contractual commitment by the provider to continue with the technical and administrative management and rental management mandates until December 31, 2022. In case the agent were to default or terminate these agreements before this date, Mercialys took steps in 2019 to ensure that it would be able to appoint alternative providers under globally comparable pricing conditions (Euro 5.9 million paid in respect of 2021 and Euro 5.4 million for 2020);
- the gradual insourcing of the functions initially performed by the Casino group *via* the Service agreement:
  - the services relating to fund management, real estate development and real estate legal aspects ended on December 31, 2019,
  - IT, real estate management control and human resources support services ended in 2020,
  - services relating to insurance and corporate legal assistance ended in 2021,
  - financial accounting services are subject to notice at the end of 2021 and will be terminated in August 2022.

As a result, invoicing for the Service agreement is estimated at Euro 0.4 million for 2022, compared with Euro 1.0 million in 2021 and Euro 1.3 million in 2020.

Lastly, the technical and administrative management and rental management mandates signed with Sudeco, a subsidiary of the Casino group, will expire on December 31, 2022 and the related functions are already being brought in-house by Mercialys.

For the aspects relating to construction work on redevelopments or extensions, the delegated project management framework agreement entered into with the Casino group is not exclusive. Mercialys can therefore work with a number of providers nationwide, once again based on comparable pricing conditions. Mercialys did not make significant use of it in 2021. This framework agreement will expire on December 31, 2022.

Risk trend: upward

The risk related to providers, suppliers and subcontractors is estimated to be increasing.

While the concentration of service providers, suppliers and subcontractors continues to decrease as the activities hitherto outsourced to the Casino group are gradually brought back in-house, the insourcing of the accounting-finance and rental management functions in particular requires significant organizational and information system changes.

Beyond the aspects relating to the insourcing of functions, and while the context of the economic and health crisis could have weakened certain market players, the risk of default of service providers, suppliers and subcontractors appears to be low. Although Mercialys works with leading operators, its exposure to each individual operator is limited (outside the Casino group).

Lastly, it should be noted that diligence measures implemented by Mercialys since 2017 to ensure its value chain's compliance with the principles concerning professional ethics and personal data security in particular represent a moderating element.

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: stable

Description of the risk

The Covid-19 epidemic has increased debt market players' (particularly banks) aversion to risk in respect of the retail real estate sector, reducing the diversity of Mercialys' funding sources and increasing their cost. Nevertheless, the historically-low interest rate environment persisted in 2020 and 2021. A gradual or sudden rise in interest rates would potentially increase the Company's financing cost, through either the cost of existing debt or possible refinancing operations.

Mercialys' bond spreads have widened significantly compared with the levels observed for the financial instruments of leading French real estate companies in 2020. This trend may have reflected a perception, among investors, of a risk associated with the concentration of rental exposure around the Casino group and the financial issues facing the latter, which holds 16.9% of Mercialys' capital. The evolution of the Company's credit spreads normalized during 2021, with the Company having published operational and financial indicators deemed reassuring for 2020 and 2021.

Mercialys' financial position at end-2021 reflects the following elements:

Financial debt *(in millions of euros)*	**Dec. 31, 2021**	**Dec. 31, 2020**
Cash	257.1	464.6
Gross financial debt [(1)]	(1,358.6)	(1,653.4)
Net financial debt	**(1,101.5)**	**(1,188.8)**

(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, 2021, the amount of Mercialys' drawn debt stood at Euro 1,354.5 million, composed of:

- a bond for a total nominal amount of Euro 469.5 million, with a fixed coupon of 1.787%, maturing in March 2023;
- a bond for a nominal amount of Euro 300 million, with a fixed coupon of 1.80%, maturing in February 2026;
- a bond for a nominal amount of Euro 300 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;
- Euro 135 million of outstanding commercial paper at a slightly negative rate.

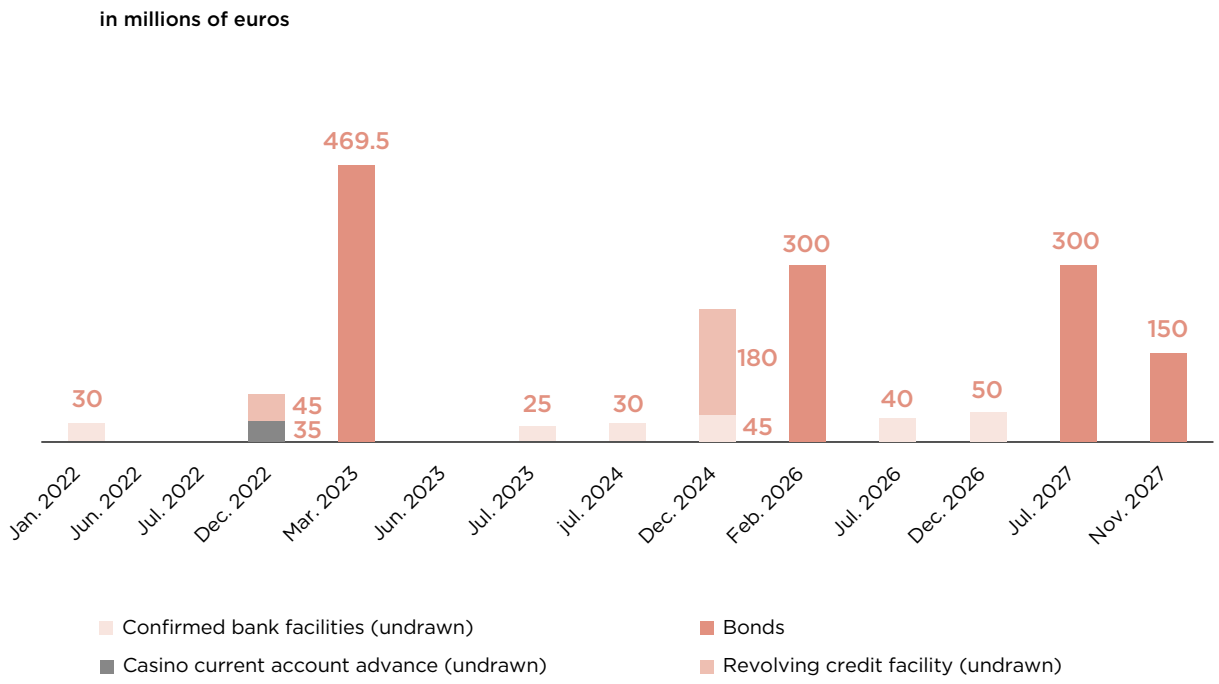
The average maturity of drawn debt was 3.2 years at December 31, 2021, virtually stable *versus* December 31, 2020 (3.5 years).

Mercialys also has Euro 480 million of undrawn financial resources, enabling it to benefit from a satisfactory level of liquidity:

- a Euro 225-million revolving bank credit facility, with 20% due in December 2022 and 80% in December 2024. This facility bears interest at EURIBOR with a margin of 125 basis points (for a BBB rating); if undrawn, it is subject to payment of a 40% commitment fee;
- six bilateral confirmed bank lines for a total amount of Euro 220 million, maturing between January 2022 and December 2026. Margins on EURIBOR are less than or equal to 150 basis points (for a BBB rating) or set at a fixed rate, and if undrawn these lines are subject to payment of commitment fees up to 40% of margins;
- a cash advance from Casino capped at Euro 35 million, maturing on December 31, 2022. The EURIBOR margin is progressive; if undrawn, this facility is subject to payment of a 40% non-use fee. It should be noted that in the first quarter of 2022, this cash advance was terminated early.

In addition, Mercialys has a Euro 500 million commercial paper program, set up during the second half of 2012. It has been used up to Euro 135 million (outstanding at December 31, 2021).

The chart below shows Mercialys' bond debt maturity schedule and undrawn financial resources (excluding commercial papers) at December 31, 2021:



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 *(en millions d'euros)*	**Dec. 31, 2021**	**Dec. 31, 2020**
Dette financière nette	(1,101.5)	(1,188.8)
Valeur d'expertise hors droits des actifs [(1)]	3,000.9	3,122.0
Loan To Value **(LTV)**	**36.7%**	**38.1%**

(1) Incluant la valeur de marché des titres des sociétés mises en équivalence, soit 55,8 millions d'euros au titre de 2021 et 56,4 millions d'euros au titre de 2020, la valeur de patrimoine des sociétés mises en équivalence n'étant pas intégrée dans la valeur d'expertise.

Le ratio d'ICR (ICR: *Interest Coverage Ratio*) s'établit quant à lui à 5,1x, bien au-dessus du minimum fixé (ICR supérieur 2x).

Interest Coverage Ratio *(en millions d'euros)*	**Dec. 31, 2021**	**Dec. 31, 2020**
EBITDA	144,7	131,2
Coût de l'endettement financier net	(28,2)	(26,2)
Interest Coverage Ratio **(ICR)**	**5.1x**	**5.0x**

Risk management and coverage

As part of the management of the cost of its debt, Mercialys actively manages its interest rate hedging policy, with the support of a dedicated external advisor, with a view to:

- maintaining an optimal hedging rate and keeping the debt structure in line with its bank commitments. Fixed-rate debt stood at 86% at December 31, 2021, compared with the 66% required by the bank covenants. 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, 2021, *versus* the > 2.0x 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 involves close monitoring and keeping Senior Management regularly informed of changes in FED/ECB monetary policies and financial market developments. It also involves sensitivity tests, carried out at least once a year on interest rates in relation to the cost of debt.

The interest rate risk management system also includes provisions to:

- limit the choice of banking counterparties. Mercialys only deals with major banks;
- being able to react quickly in the event of significant changes in interest rates through the daily mark-to-market modeling of Mercialys' entire portfolio. The external modeling tools are immediate. As an external valuer, the Company Forex provides 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. The sensitivity of the Company's pre-tax income to a change in rates is still significant:

Sensitivity criteria	**Impact on pre-tax income** *(in thousands of euros)*
Impact of a +1% change in interest rates	(3,063)
Impact of a -1% change in interest rates	1,802

Risk trend: stable

This risk is of major structural importance for Mercialys, due to the capital intensity of the real estate sector, and is estimated to be stabilizing.

The thus-far limited impacts of the health crisis on household consumption and retailer failures and, more generally, on the business model of shopping centers, helped to reassure the Company's financial stakeholders in 2021, after a period of perceived deterioration in 2020. Thus, the availability of financing appeared more positively oriented in 2021. This is illustrated by the fact that Mercialys was able to increase the amounts associated with its undrawn financing facilities by Euro 75 million in 2021.

However, the risk of inflationary pressures in France and in Europe could contribute to a rise in interest rates, which could negatively impact both the cost of existing debt and any refinancing operations that may be envisaged.

Similarly, although Mercialys' financial instruments are separate from the Casino group's situation, Mercialys bond spreads may be volatile depending on the news concerning this major shareholder and tenant. This situation could potentially result in less favorable credit conditions, in relative terms, than for other shopping center market players and, more generally, than for other companies of similar size or balance sheet.

In any event, close monitoring of the liquidity situation and a debt hedging strategy that can adapt to possible changes in interest rates are in place. Mercialys' proactive management of its financial policy plays an active role in controlling this risk.

5.2.3 Risks related to changes in the Casino shareholder's strategy

Mercialys was created in 1999 by the Casino group. In 2005, looking to manage its real estate portfolio more actively and grow its value, the Casino group transferred part of its real estate assets in France to Mercialys and listed Mercialys on the stock market (Euronext Paris). This partial transfer of assets to Mercialys concerned a number of premises of specialist large stores and shopping centers located at sites where Casino group hypermarkets and supermarkets had a strong foothold, as well as cafeterias and certain sites with franchise supermarkets or convenience stores leased to third parties.

Mercialys' initial public offering, by way of a capital increase with a public offering, marked the start of a gradual reduction, over the years, of the interest in Mercialys' capital held by Mr Jean-Charles Naouri and his controlled companies acting in concert.

The Casino group held 16.8% of Mercialys' share capital at the end of December 2021 and 10.3% at the end of February 2022.

As a result of Mercialys' history, there are still a certain number of contractual relations in place between Mercialys and the Casino group. These are presented in detail in chapter 6, § 6.2.4, p. 346 et seq. The priority risks that may arise due to the existing relations between Mercialys and the Casino group are presented by category in this chapter 5, in accordance with the ESMA methodology, with the following breakdown:

- **Risk related to retailer arbitrage and reletting** (covered in § 5.2.2.2, A, p. 330 et seq.): this section includes the elements relating to Mercialys' rental exposure to the Casino group (22.4% of annualized rental income at end-2021, 19.6% of economic exposure) and the potential impact of a change in Casino's positioning for its Géant chain on rents, asset values and financial ratios;
- **Risk related to providers, suppliers and subcontractors** (covered in § 5.2.2.2, D, p. 335 et seq.): this section includes the elements relating to Mercialys' organizational structure, including the fact that Casino group entities still perform certain support functions for Mercialys under a Service agreement, whose cost represents 5.7% of the Company's overheads at end-2021. It should be noted that the last functions remaining outsourced to the Casino group will be brought in-house by Mercialys at the end of August 2022. The technical and administrative management and rental management mandates between the two entities, due to expire at the end of 2022, are also discussed;
- **Risk related to interest rates, the cost of debt, liquidity and financing** (covered in § 5.2.2.3, A, p. 336 et seq.): this section explains the potential negative impact on Mercialys' bond spreads linked to certain news concerning the Casino group and so, by extension, on the Company's potential future refinancing operations. It is recalled that the Euro 35-million cash advance between Mercialys and the Casino group at December 31, 2021, has not been drawn down by Mercialys to date. This agreement was terminated with effect from February 3, 2022.

5.2.4 Legal risks

In carrying out its business of owning real estate assets in which shopping centers are, or will be, operated, Mercialys is required not only to comply with tax rules inherent to its status as a *Société d'Investissement Immobilier Cotée* (real estate investment trust), but also with common law. These concern the granting of building permits, as well as numerous other regulations of a specific or general application governing, among other things, commercial urban planning, public health, the environment, safety and commercial leases.

Any significant modification of the regulations applicable to the Company may affect its operating results and its development and growth potential.

Additionally, as it is customary for owners of shopping centers, the Company cannot guarantee that all its tenants, particularly for properties it has recently acquired, will comply with all applicable regulations relating to, among other things, public health, the environment, safety, commercial planning and operating permits. Any irregularities could result in Mercialys, as the property owner, suffering penalties which could adversely affect its earnings and financial position.

5.2.4.1 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 relating to the term, termination, renewal and rent indexation are matters of public policy in France, and owners have only limited leeway to adjust rents according to market conditions.

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 variable rent clause. This provision sets the rent based on the tenant's sales, with a guaranteed minimum rent in order to limit risk for Mercialys in periods of economic recession. Indexation to the tenants' revenues therefore avoids the regulatory rules for setting the rent. The adjustment of the minimum guaranteed rent of a commercial lease based on changes in the ILC (commercial rent index) or ILAT (tertiary activities rent index) must then be provided for under the contract.

Law No. 2014-626 of June 18, 2014 concerning the craft and retail sectors and micro-enterprises (known as the "Pinel Law") and Decree No. 2014-1317 of November 3, 2014 changed some of the rules relating to commercial leases.

The public policy changes have been incorporated into the commercial leases entered into or renewed by Mercialys since the entry into force of these new rules.

Changes to the rules applicable to commercial leases could therefore have a negative impact on the valuation of the Company's portfolio, earnings, business or financial position.

5.2.4.2 Risks related to regulations on urban planning, construction, safety and operation of shopping centers

Mercialys' activities are subject to city planning regulations, in particular the system of authorizations for commercial operation. In addition to administrative sanctions for failing to comply with these requirements (such as formal notice from the local prefectoral 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), penal sanctions may also be imposed.

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 upon receipt of a favorable report by the fire safety commission following a site visit. In addition, the safety commission performs biennial inspections to check on compliance with safety standards and issues a formal report. If regulations are breached, the city mayor or local prefectoral 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 on shopping center development could limit Mercialys' growth opportunities and outlook. Likewise, any easing of commercial urban planning regulations could depress the value of the Company's real estate assets.

The Company, its suppliers, and subcontractors are also bound to comply with various regulations which, if modified, could have significant financial consequences. Tougher building codes, safety regulations, or criteria for obtaining planning permission, building permits (commercial licenses) could also have a negative impact on Mercialys' margins and operating profit by raising operating expense and maintenance and improvement costs, as well as administrative costs inherent in the shopping center business.

5.2.4.3 Risks related to the constraints generated by the tax regime applicable to listed real estate investment trusts, to a possible change in the rules regarding that status, or to the loss of that status

Mercialys has enjoyed the tax regime applicable to listed real estate investment trusts (REITs) since November 1, 2005. As such, it is exempt from corporate tax on most of its activities. Eligibility for this tax regime is conditional on compliance with the obligation to redistribute a large part of the profits. Non-compliance could entail the loss of this fiscal regime.

The amended Finance Act of 2006 makes eligibility for REIT tax regime conditional on limiting to 60% the portion of the Company's capital and voting rights held, continuously over the fiscal year, by one or several entities acting in concert. As from January 1, 2010, in the event of non-respect of this holding threshold, Mercialys could be liable to corporate income tax under French law if it exceeds this threshold in a given fiscal year. Since these provisions took effect, the stake held by the Casino group has remained below this threshold.

The loss of REIT tax regime and the corresponding tax savings, or any substantial changes in the rules applicable to such listed property companies could, of course, affect the Company's business, earnings and financial position.

5.2.5 Risks relating to the coronavirus (Covid-19) epidemic

The year 2021 was widely marked by the effects of the Covid-19 health crisis, impacting the activity of Mercialys' shopping centers due to the measures imposed by the public authorities as part of efforts to tackle the epidemic. These measures were stricter for the shopping centers than those in force during the first lockdown in 2020. On the one hand, due to the very long period of government-ordered closures affecting the centers from January 31 to May 19, 2021, *i.e.* 3.5 months (compared with less than two months during the first half of 2020 and the entire month of November 2020). This closure period was preceded by curfews, which had already had a major impact on store footfall levels from January 2, 2021. On the other hand, due to its scale, with stronger restrictions than in 2020 concerning the scope of stores authorized to open and the gradual ban on click and collect activities between January 31 and May 19, 2021. Only 36% of Mercialys' rental base was able to continue trading during the strict lockdown period in 2021 (*i.e.* from April 3 to May 19), compared with 40% and 50% respectively during the first and second lockdowns in 2020.

On May 19, 2021, the French government authorized the reopening of "non-essential" stores. Mercialys' shopping centers were able to once again welcome members of the public across their entire retail space (excluding indoor sit-down dining), in accordance with strict health protocols and restrictions on minimum space ratios. Indoor restaurants have been able to reopen since June 9, 2021, subject to various health measures and minimum space ratios. These restrictions on minimum space ratios were lifted on June 30, 2021 for venues open to the public, and France has not been subject to any curfew measures since June 20, 2021. However, the operational activity of nine Mercialys shopping centers was negatively impacted for several weeks in the third quarter of 2021, mainly in August, due to the implementation by the State of an obligation to present a health pass to enter certain sites.

On November 16, 2021, a decree was published instituting aid relating to the rents or fees and charges of certain retail businesses and services closed to the public in order to combat the spread of the Covid-19 epidemic. This aim of this aid scheme is to enable retailers to honor the payment of their rents and charges for the period of closure of shopping centers during the first half of 2021, which will support the recovery rate of real estate companies.

As in 2020, a significant upturn was seen when "non-essential" stores reopened, reflecting French consumers' strong expectations for a return to physical consumption at sites offering, through this relationship's inherent human contact, a wide selection of products that are available immediately. Mercialys' very strong performance at this time also reflects its commercial expertise, and notably illustrates its understanding of the stakes involved with providing reassurance, visibility and a welcoming environment for these reopening phases.

This unprecedented crisis could also have an impact on Mercialys' other non-retail stakeholders, contributing to an increase in the average level of risk faced by the Company.

The priority risks that may arise as a result of the Covid-19 epidemic are broken down by category in this chapter 5, in accordance with the ESMA methodology, with the following breakdown:

- **Risk related to the capitalization rate, the portfolio value and the liquidity of the real estate assets on the market** (dealt with in § 5.2.2.1, A, p. 327 et seq.): this section deals with the impact of the Covid-19 crisis on physical retail real estate market transactions and on asset valuations by independent real estate appraisers is discussed;
- **Risk related to new forms of consumption** (dealt with in § 5.2.2.1, C, p. 328 et seq.): this section deals with the paradigm shift in consumption and arbitrages between distribution channels that may have been generated during periods of lockdown by the constraints imposed on physical stores;
- **Risk related to retailer arbitrage and reletting** (dealt with in § 5.2.2.2, A, p. 330 et seq.): this section shows items relating to Mercialys 'rental exposure. The quality of its portfolio and the defensive nature of its merchandizing mix help to secure the Company's income despite the difficulties encountered by some tenants;
- **Risk related to the safety and security of operations and a deterioration in the portfolio** (dealt with in § 5.2.2.2, B, p. 333 et seq.): this section includes the health measures put in place to ensure the health and safety of visitors, retailers and employees at the shopping centers, as well as to comply with Government protocols;
- **Risk related to providers, suppliers and subcontractors** (dealt with in § 5.2.2.2, D, p. 335 et seq.): although Mercialys only deals with leading partners and its individual exposure to each partner is limited (apart from the Casino group), this section points out the plausibility of default of certain service providers, suppliers or subcontractors in the current climate;
- **Risk related to interest rates, the cost of debt, liquidity and financing** (dealt with in § 5.2.2.3, A, p. 336 et seq.): this section points to an increase in risk premiums applied to some players in the retail real estate segment by financial stakeholders, due to their increased risk aversion against a backdrop of uncertainty.



€494M
Project portfolio by 2027

€34M
Additional potential rental income

28
Number of assets concerned

6

MERCIALYS GROUP ORGANIZATION AND RELATIONS WITH CASINO GROUP COMPANIES

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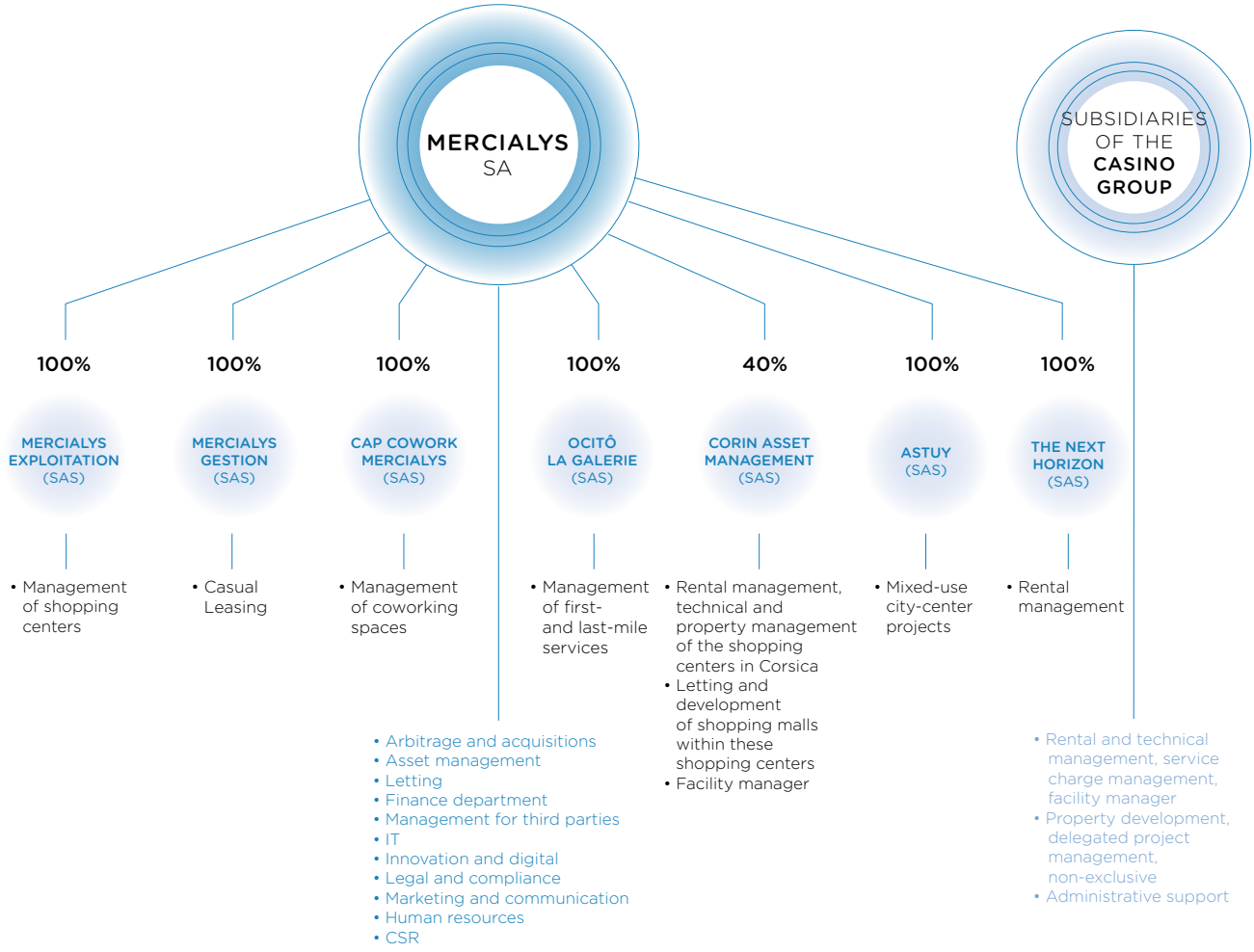
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6.1 Operational organization

Mercialys' operational organization is briefly described in chapter 4, p. 226 et seq. and chapter 5, p. 316 et seq.

The organization chart below shows the operational structure of the Mercialys group and its main business relationships (other than leases) with the Casino group companies.



6.2 Business relationships with Casino group companies

Mercialys has contractual relations with various Casino group companies. The Company has entered into various agreements with other Casino group entities regarding:

- priority access to retail real-estate development projects conducted by the Casino group (excluding food stores) within the scope of the Company's business activity (see § 6.2.2, p. 345). The agreement setting out this access expired at the end of December 2020;
- property rental management, technical management and property administration activities, with most of the mandates associated with these activities expiring at the end of December 2022 (see § 6.2.3, p. 345 and 346);
- facility manager and delegated project management activities (see § 6.2.3, p. 346);
- administrative and financial services which will be internalized by Mercialys during the fiscal year 2022 (see § 6.2.4, p. 346 and 347);
- consulting on shopping center enhancement projects (see § 6.2.8, p. 348 and 349). The agreement setting out this access expired at the end of December 2020.

The main agreements entered into by the Company with Casino, Guichard-Perrachon and the Casino group companies are described below.

Furthermore, 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 the agreements entered into between Mercialys group companies and related parties (see chapter 4, § 4.1.7.1, p. 263).

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. At its meeting of February 15, 2021, the Board of Directors updated this charter in order, in particular, to adapt it to changes in the Company's governance, including the expansion of the roles of the Strategy and Transformation Committee and the Appointments, Compensation and Governance Committee.

The following agreements have been subject to approval by Mercialys' Board of Directors:

- the Partnership agreement (see § 6.2.2, p. 345);
- the Current Account Cash Advance agreement (see § 6.2.5, p. 347 and 348);
- the brand licensing agreements (see § 6.2.6 and 6.2.7, p. 348);
- the Consulting agreement of March 23, 2015 with L'Immobilière Groupe Casino and Plouescadis (see § 6.2.8, p. 348 and 349).

A table summarizing the regulated agreements and commitments that continued during fiscal year 2021 is available in the Appendix, page 358.

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.

6.2.1 Principal leases granted by the Company to Casino group companies

Mercialys and its subsidiaries manage leases entered into with various Casino group entities (excluding Casino Restauration): Distribution Casino France, CODIM 2, Floréal and Monoprix, which may use various premises within the Company's shopping centers.

Rents invoiced in fiscal year 2021 under the terms of these leases amounted to Euro 38.8 million, down Euro 11.2 million on 2020.

The terms and conditions of these leases are similar to those of the leases signed with companies that are not part of the Casino group.

Furthermore, in view of the installation of solar panels and power plants in some of the shopping centers held as part of an AFUL (*Association Financière Urbaine Libre*) located in Metropolitan France, Reunion Island and Corsica, Mercialys has signed long-term ground leases with the companies operating the power plants that are due to expire in 2031 and 2036.

6.2.2 Partnership agreement with Casino, Guichard-Perrachon

The Partnership agreement (hereinafter "the Agreement") signed on July 2, 2012 between Mercialys and Casino, Guichard-Perrachon, which organized privileged access for Mercialys to retail real estate projects developed by Casino and/or its subsidiaries in France in its field of activity (priority rights) and the possibility for Mercialys to propose projects upstream, ended on December 31, 2020. As Mercialys is co-owner or co-volumist on most of its sites with the Casino group, the two companies will have to negotiate development or restructuring opportunities on a case-by-case basis.

In addition, Mercialys is still bound by a three-year survival clause as from the termination of the Agreement to a commitment not to invest in a new project likely to have a material impact on a Casino group food store site (food retail space of more than 1,000 sq.m.).

6.2.3 Property management and delegated project management activities

A non-exclusive framework agreement was signed between Mercialys and L'Immobilière Groupe Casino for delegated project management. To this effect, depending on the projects conducted by Mercialys, property development contracts may be entered into for specific operations, or such operations may be conducted as part of orders under the delegated project management agreement. This non-exclusive framework agreement was the subject of riders in 2018, mainly to take account of legal and regulatory changes (in particular relating to the Sapin II Law) concerning compliance and safety, and to provide details on the stages of the tasks to be performed by Sudeco.

Furthermore, Mercialys has entrusted Sudeco – a wholly-owned subsidiary of L'Immobilière Groupe Casino – with the rental management, and technical and administrative property management of practically all of its sites, except the Corsican sites managed by Corin Asset Management (see § 6.3.2, C, p. 354). These rental management and technical and administrative property management mandates expire at the end of 2022. Mercialys is already preparing the internalization of these missions.

Sudeco was created in 1988 and specializes in rental management and property management services. It acts primarily for the Company and the Casino group, and for other customers that own shopping centers, most of whom are institutional investors.

Agency agreements governing the rental management services provided by Sudeco to Mercialys have been entered into for each site. Under these mandates, Sudeco acts as an agent of the Company, in order to ensure the rental management of the sites concerned and in particular: (i) the invoicing, collection and payment of rents and charges due to Mercialys, (ii) on monitoring and verifying the contractual commitments of tenants and (iii) on the instructions of the Company, the administrative management of the renewal of leases that have expired (notice period, renewal offer and procedure for setting the rent and the conditions of the new lease).

Mercialys and Sudeco have also signed agency agreements on a site-by-site basis for technical and administrative property management.

Under these contracts, Sudeco is in charge of the buildings' administrative management. For private premises, the agent handles all issues relating to technical matters and regulatory controls, as well as relations with administrative authorities such as security services. The agent takes out comprehensive insurance policies for the buildings. The agent is also responsible for implementing the appropriate security and protection measures in the event of a crisis and manage related claims.

Sudeco also provides special services to Mercialys, such as overseeing and carrying out special alterations and major repairs.

Sudeco's fee under these agreements is a percentage of the rent collected at the end of each calendar quarter. The agreements with Sudeco (for the management of rents and arrears, and technical and administrative management) were renewed ahead of time, with effect from January 1, 2018 for a five-year term. At the end of the initial term, these agreements may be renewed each year for a period of one year. These agreements may not be renewed more than five times.

The internal procedure for the selection of the subcontractor involves discussions between the Asset Management and Letting teams and with Senior Management. As Mercialys is co-owner or co-volumist on most of its sites with the Casino group, the choice of Sudeco for these functions enabled Mercialys to benefit from economies of scale. The internalization of this function within Mercialys should enable the Company to extend these economies of scale while benefiting from better control of data relating to its sites and customers.

On the establishment of a charter for related-party agreements in 2015, Mercialys' Audit, Risks and Sustainable Development Committee came to a decision concerning the balance between the parties in the amendments made to the technical and administrative and rental management agreements, and the framework agreement for delegated project management.

All contracts, whether they relate to rental management or technical and administrative property management, share the common characteristics described below.

Mercialys reserves the right to commission external audits to evaluate the quality of Sudeco's services, its fees and its compliance with its obligations under each agency agreement.

Compensation is provided in the event of early termination of the technical and administrative management or rental management agreement. Moreover, each of these contracts may be terminated automatically, without compensation, without notice and at the Company's discretion in the event of (i) non-compliance with the legal and regulatory obligations imposed on Sudeco (professional conduct, financial guarantee), (ii) termination of professional insurance that Sudeco has agreed to maintain for the term of the agency contract and (iii) Sudeco defaulting on its obligations.

The fees paid by the Company and its subsidiaries to Sudeco for its various services in 2021 totaled Euro 5,882,000 compared to Euro 5,443,000 at December 31, 2020 (see chapter 3, note 24.3, p. 184).

Lastly, for Mercialys' property assets held as part of an association (AFUL), and jointly-owned property in which Mercialys has real estate assets, Sudeco may provide facility and common area management services under site-specific agreements.

Under these agreements, Sudeco divides the general service charges and defines the portion payable by each owner. Sudeco (i) prepares the projected service charge budget and collects payment, (ii) helps to negotiate and draw up contracts with service providers, (iii) ensures the monitoring and completion of contracted services, (iv) concludes mandatory contracts (safety and electrical equipment inspections) and (v) draws up end-of-year financial statements.

Sudeco receives compensation corresponding to a percentage of the annual service charge budget. As facility manager, Sudeco's fees for overseeing alterations and repairs are based on a scale according to the type of work involved.

The fees payable to Sudeco in the event of a change in the Rules on enjoyment, the Rules of Procedure or in any other document providing a regulatory framework for shopping centers, are billed separately.

Most facility management agreements between co-ownerships or AFULs (*Association Foncière Urbaine Libre*, an association that manages real estate assets subject to division by volumes) where Mercialys or its subsidiaries are the owners, and Sudeco, are generally entered into for one year, renewable, unless terminated by either party by registered letter with acknowledgment of receipt giving three months' notice.

6.2.4 Service agreement with Casino

Mercialys entered into a Service agreement with the Casino group on September 8, 2005, setting out the terms under which the Casino group supplies Mercialys with the support functions necessary for its operations.

In accordance with the provisions of this Agreement of December 8, 2005, the parties decided to update the scope of services depending on the changes in their respective models and to create a benchmark in order to define the corresponding fee base.

A new service agreement (the "New agreement") was thus entered into with the Casino group on March 11, 2015, replacing the Service agreement of December 8, 2005.

The New agreement ran until December 31, 2019. It is now renewed by tacit agreement for a period of twelve (12) months. When signing the New agreement, which incorporating new ways of billing, no calls for tender were made. A PricewaterhouseCoopers benchmarking assignment was conducted to approve the relevance of the compensation arrangements in view of the new scope for services rendered, as well as practices in other groups. On this basis, in the context of the control procedure in place for agreements between related parties, the Audit, Risks and Sustainable Development Committee issued a favorable opinion on this New agreement, which was approved by the Board of Directors of Mercialys.

A new benchmark analysis, intended to monitor billing, was requested by the Audit, Risks and Sustainable Development Committee and conducted in the second half of 2016, with the conclusion that the billing method was balanced for Mercialys and Casino.

Under this New agreement, Mercialys received assistance in the following areas:

- in administrative management: legal, human resources, insurance and tax issues;
- in accounting and finance: accounts, preparation of the company financial statements and the consolidated annual and half-year financial statements, financial engineering and transactions, analysis and monitoring of financial risks, management of bank and cash transactions, assistance in the management of the financial structure, management and renewal of bank and bond financing, management of interest rate risk;
- in real estate: fund management and property development;
- in information technology: hardware and software assistance, maintenance and upgrading of tools, applications and infrastructure, operation of IT systems, access to hotline support, management of computer equipment, management of telephone subscriptions and equipment, as well as specific IT studies and developments in project mode, on a case-by-case basis.

Service provisions are subject to an annual fixed compensation reviewed yearly by mutual agreement between the parties, on the basis of costs budgeted by Casino, which will take place no later than November 30 of the current year. The parties may decide to adjust the amount of the flat fee in the 4th quarter of each year.

Should the parties fail to agree on a revised amount, the fee is equal to the amount paid the previous year, for identical services.

In situations liable to give rise to the risk of a conflict of interests with the Company, the service provider must take appropriate steps, in consultation with the Company, to safeguard its interests.

Mercialys may arrange qualitative and financial benchmarking of the services provided. Casino has agreed to take the results of any such review into account to offer the Company improved service quality and/or better value for money.

The cost of special services, such as current account agreements, rental management, service charge management and occupancy agreements, is provided for under specific agreements.

The parties may terminate all or part of this New Agreement at any time, ending the performance of one or more services, without being required to pay compensation, subject to the provision of 12 months' notice by registered letter with acknowledgment of receipt.

In December 2018, Mercialys terminated some of the services under this New agreement (real estate legal support, property development assistance, and fund management). This termination took effect at the end of a 12-month notice period, *i.e.* December 31, 2019. As of June 30, 2019, Mercialys had terminated the property management and IT control services. This termination will also be effective at the end of a 12-month notice period, *i.e.* June 30, 2020. At the end of 2019, Mercialys terminated the provision of human resources support services. This termination took effect at the end of a 12-month notice period, *i.e.* December 31, 2020.

On this basis, services invoiced for 2021 amounted to Euro 954,000 excluding VAT, compared to Euro 1,322,000, excluding VAT, in 2020 (see chapter 3, note 24.4, p. 185), the decrease being related to the *prorata temporis* impact of the internalization of fund management, real estate management and IT functions.

In December 2020, Mercialys canceled insurance management and corporate legal support function services. This termination took effect at the end of a 12-month notice period, *i.e.* December 31, 2021.

In March 2021, Mercialys cancelled accounting, financial and tax management services. This termination will be effective on August 31, 2022.

Consequently, the services that will continue in part in 2022 concern support in terms of accounting, taxation and financing and cash management.

As such, billing under the New agreement is estimated at Euro 0.4 million for 2022.

6.2.5 Current Account Cash Advance agreement with Casino

On July 25, 2012, Mercialys and Casino, Guichard-Perrachon signed a Current Account Cash Advance agreement with a maturity of three years, enabling Mercialys to benefit from a confirmed advance from Casino of Euro 50 million. By an amendment dated February 26, 2015, this agreement was extended until December 2017 and Casino Finance replaced Casino, Guichard-Perrachon in its rights and obligations.

The maturity of this credit facility, which forms part of Mercialys' liquidity arrangements and supports its liquidity ratio, was extended through various amendments, which also formalized the change in the associated financial terms as well as the amount of this advance. Mercialys has never drawn the facility down.

Under amendment No. 1 to the amending document of the aforementioned agreement, signed on February 14, 2017, Mercialys and Casino Finance decided to extend this agreement until December 2019 and to change its terms in view of the cost of Casino's financial resources.

The Board of Directors, at its meeting of December 12, 2018, authorized the signing of amendment No. 2 to the amending document of said agreement between Mercialys and Casino Finance for the purpose of extending the agreement until December 2020. The terms of the agreement are unchanged.

At its meeting of December 12, 2019, the Board of Directors authorized the signing of amendment No. 3 to the Current Account Cash Advance agreement, extending it until December 31, 2021, with the amount being revised down from a maximum of Euro 50 million to Euro 35 million. The related conditions were also reviewed, taking into account the cost of Casino's financial resources.

At its meeting of December 10, 2020, the Board of Directors authorized the signing of amendment No. 4 to the Current Account Cash Advance agreement, extending it until December 31, 2022. The associated conditions were also reviewed, taking into account the cost of Casino's financial resources.

This advance is composed of two tranches respectively of Euro 10 million (available the same day) and of Euro 50 million (available within three days). A commitment fee of 40% of the margin is associated with this advance.

For 2021, the amount paid by Mercialys for the undrawn portion of this facility amounted to Euro 554,000, excluding taxes, compared with Euro 519,000 for 2020.

In January 2022, the revolving credit facility made available by the Casino group for Euro 35 million was terminated ahead of its December 2022 maturity date in anticipation of Mercialys increasing its undrawn bank lines in 2021. This termination is effective on February 3, 2022.

6.2.6 Brand licensing agreement with L'Immobilière Groupe Casino

Mercialys concluded on September 8, 2005 a brand licensing agreement with L'Immobilière Groupe Casino. Under the terms of this agreement, L'Immobilière Groupe Casino grants a non-exclusive right for Mercialys to use, free of charge, the "Cap Costières" trademark, filed with the Institut National de la Propriété Industrielle (the French national institute of industrial property rights) on October 14, 2002, registered in Class 35 under number 023 188 709, renewed in 2012.

This license is granted *intuitu personae*, only for France and for an initial period of 10 years, renewable from year to year by tacit agreement. Each party retains the right to terminate the agreement subject to three months' prior notice.

If L'Immobilière Groupe Casino wishes to sell the brand, Mercialys has a right of first refusal, which it must exercise within 30 days.

In the event of serious misconduct, or if either party fails to fulfill some or all of its obligations, this agreement may be terminated at any time without compensation or notice if the situation has not been rectified eight days after a formal notice has proved ineffective.

6.2.7 Brand licensing agreement with Casino, Guichard-Perrachon

On May 24, 2007 Mercialys entered into a brand licensing agreement with Casino, Guichard-Perrachon, under the terms of which Casino grants Mercialys, free of charge, a non-exclusive right to use the French brands listed below:

Brand	Registration date	Renewal declaration date	Registration number	Classes
BEAULIEU (name)	January 23, 2006	January 6, 2016	06 3 405 097	16, 35 and 36
BEAULIEU... pour une promenade (color visual)	March 21, 2006	January 7, 2016	06 3 417 884	5, 16, 35 and 36
NACARAT (name)	January 20, 2006	January 22, 2016	06 3 404 612	16, 35 and 36
NACARAT (color visual)	January 27, 2006	January 22, 2016	06 3 406 367	16, 35 and 36

This license is granted *intuitu personae*, only for France and for an initial period of 10 years, renewable thereafter from year to year by tacit agreement. Each party retains the right to terminate the agreement, subject to three months' notice.

If Casino wishes to sell one or more of the brands, Mercialys has a right of first refusal, which it must exercise within 30 days. In the event of serious misconduct, or if either party fails to fulfill some or all of its obligations, this agreement may be terminated at any time without compensation or notice if the situation has not been rectified eight days after a formal notice has proved ineffective.

6.2.8 Consulting agreement between Mercialys, L'Immobilière Groupe Casino and Plouescadis

On March 23, 2015, Mercialys, L'Immobilière Groupe Casino and Plouescadis signed a document amending the consulting framework agreement (the "Consulting Framework Agreement") incorporating the arrangements set out on the Agreement on July 27, 2007 along with all the terms and conditions which remain unchanged.

Mercialys, in its capacity as service provider, undertook to provide operational services for the completion of shopping center enhancement projects. These services may cover asset management duties, letting assignments on operating or planned sites (excluding projects completed in connection with of the Partnership agreement between Mercialys and Casino), as well as wider marketing activities.

Billing under this Consulting agreement was based on time spent by Mercialys' asset management teams on the determination and implementation of projects completed by the Casino group.

The parties decided to end this agreement on December 31, 2018.

A new, fixed-term agreement, of an initial term of 6 months, running from January 1 to June 30, 2019, was signed between Mercialys and L'Immobilière Groupe Casino for asset management services provided by Mercialys teams for projects managed on behalf of L'Immobilière Groupe Casino and/or its subsidiaries.

This agreement was renewed tacitly for a further 6 months, unless terminated by either of the parties by registered letter with acknowledgment of receipt, with the understanding that the total duration of the agreement could not exceed 48 months.

This new agreement was entered into under normal conditions; it was a standing agreement.

The Consulting agreement was not renewed by the parties, and therefore expired at the end of 2020. No services were provided under this agreement in 2020, and Mercialys had therefore not received compensation over this period.

6.2.9 AFUL

Among the real estate assets transferred by L'Immobilière Group Casino in October 2005, a very large number are subdivided and organized into *Associations Foncières Urbaines Libres* ("AFUL", a private landowners' management association), in which each member has a number of votes proportionate to the surface area in the buildings it owns. Depending on the type of decisions to be taken, the AFUL General Meeting may decide on a simple majority vote, on an absolute majority vote, on a two-thirds majority vote, or on a unanimous vote.

As a general rule, decisions of the General Meeting are taken by a simple majority, *i.e.* the majority of the votes cast by members attending or represented.

However, an abolute majority of the vote of all AFUL members is required for permission to erect a sign, install a retailer or introduce a paid parking zone. In the absence of a decision taken by an absolute majority, a new General Meeting may be held deciding on a simple majority vote.

Decisions relating to refurbishment work, new facilities, extension of parking lots and outdoor access to parking lots or to the enforcement of provisions (other than for the collection of charges) contained either in the descriptive statement of division by volume or in the Rules of Procedure of the shopping center, shall be approved by a majority of the members of the AFUL representing at least two-thirds of the votes. Decisions relating to the amendment of these two documents shall also be taken by a two-thirds majority vote. Finally, decisions relating to a change in the allocation of service charges not caused by a change in the building's division by volume must be taken by a unanimous vote of the members of the AFUL.

6.3 Mercialys organization chart - Subsidiaries and shareholdings

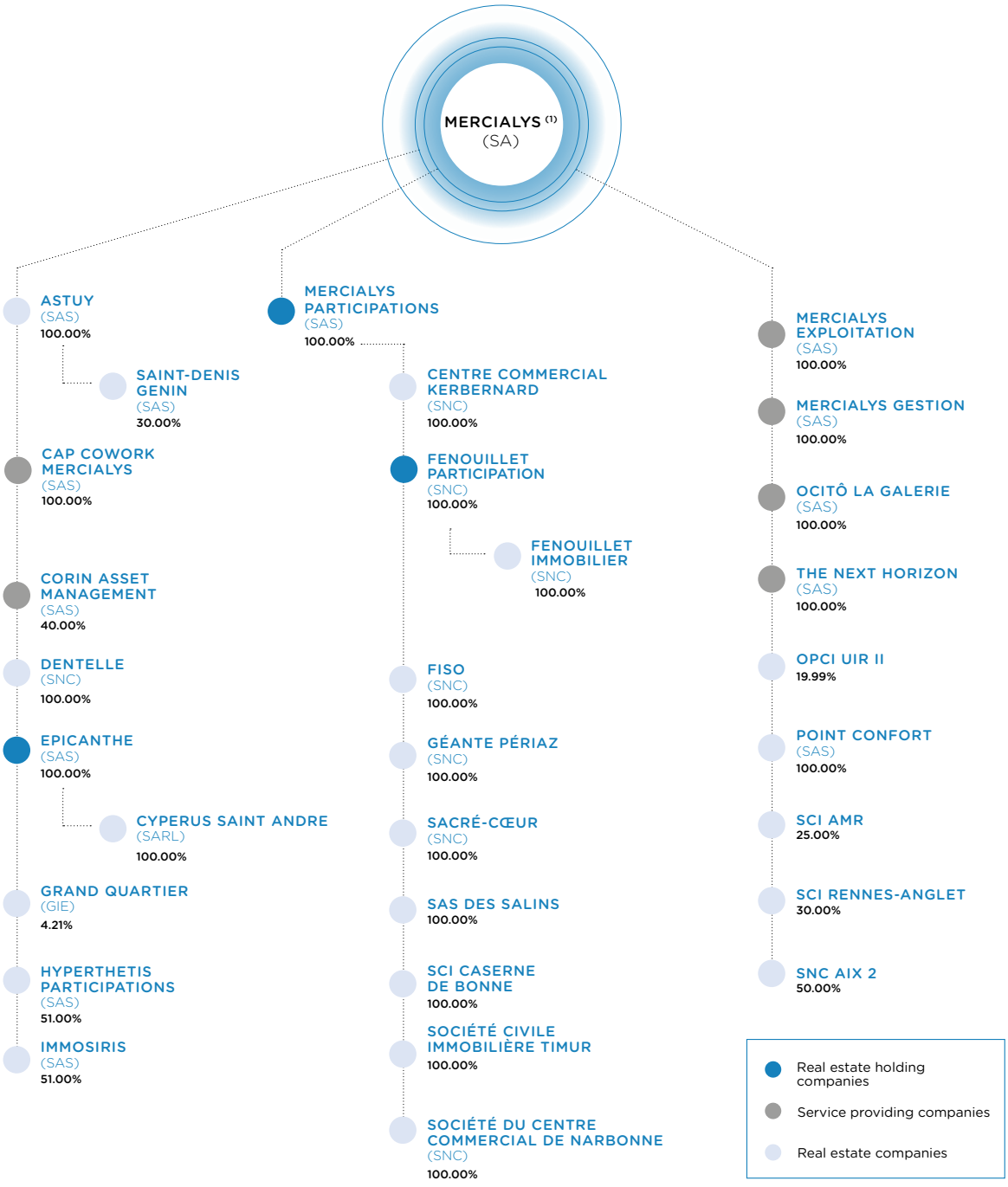
The chart below shows the structure of the Mercialys group.

In fiscal year 2019, Cap Cowork Mercialys and Ocitô la Galerie were created and are wholly-owned by Mercialys SA. They respectively operate co-working spaces across two sites, as well as marketplace and delivery activities that can operate throughout the country. Saint-Denis Genin was incorporated in 2019, with Astuy as a 30% shareholder. This company is majority owned by Panhard Développement and is carrying out a mixed-use development project. On November 25, 2020, La Diane contributed to the company Mercialys Participations, (newly created on October 13, 2020 and which enjoys the status of listed real estate investment companies (SIIC)), by way of merger-absorption, of all assets and liabilities comprising its portfolio. La Diane was also dissolved.

During fiscal year 2021, The Next Horizon was incorporated entirely by Mercialys SA. Its purpose is rental management, administration of property and technical assistance services.

A table showing the subsidiaries and shareholdings can be found in chapter 3, note 25, p. 216 and 217. In addition to revenue generated and earnings for the 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, 2021



(1) Direct and indirect ownership.
Thepercentages shown correspond to the percentages of Mercialys Group's capital ownership.

6.3.1 Subsidiaries

6.3.1.1 Service companies

A. Mercialys Gestion, SAS

Mercialys Gestion is responsible for the management of large shopping centers, the letting of shopping arcades and the development of casual leasing.

The company reported revenue, excluding taxes, of Euro 11.2 million for the fiscal year ended December 31, 2021, compared with Euro 10.9 million in 2020. The net income for 2021 was a loss of Euro 299,000, compared with a profit of Euro 157,000 at December 31, 2020.

B. Mercialys Exploitation, SAS

This subsidiary is responsible for the commercial operation of shopping centers.

The company reported revenue, excluding taxes, of Euro 4.1 million for the fiscal year ended December 31, 2021, compared with Euro 3.9 million at December 31, 2020. The net income for 2021 was a loss of Euro 1,067,000, compared with a profit of Euro 154,000 at December 31, 2020.

C. Cap Cowork Mercialys, SAS

This subsidiary, incorporated on June 7, 2019, 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 revenue, excluding taxes, of Euro 129,000 for the fiscal year ended December 31, 2021, compared with Euro 21,000 in 2020. The result for fiscal year 2021 was a loss of Euro 234,000 compared to a loss of Euro 26,000.

D. Ocitô La Galerie, SAS

This subsidiary, set up on June 7, 2019, 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 did not report any revenue for the fiscal year ended December 31, 2021, and recognized a loss of Euro 1,457,000 (no revenue and a loss of Euro 235,000 in 2020).

E. The Next Horizon, SAS

This subsidiary was incorporated on May 31, 2021, and its corporate purpose is rental management, property administration and technical assistance. During the fiscal year ended on December 31, 2021, the company did not have any activities, the functions attached to it will not be internalized until the end of 2022. There was no revenue at December 31, 2021. The result was a loss of Euro 500,000 at December 31, 2021.

6.3.1.2 Real estate companies

A. Dentelle, SNC

Dentelle owns various parcels of land in Puy-en-Velay and Vals-près-le-Puy (Haute-Loire), on which a 6,100 sq.m. net floor area retail park was built and opened in 2013 adjacent to the Géant Casino hypermarket.

The company reported revenue, excluding taxes, of Euro 289,000 for the fiscal year ended December 31, 2021, compared with Euro 300,000 at December 31, 2020. The net income for 2021 was a loss of Euro 1,216,000, compared with a profit of Euro 105,000 at December 31, 2020.

B. Fiso, SNC

This subsidiary leases the real estate assets it owns in the shopping centers in Istres and Angers, which comprise respectively 42 and 116 commercial premises and a coworking space in Angers. It also owns a stake in OPCI UIR II.

The company reported revenue, excluding taxes, of Euro 2.0 million for the fiscal year ended December 31, 2021, compared with Euro 1.9 million in 2020. The net income for the year was a profit of Euro 938 million, compared with a profit of Euro 1.2 million at December 31, 2020.

C. Géante Périaz, SNC

Géante Périaz owns properties attached to a complex in Seynod (Haute-Savoie) where an extension to the shopping center, representing the creation of 4,900 sq.m. of gross leasable area and 32 shops, was completed and opened to the public on October 20, 2010.

The company reported revenue, excluding taxes, of Euro 1.1 million for the fiscal year ended December 31, 2021, compared with Euro 1.3 million in 2020. The net income for the year was a profit of Euro 551,000, compared with a profit of Euro 281,000 at December 31, 2020.

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 revenue, excluding taxes, of Euro 15.2 million for the fiscal year ended December 31, 2021, compared with Euro 15.2 million at December 31, 2020. The profit for the fiscal year 2021 was Euro 10 million compared to a loss of Euro 5.4 million at December 31, 2020.

An agreement was signed between the partners of Hyperthetis Participations to organize the Company's governance. The agreement provides for a lock-up period for the company's securities ending on April 30, 2022, except in the case of free transfers as defined in the agreement.

The Casino group has a call option on the Company's securities and real estate assets which may be exercised only once on all the real estate assets.

Mercialys has a call option on all SPF 2 Hyperthe securities and on that company's real estate assets.

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 partner 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 partner 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.

At the end of the lock-up period, each partner has a right of first refusal, followed by 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 revenue, excluding taxes, of Euro 6.9 million for the fiscal year ended December 31, 2021, compared with Euro 6.6 million at December 31, 2020. Profit for the year amounted to Euro 5.3 million at the end of 2021 compared to a loss of Euro 1.3 million at December 31, 2020. An agreement was signed between the partners of Immosiris to organize the company's governance. The agreement provides for a lock-up period for the company's securities ending on April 30, 2023, except in the case of free transfers as defined in the agreement.

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.

The agreement also schedules the exercise of a call option on the hypermarket for Casino (or one of its affiliates).

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 partner 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 partner 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.

At the end of the lock-up period, each partner has a right of first refusal, followed by a tag-along right.

Lastly, Real Estate Access Fund has a pre-emptive right in the event of the sale of the shopping center occurring subsequent to or after the exercise, by Casino (or one of its affiliates), of the call option on the hypermarket.

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 a 1,500 sq.m. 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, SCI Timur, SCI Caserne de Bonne, SNC Kerbernard, SNC Fenouillet Participation, SNC Sacré-Cœur and OPCI UIR II.

The company reported revenue, excluding taxes, of Euro 409,000 for the fiscal year ended December 31, 2021, compared with Euro 413,000 in 2020. The net income was a loss of Euro 551,000, compared with a profit of Euro 176,000 at December 31, 2020.

G. SAS des Salins

SAS des Salins owns the shopping center extension at the Fréjus site on Allée des Hirondelles, comprising 23 shops, acquired in July 2012, and five retail units in the *Zone Industrielle de la Bouriette*, an industrial estate in Carcassonne.

The company reported revenue of Euro 1.2 million for the fiscal year ended December 31, 2021, compared with Euro 1.2 million in 2020. The net income for the year was a profit of Euro 827,000, compared with a profit of Euro 694,000 at December 31, 2020.

H. SCI Caserne de Bonne

This subsidiary owns the city-center shopping center "La Caserne de Bonne" in Grenoble, comprising retail stores with a GLA (gross leasable area) of 19,100 sq.m.: nine large and medium-sized stores including Monoprix, Au Vieux Campeur and Décathlon, 40 stores, including six restaurants, 1,100 sq.m. of offices and 300 parking spaces as well as a coworking space. The center, which opened in September 2010, is part of a larger scheme to redevelop 8.5 hectares of a former military base, including 850 housing units, an apart hotel, a four-star hotel, student accommodation, a cinema, a swimming pool, a school and two parks.

The company reported revenue, excluding taxes, of Euro 5.0 million for the fiscal year ended December 31, 2021, compared with Euro 4.8 million in 2020. The net income for the year was a profit of Euro 1.3 million, compared with a profit of Euro 1 million at December 31, 2020.

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 with a gross leasable area of approximately 15,500 sq.m., including service areas, restaurants and retail space. On November 10, 2021, it sold three plots of land on which the retail park named "Carré Duparc" is located.

The company reported revenue, excluding taxes, of Euro 5.6 million for the fiscal year ended December 31, 2021, compared with Euro 5.7 million in 2020. The net income for the year was a profit of Euro 12.7 million, compared with a profit of Euro 2.6 million at December 31, 2020.

J. Société du Centre Commercial de Narbonne, SNC

This subsidiary leases the property it owns in the shopping center of the Narbonne shopping center, which has 29 retail units.

The company reported revenue, excluding taxes, of Euro 1 million for the fiscal year ended December 31, 2021, compared with Euro 1 million in 2020. The net income for the year was a profit of Euro 977,000, compared with a profit of Euro 474,000 at December 31, 2020.

K. Center 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 revenue, excluding taxes, of Euro 3.8 million for the fiscal year ended December 31, 2021, compared with Euro 3.7 million in 2020. The net income for the year was a profit of Euro 3.0 million, compared with a profit of Euro 2.3 million at December 31, 2020.

L. Astuy, SAS

Astuy aims to integrate real estate development projects. It owns 30% of SAS Saint-Denis Genin.

The company recorded a net loss of Euro 9,400 at December 31, 2021, compared with a loss of Euro 4,800 at December 31, 2020.

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 revenue of Euro 5.7 million for the fiscal year ended December 31, 2021, compared with Euro 5.7 million at December 31, 2020. The net income at December 31, 2021 was a profit of Euro 2,612,000, compared with Euro 804,000 in 2020.

N. Sacré-Cœur, SNC

This company was acquired by La Diane on December 28, 2017. It did not conduct any business between this date and December 31, 2017. Sacré-Cœur owns the extension to the Cap Sacré-Cœur shopping center, located in the municipality of Le Port, in Reunion Island. This 9,200 sq.m. extension housing 45 new shops was inaugurated on November 6, 2018.

The company reported revenue, excluding taxes, of Euro 3,960,000 for the fiscal year ended December 31, 2021, compared with Euro 3,782,000 at December 31, 2020. The net income for the year was a profit of Euro 2,261,000, compared with Euro 2,435,000 at December 31, 2020.

O. Cyperus Saint André (named Toutoune until November 22, 2021), SARL

This company owns an eight-hectare plot in Reunion Island. The company did not generate any revenue in the fiscal year ended December 31, 2021, or at December 31, 2020. The company recorded a net loss of Euro 70 million at December 31, 2021, compared with a net loss of Euro 281,000 at December 31, 2020.

6.3.1.3 Real estate holding companies

A. Mercialys Participations, SAS

The SAS Mercialys Participations, created on October 13, 2020, absorbed La Diane SARL as part of a merger operation on November 25, 2020. Since that date, it has owned the entire portfolio of La Diane, *i.e.* nine real estate companies, and also owns a stake in OPCI UIR II. The company did not generate any revenue in the fiscal year ended December 31, 2021. The loss for the year amounted to Euro 5.8 million compared to a loss of Euro 3.1 million in 2020.

The company has opted for the status of listed real estate investment company (SIIC).

B. La Diane, SARL

La Diane was absorbed under the terms of a merger-absorption within Mercialys Participations on November 25, 2020. It had owned stakes in nine real estate companies since 2017. It had also owned a stake in OPCI UIR II.

The company was dissolved on December 23, 2020.

C. Epicanthe, SAS

SAS Epicanthe holds all of the shares in SARL Cyperus Saint André (formerly known as Toutoune), which owns an 8 hectare site in Saint-André de La Réunion.

The company reported a loss of Euro 85,000 for the fiscal year ended December 31, 2021, compared with a loss of Euro 178,000 at December 31, 2020.

D. 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 2021 with a profit of Euro 831,000, compared with Euro 1,548,000 at December 31, 2020.

6.3.2 Shareholdings

A. SNC Aix2

SNC Aix2 is equally owned by Mercialys and the Altarea group.

This company owns the extension of the Aix-en-Provence shopping center, which accommodates 28 shops, which opened to the public in two phases: one in May 2014, the other in April 2015.

The company reported revenue, excluding taxes, of Euro 1.4 million for the fiscal year ended December 31, 2020, compared with Euro 1.9 million in 2020. The net income for 2021 was a loss of Euro 350,000, compared with a profit of Euro 623,000 at December 31, 2020.

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), to which Mercialys sold or transferred four shopping centers: 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, to incorporate both SCPIs but also to extend the term of the SCI, initially set at 10 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 revenue, excluding taxes, of Euro 20.7 million (recognized rents) for the fiscal year ended December 31, 2021, compared with Euro 11.1 million in 2020. The net income for the year was a loss of Euro 8.1 million, compared with a loss of Euro 13.6 million at December 31, 2020.

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.

Corin Asset Management's articles of association provide for a non-transferable shares clause. This period ended on September 19, 2015.

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.

Three 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 mandate for the management of rents and charges, a technical and management mandate, and a contract concerning asset management and letting.

The company reported revenue, excluding taxes, of Euro 1.1 million for the fiscal year ended December 31, 2021, compared with Euro 1 million in 2020. The net income for 2021 was a loss of Euro 22,000, compared with a loss of Euro 71,000 at December 31, 2020.

D. OPCI UIR II

In July 2011, the companies Mercialys and Union Investment, a German fund manager very active in the real estate market, created an OPCI, called OPCI UIR II, whose 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 (France).

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.

In the 2nd half-year 2021, a preliminary sale agreement was signed on the Bordeaux Pessac shopping center, with the sale to be finalized in the 1st half-year 2022.

For the fiscal year ended December 31, 2021, OPCI UIR II reported revenue, excluding taxes, of Euro 5.5 million (real estate income recognized). The net income for the year was a profit of Euro 2.8 million.

E. SCI Rennes-Anglet

SCI Rennes-Anglet essentially owns and operates the hypermarkets at the Rennes and Anglet shopping centers. It is 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 holds isolated units in Anglet.

The company reported revenue, excluding taxes, of Euro 0.4 million for the fiscal year ended December 31, 2021, compared with Euro 0.4 million in 2020. The net income for the year was a profit of Euro 0.8 million, compared with a profit of Euro 0.2 million at December 31, 2020.

On July 31, 2018, a new shareholders' agreement was signed between Mercialys and L'Immobilière Groupe Casino in the presence of SCI Rennes-Anglet with the primary aim of organizing the company's governance and share movements.

The agreement provides for a lock-up period for the company's shares ending June 30, 2022 (inclusive), except in the event of "free" transfers as defined in the agreement.

Following this lock-up period, any plan by one of the partners to sell its shares will be subject to a right of first offer to the other partner. Mercialys has a tag-along right.

A tag-along obligation also exists at the end of the lock-up period, if L'Immobilière Groupe Casino receives a bid from a third party to purchase all the Company's shares. Mercialys has a right of first refusal.

The agreement provides the partner L'Immobilière Groupe Casino with a right of first refusal over the other assets located on the site of the property complexes.

F. Saint-Denis Genin, SAS

This subsidiary, incorporated on December 13, 2019, is involved, within the framework of a property transaction to be carried out on land located in Saint-Denis – Boulevard Anatole France, square Pierre-de-Geyter and rue Genin, registered under section BJ 115, in (i) the acquisition of all property assets and rights and carrying out all demolition, construction, extension, restructuring, development, improvement, renovation, maintenance or other work, (ii) managing real estate programs and property development for all types of buildings, whatever their nature and whatever their purpose, (iii) developing all types of land and fitting out all types of property 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. In accordance with its articles of association, the company closed its first fiscal year on December 31, 2020. It is 30% owned by SAS Astuy.

The result for the fiscal year 2021 was a loss of Euro 201,000.

6.4 Statutory Auditors' special report on regulated agreements

General Meeting for approval of the financial statements for the fiscal year ended December 31, 2021

To the General Meeting of Mercialys,

As Statutory Auditors of your company, we hereby report on regulated agreements and commitments.

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 implementation, during the past fiscal year, of the 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 National auditing Body in France 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.

We hereby inform you that we have not been given notice of any authorized agreement entered into during the past fiscal year to be submitted for the approval of the General Meeting pursuant to the provisions of Article L. 225-38 of the French Commercial Code.

A) that continued during the past fiscal year

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 L'Immobilière Groupe Casino

Persons concerned

Messrs. Michel Savart and Jacques Dumas, directors of your Company and of Casino, Guichard-Perrachon, which controls L'Immobilière Groupe Casino.

Brand licensing agreement

Nature and purpose

In respect of this agreement, entered into on September 8, 2005, L'Immobilière Groupe Casino grants, free of charge, a non-exclusive right of use, only in France, and relating to the "Cap Costières" trademark.

Terms and conditions

Your Company has a preferential right to purchase this trademark in the event of L'Immobilière Groupe Casino intending to sell it.

With Casino, Guichard-Perrachon

Persons concerned

Messrs. Michel Savart and Jacques Dumas, directors of your Company and of Casino, Guichard-Perrachon.

Brand licensing agreement

Nature and purpose

Under this agreement, entered into on May 24, 2007, Casino, Guichard-Perrachon grants your Company, free of charge, a non-exclusive right of use, only in France and relating to:

- the "NACARAT" word and figurative mark;
- the "BEAULIEU" word mark and the "Beaulieu... pour une promenade" semi-figurative mark.

Terms and conditions

Your Company benefits from a preferential right to purchase these trademarks in the event of Casino, Guichard-Perrachon intending to sell them.

B) that were not implemented during the past fiscal year

In addition, we have been informed of the continuation of the following agreements, already approved by the General Meeting in previous fiscal years, which were not implemented during the past fiscal year.

With Casino Finance

Persons concerned

David Lubek, director of your Company and Chairman and Chief Executive Officer permanent representative of La Forézienne de Participations and director of Casino Finance.

Michel Savart and Jacques Dumas, directors of your Company and of Casino, Guichard-Perrachon, which controls Casino Finance.

Nature and purpose

At its meeting on October 15, 2014, your Board of Directors authorized the signature of a document amending the cash advance agreement entered into between Casino, Guichard-Perrachon and your Company on July 25, 2012 pursuant to which Casino, Guichard-Perrachon granted credit to your Company up to a maximum of Euro 50 million in the form of A Advances, which refers to any advance in a principal amount of less than Euro 10 million and/or B Advances, which refers to any advance in a principal amount of Euro 10 million or more; these advances are intended solely for the short-term financing of your Company's general needs.

The document amending the Cash Advance agreement was signed on February 26, 2015, and Casino Finance (a subsidiary of Casino, Guichard-Perrachon and the entity centralizing financing and cash flow for the Casino group) replaced Casino, Guichard-Perrachon in its rights and obligations. The Cash Advance agreement, which expired on December 31, 2015, was extended until December 31, 2017.

At its meeting on December 14, 2016, your Board of Directors authorized the signature of amendment No. 1 to the Cash Advance agreement signed with Casino Finance, as amended on February 26, 2015. This amendment was signed on February 14, 2017 and extended the agreement until December 2019. The terms and conditions are as follows:

Regarding interest, all A Advances will bear interest at 1-month EURIBOR plus Margin A, and all B Advances will bear interest at the EURIBOR corresponding to the drawdown period plus Margin B, it being understood that these margins may change each year, depending on Casino Finance's then current refinancing costs. Margin A and Margin B were 0.40% and 0.95% respectively for fiscal year 2016.

At its meeting on December 12, 2018, your Board of Directors authorized the signature of amendment No. 2 to the Cash Advance agreement signed with Casino Finance, as amended on February 26, 2015. This amendment was signed on January 18, 2019 and extended the agreement until December 2020, under the same terms and conditions.

At its meeting of December 12, 2019, your Board of Directors authorized the signing of amendment No. 3 to the Cash Advance agreement, extending it until December 31, 2021, with the amount being revised down from a maximum of Euro 50 million to Euro 35 million. The associated conditions were also reviewed, taking into account the cost of borrowing for Casino, Guichard-Perrachon. The other provisions of the agreement are unchanged. Amendment No. 3 was signed on December 18, 2019.

At its meeting on December 10, 2020, your Board of Directors authorized the signature of amendment No. 4 to the Cash Advance agreement signed with Casino Finance, as amended on February 26, 2015. This amendment was signed on December 24, 2020 and extended the agreement until December 2022. The associated conditions were also reviewed, taking into account the cost of borrowing for Casino, Guichard-Perrachon:

- for the A Advances, interest at the 1-month EURIBOR rate (with a 0% floor) plus a margin of 150 basis points, revisable annually on the basis of the updated refinancing costs of the Casino, Guichard-Perrachon company (Margin A);
- for the B Advances, interest at 1-month, 2-month or 3-month EURIBOR rate plus a margin of 390 basis points, revisable annually, depending on the discounted refinancing costs of Casino, Guichard-Perrachon (Margin B);
- a commitment fee of 40% of the margin, in line with the revolving credit facility set up by your Company with its banks.

The other provisions of the agreement are unchanged.

The agreement was terminated by your Company with effect from February 3, 2022.

Terms and conditions

For the fiscal year ended December 31, 2021, your Company paid a commitment fee of Euro 554,000 excluding VAT to Casino Finance.

Paris-La Défense and Lyon, on March 10, 2022

The Statutory Auditors

KPMG S.A.	ERNST & YOUNG et Autres
Régis Chemouny	Nicolas Perlier

Appendix: Summary table of current regulated agreements

The table below summarizes the regulated agreements and commitments 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 fiscal year 2021. No new regulated agreement or commitment was signed during the financial year 2021.

Nature of the agreement	Date of Board Meeting	Date signed	Date of General Meeting and resolution	Expiry	Financial conditions in 2021	Interest for the Company
With L'Immobilière Groupe Casino						
Brand licensing agreement	Sep. 5, 2005	Sep. 8, 2005	April 27, 2006 No. 4	10 years from the signing date, tacitly renewable annually	Non-exclusive operating right granted free of charge	Shopping center names
With Casino, Guichard-Perrachon						
Brand licensing agreement	April 26, 2007	May 24, 2007	May 6, 2008 No. 4	10 years from the signing date, tacitly renewable annually	Non-exclusive operating right granted free of charge	Shopping center names
With Casino Finance						
Current Account Cash Advance agreement	June 22, 2012	July 25, 2012	June 21, 2013 No. 6	Dec. 31, 2015		
Amending act: substitution of Casino Finance for Casino, Guichard-Perrachon and extension of term	*Oct. 15, 2014*	*Feb. 26, 2015*	*May 5, 2015 No. 5*	*Dec. 31, 2017*		
Amendment No. 1 to the amending act: extension of the term	*Dec. 14, 2016*	*Feb. 14, 2017*	*April 27, 2017 No. 5*	*Dec. 31, 2019*		
Amendment No. 2 to the amending act: extension of the term	*Dec. 12, 2018*	*Jan. 18, 2019*	*April 25, 2019 No. 6*	*Dec. 31, 2020*		
Amendment No. 3 to the amending act: extension of the term and changes to conditions	*Dec. 12, 2019*	*Dec. 18, 2019*	*April 23, 2020 No. 12*	*Dec. 31, 2021*		
Amendment no. 4: Extension of the term and changes to conditions [(1)]	*Dec. 10, 2020*	*Dec. 24, 2020*	*April 26, 2021 No. 12*	*Dec. 31, 2022*	*Fee for non-use of this line in the amount of Euro 554,000*	*Participation in the Company's liquidity system*

(1) The Current Account Advance Agreement expired on February 3, 2022.



€0.92
Dividend per share proposed for 2021

9.8%
Yield on 2021 year-end share price

"A LIST"
of the CDP for the 4th consecutive year

7

STOCK MARKET INFORMATION AND SHARE CAPITAL

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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 was in compartment A until January 29, 2021, before moving into compartment B. Its shares were eligible for the "Classic" *Service à Règlement Différé* (French Deferred Settlement Service) from February 26, 2008 to December 29, 2020, the date on which they became eligible for the "long-only" deferred settlement service.

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 six bonds, the latest of which was dated July 7, 2020.

At the end of December 2021, four bonds were still outstanding, the bond dated March 23, 2012 (ISIN code: FR0011223692) having been redeemed at maturity on March 26, 2019. Buyback transactions were carried out in 2020 and 2021 on the bond issue maturing in March 2023 for an amount of Euro 750 million, with the residual nominal amount standing at Euro 469.5 million at December 31, 2021.

Date of issue	Date of maturity	Residual nominal amount	Coupon	ISIN code	Listing
December 2, 2014 and November 27, 2015 (1)	March 31, 2023	€469.5 million	1.787%	FR0012332203	Paris (Euronext)
November 3, 2017	November 3, 2027	€150.0 million	2.000%	FR0013293362	Paris (Euronext)
February 27, 2018	February 27, 2026	€300.0 million	1.800%	FR0013320249	Paris (Euronext)
July 7, 2020	July 7, 2027	€300.0 million	4.625%	FR0013522091	Paris (Euronext)

(1) Tap on the bond issued on December 2, 2014.

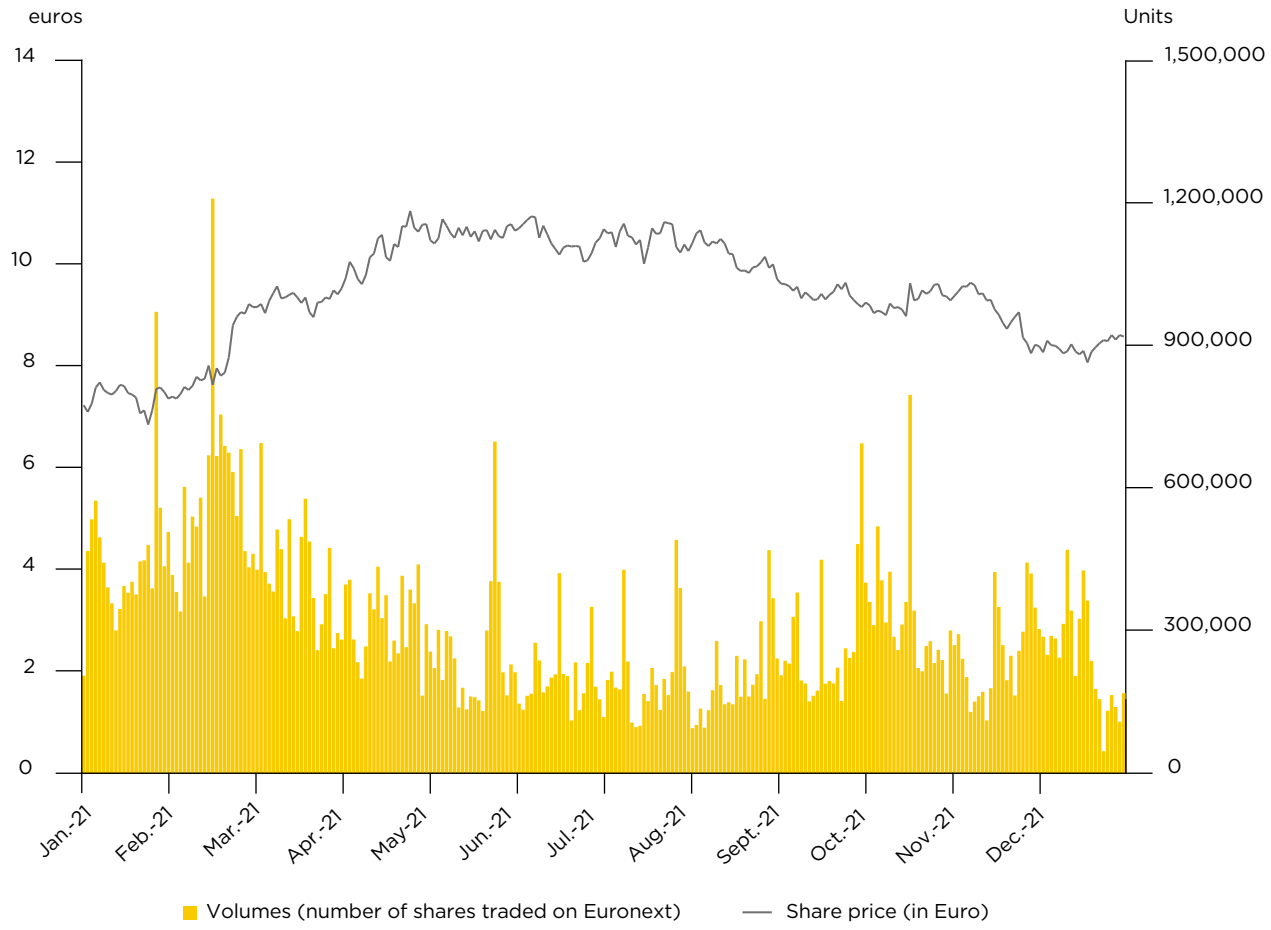
Mercialys is rated BBB/outlook stable by Standard & Poor's.

TRADED VOLUMES AND CHANGES IN SHARE PRICE OVER THE PAST 18 MONTHS (1)

	Share price *(in euros)*		Number of shares traded *(in thousands)*	Capital traded *(in thousands of euros)*
	Highest	Lowest		
2020				
July	7.485	6.150	5,038	34,208
August	6.545	5.275	8,762	50,757
September	5.725	4.136	10,453	53,293
October	4.866	3.890	14,438	63,278
November	7.270	4.038	17,615	102,761
December	7.540	6.580	10,497	74,973
2021				
January	7.815	6.710	9,114	67,261
February	9.160	7.180	11,617	91,792
March	9.620	8.805	9,520	88,152
April	11.040	9.365	6,478	66,308
May	10.940	10.240	5,273	55,867
June	11.070	10.000	4,462	46,781
July	11.040	9.940	4,415	46,365
August	10.660	9.720	4,095	41,564
September	10.080	9.100	5,413	51,491
October	9.820	8.785	7,421	68,596
November	9.750	8.210	5,357	48,493
December	8.645	7.900	5,687	47,457

(1) Source: Euronext Paris.

SHARE PRICE AND NUMBER OF SECURITIES TRADED IN 2021



STOCK MARKET PERFORMANCE OVER THE LAST FIVE YEARS

	2017	2018	2019	2020	2021
Share price *(in euros)* [1]					
Highest	19.70	18.75	13.82	12.64	11.07
Lowest	16.51	11.74	10.09	3.89	6.71
December 31 (closing price)	18.45	11.97	12.33	7.22	8.57
Market capitalization at December 31 *(in millions of euros)*	**1,698**	**1,102**	**1,135**	**665**	**805**

(1) Source: Euronext Paris.

7.1.2 Share buyback program

7.1.2.1 Current share buyback program

The Ordinary General Meeting of April 22, 2021 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 (formerly Article L. 225-209) et seq. of the French Commercial Code, Articles 241-1 to 241-7 of the General regulation of the AMF, and European market abuse regulations (specifically regulations (EU) 596/2014 of April 16, 2014 and 2016/1952 of March 8, 2016), primarily for the following purposes:

- to maintain liquidity and stimulate the market for the Company's shares through an investment services provider acting independently on behalf of the Company, in connection with a liquidity agreement compliant with a Code of Ethics recognized by the AMF;
- to implement any Company stock option plan, under the provisions of Article L. 22-10-56 (formerly Article L. 225-177) et seq. of the French Commercial Code, any savings scheme 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 marketable 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.

These shares may be acquired, sold, transferred, or exchanged by any means, including on the regulated market or over the counter and by block trade transactions. 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.

The purchase price of the shares shall not exceed Euro twelve (12) (excluding purchase costs) per share with a par value of Euro one (1) each.

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 22, 2021, 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 specified 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.

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.

7.1.2.2 Transactions carried out in 2021

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 AMAFI (French Financial Markets Association) Code of Ethics approved by the 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 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, 345,930 shares and Euro 2,389,808.95 were allocated to the liquidity account. The fixed amount paid under this contract, which includes trading costs, amounted to Euro 42,000 excluding taxes for the 2021 fiscal year.

During the 2021 fiscal year, a total of 5,525,032 Mercialys shares were purchased at an average price of Euro 9.27 each, and 5,542,346 Mercialys shares were sold at an average price of Euro 9.29 each. At December 31, 2021, the liquidity account contained 387,113 shares and Euro 2,107,036.08.

B. Other transactions

No shares were canceled during the 24-month period from January 1, 2020 to December 31, 2021.

C. Summary of transactions

The table below summarizes the transactions carried out by the Company on treasury shares between January 1, 2021 and December 31, 2021 and indicates the number of treasury shares held by the Company:

	Number of shares	% of capital
Number of shares held at December 31, 2020	**511,547**	**0.56**
Number of shares purchased under the liquidity agreement	5,525,032	
Number of shares sold under the liquidity agreement	(5,542,346)	
Number of shares purchased	0	
Number of shares canceled	0	
Number of bonus shares	(2,640)	
Number of shares held at December 31, 2021	**491,593**	**0.52**

The Company's position at December 31, 2021 was as follows:

	Dec. 31, 2021
Number of treasury shares in portfolio	491,593
Percentage of share capital held directly or indirectly as treasury shares	0.52%
Number of shares canceled during the last 24 months	0
Book value of the portfolio *(in millions of euros)*	3.7
Market value of the portfolio *(in millions of euros)* (1)	4.2

(1) Value calculated in millions of euros on the basis of the closing price on December 31, 2021, i.e. Euro 8.57.

Mercialys has no open positions in derivatives. The 491,593 treasury shares held at December 31, 2021 were allocated as follows:

- 387,113 shares for use in connection with the liquidity agreement;
- 104,480 shares for use in any Company stock option plans, savings schemes or in the allocation of bonus shares to 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 28, 2022, shareholders will be asked to renew the Board of Directors' authorization to purchase, directly or indirectly, shares in the Company 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 AMF, and the European market abuse regulations (specifically regulations (EU) 596/2014 of April 16, 2014 and 2016/1052 of March 8, 2016), primarily for the following purposes:

- to maintain liquidity and stimulate the market for the Company's shares through an investment services provider acting independently on behalf of the Company, in connection with a liquidity agreement compliant with a Code of Ethics recognized by the 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 scheme 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 marketable 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.

These shares may be acquired, sold, transferred, or exchanged by any means, including on the regulated market or over the counter and by block trade transactions. 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.

The purchase price of the shares shall not exceed Euro thirteen (13) (excluding purchase costs) per share with a par value of Euro one (1) each.

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 Annual General Meeting, *i.e.*, 8,897,057 shares based on the share capital at December 31, 2021, net of 491,593 treasury shares, up to a maximum of Euro 115.7 million. It should be noted that when the Company's shares are purchased under a liquidity agreement, the number of these shares taken into account when calculating the 10% threshold referred to above shall correspond to this number of shares purchased, less 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.

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 17th resolution of the General Meeting of April 22, 2021.

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.

The Ordinary and Extraordinary General Meeting of shareholders held on April 22, 2021 renewed the authorization granted to the Board of Directors to reduce the Company's share capital by the cancelation of treasury shares. This authorization, granted for a period of 18 months, is valid until October 21, 2022. The renewal of this authorization will be proposed to the Annual General Meeting of April 28, 2022.

7.1.3 Dividend distribution policy

On November 24, 2005, the Company elected to be taxed under the regime applicable to *sociétés d'investissement immobilier cotées* (SIICs).

As a SIIC, 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, SIICs must distribute to their shareholders at least 95% of the tax-exempt profits generated from property leasing and subletting transactions. Similarly, SIICs 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.

Given a very uncertain health environment, marked by new restrictive measures and a late deployment of State aid for the period of store closures, which has led tenants to postpone the payment of their rents, in the interests of protecting the Company's cash, the Mercialys Board of Directors has decided not to distribute an interim dividend for the 2021 fiscal year.

At December 31, 2021, the net income generated by Mercialys, the parent company, amounted to Euro 33.1 million, of which Euro 26.8 million in tax-exempt income and Euro 6.3 million in taxable income.

A dividend of Euro 0.92 per share for the 2021 fiscal year will be proposed at the Annual General Meeting of April 28, 2022, for a total of Euro 86.4 million based on the number of shares outstanding at December 31, 2021, without taking into account the cancelation of dividends on treasury shares on the payment date. The proposed dividend corresponds to 85% of the 2021 FFO and offers a yield of 10.7% on the closing price at December 31, 2021.

This dividend proposal comprises the distribution obligation under SIIC status concerning tax-exempt profits from:

- the leasing or subletting of properties (including dividends paid by subsidiaries subject to the SIIC regime), *i.e.* Euro 0.39 per share;
- the distribution of 70% of the tax-exempt profits for the 2021 fiscal year from the sale of properties and investments in real estate companies, *i.e.* Euro 0.01 per share;
- the distribution of 70% of the tax-exempt profits for the 2020 fiscal year from the sale of properties and investments in real estate companies, *i.e.* Euro 0.38 per share;
- the distribution of tax-exempt income recorded in the Company's balance sheet in the amount of Euro 0.14 per share.

The payment of the dividend of Euro 0.92 per share would take place on May 5, 2022 (ex-dividend date being May 3, 2022), subject to approval by the Annual General Meeting of April 28, 2022.

Dividends taken from the tax-exempt profits of SIICs 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 SIICs 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.

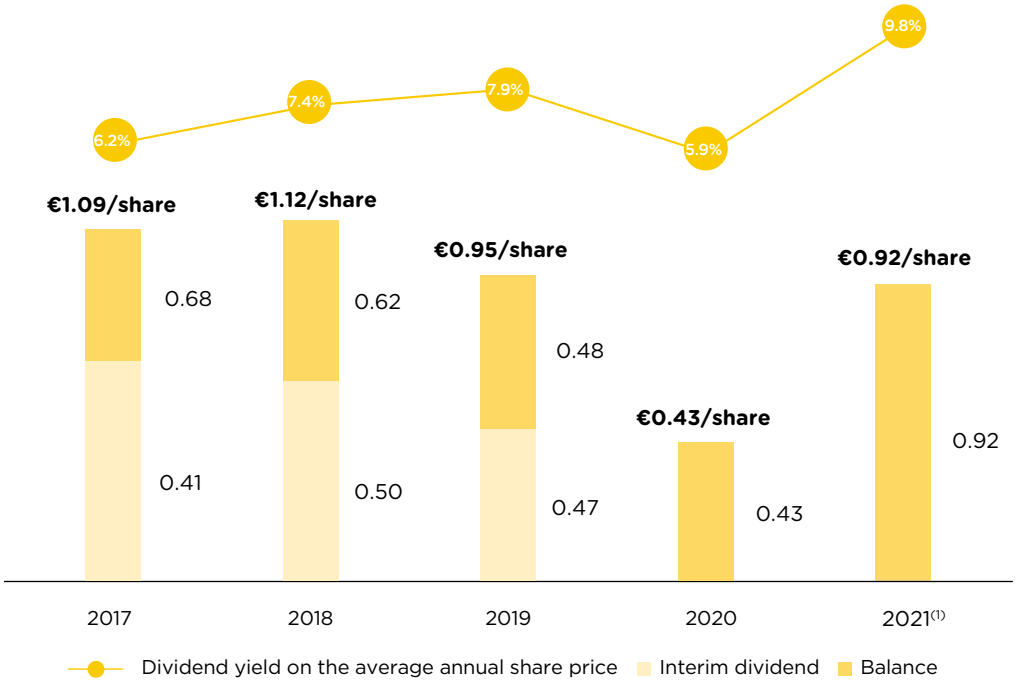
The following table shows dividends paid over the last five fiscal years:

Fiscal year ended	Dividend per share	Dividend distributed eligible for the 40% allowance [1]	Dividend not eligible for the 40% allowance
December 31, 2016	€1.06	None	€1.06
December 31, 2017	€1.09	None	€1.09
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

(1) Pursuant to Article 158-3, paragraph 2, of the French General Tax Code for individuals.
(2) The Annual 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 28, 2022.

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 AMF General Regulations.

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 interim and full-year earnings 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

E-mail: finance@mercialys.com

Website: www.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.

17 roadshows organized with **11** different brokers and **11** countries covered

GRANDS PRIX DE LA TRANSPARENCE 2021

#1 in 2021 for the best Universal Registration Document

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

4 results publications and **2** financial information meetings per year

TOP 100 shareholders contacted before each General Meeting

The list of information published or made public by Mercialys in 2021 is as follows:

Nature of the information	Publication date
Activity and results	
Press release on the new measures to close non-food businesses announced by the French government on January 29, 2021	Feb. 01, 2021
Press release on 2020 annual results	Feb. 15, 2021
Press release on 2021 first-quarter activity	April 19, 2021
Press release on the dividend for the 2020 fiscal year and the terms and conditions of the share-based dividend payment option	April 23, 2021
Press release on the results of the share-based dividend payment option for the 2020 fiscal year	May 19, 2021
Press release on footfall in Mercialys shopping centers since the reopening of stores on May 19, 2021, which illustrates French consumers' attachment to their retailers	May 31, 2021
Press release on 2021 half-year results	July 28, 2021
Press release on 2021 third-quarter activity	Oct. 18, 2021
Press release on the launch of a partial buyback offer for the Euro 549.5-million bond maturing in March 2023	Nov. 29, 2021
Press release on the closing of the partial buyback offer for the bond maturing in March 2023	Dec. 07, 2021
Ordinary and Extraordinary General Meeting of April 22, 2021	
Publication of the meeting notice in the BALO	March 17, 2021
Online publication of the "2021 Meeting Notice" brochure	March 17, 2021
Online publication of the number of voting rights and outstanding shares at March 17, 2021	March 22, 2021
Press release on the holding of the in-camera Annual General Meeting	March 25, 2021
Terms and conditions of attendance – in-camera Annual General Meeting of Thursday, April 22, 2021	March 26, 2021
Online publication of the proxy and mail voting form (in-camera Annual General Meeting) replacing the voting form for the in-person Annual General Meeting, originally published online on March 17, 2021	March 26, 2021
Press release on the procedure for the provision of preparatory documents *	April 01, 2021
Publication of the meeting invitation in the BALO	April 02, 2021
Publication in *Les Affiches Parisiennes* of the Meeting Notice	April 02, 2021
Online publication of the presentation	April 22, 2021
Online publication of the general quorum	April 22, 2021
Online publication of responses to written questions to the Board of Directors	April 22, 2021
Online publication of the meeting report and votes	April 22, 2021
Company	
Press release on Mercialys and *Initiative France* joining forces to support the regeneration of local retail	April 09, 2021
Press release on "4 Fair Impacts for 2030", its CSR strategy looking ahead to 2030, Mercialys reaffirming its commitment to responsible and sustainable development	May 06, 2021
Press release on the appointment of François Klitting	Sept. 14, 2021
Press release on the results of the 2021 EPRA Awards: Mercialys maintains its excellent financial and sustainability reporting standards	Sept. 27, 2021
Press release on the *Grand Prix de la Transparence*: Mercialys recognized once again with the 2021 award for best Universal Registration Document	Oct. 06, 2021
Press release on GRESB 2021: Mercialys moves up to third place and maintains its outstanding rating	Oct. 15, 2021
Press release on the 2021 Gaïa ESG Rating: Mercialys once again ranked first in its category	Oct. 19, 2021
Press release on Mercialys being ranked third on the SBF 120 for the representation of women in management structures	Nov. 25, 2021
Press release on the results of the 2021 Carbon Disclosure Project: Mercialys maintains "A List" ranking for the fourth consecutive year	Dec. 07, 2021

Nature of the information	Publication date
Shares	
Press release on the number of outstanding shares and voting rights at December 31, 2020 *	Jan. 06, 2021
Press release on the half-year review of the liquidity agreement at December 31, 2020 *	Jan. 11, 2021
Press release on the number of outstanding shares and voting rights at January 31, 2021 *	Feb. 04, 2021
Press release on the number of outstanding shares and voting rights at February 28, 2021 *	March 08, 2021
Press release on the number of outstanding shares and voting rights at March 31, 2021 *	April 09, 2021
Press release on the number of outstanding shares and voting rights at April 30, 2021 *	May 07, 2021
Press release on the number of outstanding shares and voting rights at May 31, 2021 *	June 10, 2021
Press release on the number of outstanding shares and voting rights at June 30, 2021 *	July 05, 2021
Press release on the half-year review of the liquidity agreement at June 30, 2021 *	July 27, 2021
Press release on the number of outstanding shares and voting rights at July 31, 2021 *	Aug. 05, 2021
Press release on the number of outstanding shares and voting rights at August 31, 2021 *	Sept. 14, 2021
Press release on the number of outstanding shares and voting rights at September 30, 2021 *	Oct. 11, 2021
Press release on the number of outstanding shares and voting rights at October 31, 2021 *	Nov. 08, 2021
Press release on the number of outstanding shares and voting rights at November 30, 2021 *	Dec. 03, 2021
Other regulated information	
Press release on executive compensation dated March 8, 2021	March 08, 2021
Press release on the availability of the 2020 Universal Registration Document and comments on the 2021 objectives *	March 17, 2021
Filing and online publication of the 2020 Universal Registration Document *	March 17, 2021
Online publication of the CSR chapter of the 2020 Universal Registration Document	March 17, 2021
Online publication of the chapter on director and corporate officer compensation and benefits of the 2020 Universal Registration Document	March 17, 2021
Online publication of the fees paid to Statutory Auditors for 2020	March 17, 2021
Online publication of the report on internal control and corporate governance	March 17, 2021
Online publication of the list of information published or made public by Mercialys in 2020	March 17, 2021
Online publication of the 2020 integrated report	March 17, 2021
Press release on the availability of the 2021 half-year financial report	July 28, 2021
Online publication of the 2021 half-year financial report *	July 28, 2021
Press release on executive compensation dated December 10, 2021	Dec. 10, 2021

* *Regulated information within the meaning of Article 221-1 of the General regulation of the AMF.*

7.1.5 2022 financial calendar

The Mercialys financial calendar is as follows. It is also available on the Company website at www.mercialys.com.

2022 FINANCIAL CALENDAR

APRIL 20, 2022 (after stock exchange close)	APRIL 28, 2022 (after stock exchange close)	JULY 27, 2022 (after market close)	JULY 28, 2022	OCTOBER 18, 2022 (after stock exchange close)
First-quarter activity *Embargo period(1) from April 5, 2022 before market open to April 20, 2022 after market close*	**Annual General Meeting**	**First-half results** *Embargo period(1) from July 12, 2022 before stock exchange open to July 27, 2022 after stock exchange close*	**Financial information meeting**	**Activity at end-September** *Embargo period(1) from October 3, 2022 before stock exchange open to October 18, 2022 after exchange 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, resulting 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 28, 2022.

CHANGES IN/HISTORY OF SHARE CAPITAL OVER THE LAST FIVE YEARS

	Number of shares created	Amount of capital increases/reductions *(in euros)*		Share capital *(in euros)*	Number of shares in issue	Nominal value per share *(in euros)*
		Nominal	Premium [1]			
2017	-	-	-	92,049,169	92,049,169	1
2018	-	-	-	92,049,169	92,049,169	1
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**

(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 benefits from the following authorizations to issue securities granting access to the share capital, granted by the General Meeting of shareholders of April 22, 2021:

	Operation	Resolution	Maximum amount	Term	Expiry
a)	Capital increase with PSR (1) though the issue of shares or securities granting access to the share capital or debt securities	19th resolution	Euro 46 million (2) (3)	26 months	June 21, 2023
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	20th resolution	Euro 18.4 million (2) (3) (with priority period) 10% of the share capital as at the date of the decision to issue *(without priority right)*	26 months	June 21, 2023
c)	Capital increase through the incorporation of reserves, profits, premiums or other amounts that may be capitalized	24th resolution	Euro 46 million	26 months	June 21, 2023
d)	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)	26th resolution	10% of the share capital as at the date of the decision to issue (3)	26 months	June 21, 2023
e)	Capital increase reserved for employees subscribed to a savings plan of the Company or any of its affiliates without PSR (1)	28th resolution	2% of the total number of shares as of the day of the authorization (1,840,983 shares)	26 months	June 21, 2023
f)	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	29th resolution	1.0% of the total number of shares as at the date of authorization (*i.e.* 920,491 shares) of which 0.5% for the executive corporate officers (460,245 shares)	26 months	June 21, 2023

(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 19th, 20th and 26th resolutions of the General Meeting of April 22, 2021 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 19th, 20th and 26th resolutions of the General Meeting of April 22, 2021 may not exceed Euro 46 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 18.4 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 2021 fiscal year, with the exception of those relating to the allocation of bonus shares.

Pursuant to the authorization granted by the General Meeting of April 22, 2021, the Board of Directors awarded 155,986 bonus shares, subject to the satisfaction of service and/or performance conditions (see § 7.2.5.3, p. 379 et seq.).

It is proposed to the General Meeting of April 28, 2022 to grant the following authorizations:

	Operation	Resolution	Maximum amount	Term	Expiry
a)	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	22nd resolution	Euro 9.3 million (2) (3)	26 months	June 27, 2024
b)	Increase in the number of shares to be issued in the event of a capital increase with or without PSR (1)	23rd resolution	15% of the original issue (2) (3)	26 months	June 27, 2024
c)	Issuing of shares or securities granting access to the share capital in the event of a public offering for the shares of another listed company, without PSR (1)	24th resolution	Euro 9.3 million (2) (3)	26 months	June 27, 2024
d)	Capital increase reserved for employees subscribed to a savings plan of the Company or any of its affiliates without PSR (1)	26th resolution	2% of the total number of shares as of the day of the authorization (1,877,730 shares)	26 months	June 27, 2024

(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 delegations granted by the 19th, 20th and 26th resolutions of the General Meeting of April 22, 2021, and the 22nd to 24th resolutions of the General Meeting of April 28, 2022, 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 19th, 20th and 26th resolutions of the Meeting of April 22, 2021, and the 22nd to 24th resolutions of the Meeting of April 28, 2022, may not exceed Euro 46.5 million or its equivalent 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 rights, may not exceed Euro 9.3 million, without taking into account, 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.

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 eighteen months from April 22, 2021, *i.e.* until October 21, 2022. The renewal of this authorization is proposed to the General Meeting of April 28, 2022 (21st resolution).

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:

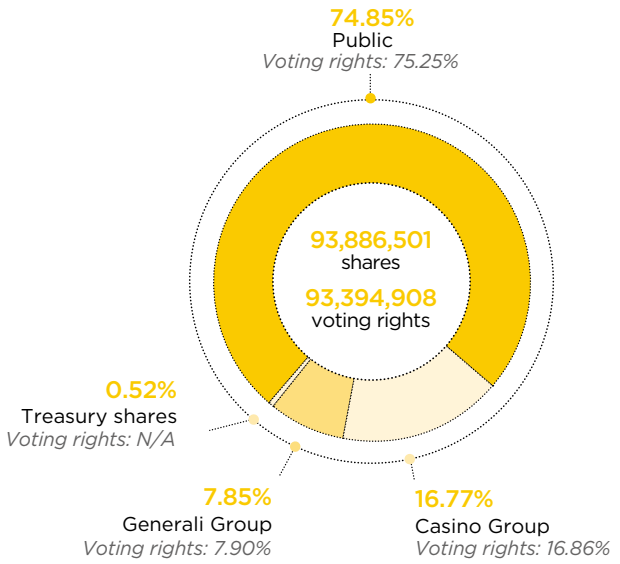
"All shareholders are entitled to the same number of votes as the shares they own or represent, without any limitation, the sole exception being the cases provided for by law and the articles of association."

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.

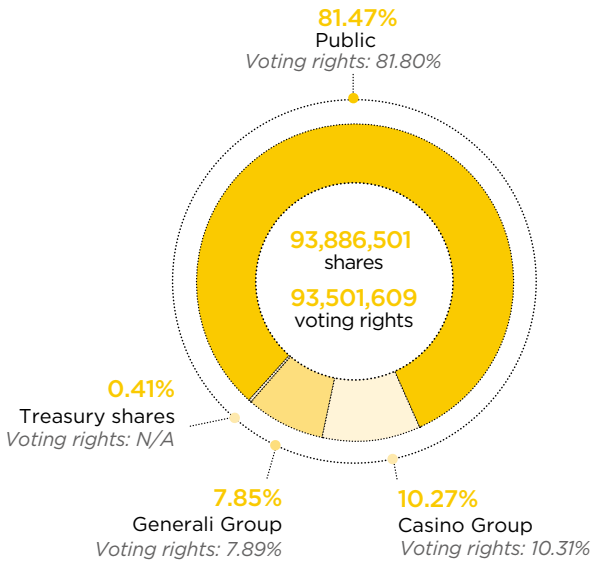
"The vote or proxy issued by an intermediary who is neither declared as an intermediary registered as a holder of securities on behalf of a third party not domiciled in France, nor has revealed the identity of the owners of the securities in respect of which such intermediary is registered, as required by the applicable regulations, will not be taken into consideration."

At December 31, 2021, the number of voting rights at the General Meeting totaled 93,394,908, 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, 2021



BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AT FEBRUARY 28, 2022



The breakdown of share capital and voting rights at the close of the last three fiscal years is presented below.

On December 6, 2021, La Forézienne de Participations sold 2,816,595 shares representing 3% of the share capital of Mercialys. This sale took place as part of financial agreement signed on December 6, 2021 by Casino, Guichard-Perrachon and Société Générale on Mercialys shares with payment of a differential (*i.e.* Total Return Swap - TRS) relating to a notional number of 2,816,595 Mercialys shares, settled on December 22, 2021, giving Casino, Guichard-Perrachon an economic impact similar to holding these shares within the meaning of Article L. 233-9 I-4 bis of the French Commercial Code, *i.e.* a right to dividends without holding the share capital and voting rights corresponding to this 3%.

On February 21, 2022, La Forézienne de Participations sold 6,102,623 shares representing 6.5% of Mercialys' share capital. This sale took place as part of a financial agreement signed on February 21, 2022 by Casino, Guichard-Perrachon and Société Générale on Mercialys shares with payment of a differential (*i.e.* Total Return Swap - TRS) relating to a notional number of 6,102,623 Mercialys shares, which can be settled exclusively in cash until May 23, 2022, giving Casino, Guichard-Perrachon an economic impact similar to holding these shares within the meaning of Article L. 233-9 I 4° bis of the French Commercial Code, i.e. a right to dividends without holding the share capital and voting rights corresponding to this 6.5%.

HISTORY OF SHARE CAPITAL ALLOCATION

	Dec. 31, 2019		Dec. 31, 2020		Dec. 31, 2021		Feb. 28, 2022	
	Number	%	Number	%	Number	%	Number	%
Reference shareholders	**24,268,588**	**26.36**	**18,559,506**	**20.16**	**15,742,911**	**16.77**	**9,640,288**	**10.27**
o/w Casino group [1]	23,161,639	25.16	18,559,180	20.16	15,742,585	16.77	9,639,962	10.27
o/w other shareholders [2]	1,106,949	1.20	326	NS	326	NS	326	NS
Crédit Agricole/ Cacib/Caceis Bank [3]	**9,156,378**	**9.95**	**699,772**	**0.76**	**NC**	**NC**	**NC**	**NC**
Generali group	**7,373,745**	**8.01**	**7,373,745**	**8.01**	**7,373,745**	**7.85**	**7,373,745**	**7.85**
Treasury shares [4]	**296,302**	**0.32**	**511,547**	**0.56**	**491,593**	**0.52**	**384,892**	**0.41**
Public	**50,954,156**	**55.36**	**64,904,599**	**70.51**	**70,278,252**	**74.85**	**76,487,576**	**81.47**
o/w bearer shares	50,537,065	54.90	64,377,167	69.94	69,649,071	74.18	75,855,281	80.79
o/w registered shares	417,091	0.45	527,432	0.57	629,181	0.67	632,295	0.67
TOTAL	**92,049,169**	**100**	**92,049,169**	**100**	**93,886,501**	**100**	**93,886,501**	**100**

HISTORY OF VOTING RIGHTS ALLOCATION [5]

	Dec. 31, 2019		Dec. 31, 2020		Dec. 31, 2021		Feb. 28, 2022	
	Number	%	Number	%	Number	%	Number	%
Reference shareholders	**24,268,588**	**26.45**	**18,559,506**	**20.27**	**15,742,911**	**16.86**	**9,640,288**	**10.31**
o/w Casino group [1]	23,161,639	25.24	18,559,180	20.27	15,742,585	16.86	9,639,962	10.31
o/w other shareholders [2]	1,106,949	1.21	326	NS	326	NS	326	NS
Crédit Agricole/ Cacib/Caceis Bank [3]	**9,156,378**	**9.98**	**699,772**	**0.76**	**NC**	**NC**	**NC**	**NC**
Generali group	**7,373,745**	**8.04**	**7,373,745**	**8.06**	**7,373,745**	**7.90**	**7,373,745**	**7.89**
Treasury shares [4]	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**
Public	**50,954,156**	**55.53**	**64,904,599**	**70.90**	**70,278,252**	**75.25**	**76,487,576**	**81.80**
o/w bearer shares	50,537,065	55.08	64,377,167	70.33	69,649,071	74.57	75,855,281	81.13
o/w registered shares	417,091	0.45	527,432	0.58	629,181	0.67	632,295	0.68
TOTAL	**91,752,867**	**100**	**91,537,622**	**100**	**93,394,908**	**100**	**93,501,609**	**100**

(1) The cash-only settlement of the financial agreement (Total Return Swap – TRS) entered into on July 26, 2018 with Cacib for 13,807,375 shares, which began in May 2019, was completed on August 26, 2020.

La Forézienne de Participations sold to Cacib, on August 25, 2020, 4,602,459 Mercialys shares in renewal of the aforementioned financial agreement entered into by Casino, Guichard-Perrachon with Cacib on July 26, 2018, amended on August 21, 2020 (effective from August 25, 2020). The "Total Return Swap – TRS" financial agreement expired on October 21, 2020.

La Forézienne de Participations sold, on December 6, 2021, 2,816,595 Mercialys shares as part of the entering into on December 6, 2021 by Casino, Guichard-Perrachon of a financial agreement for Mercialys shares with Société Générale, providing for the payment of a differential (Total Return Swap - TRS) on a notional number of 2,816,595 Mercialys shares, settled on December 22, 2021.

On February 21, 2022, La Forézienne de Participations sold 6,102,623 Mercialys shares as part of a financial agreement signed on February 21, 2022 by Casino, Guichard-Perrachon on Mercialys shares with payment of a differential (Total Return Swap - TRS) relating to a notional number of 6,102,623 Mercialys shares, which can be settled exclusively in cash until May 23, 2022.

(2) Controlling shareholders of Casino, Guichard-Perrachon, including Foncière Euris.

In 2019 and 2020, Foncière Euris and Rallye SA (controlled by Foncière Euris) initiated the settlement of all Equity Swaps relating to Mercialys shares.

(3) Based on threshold crossing declarations made to the AMF:

- *Cacib (controlled by Crédit Agricole S.A.) declared (i) on September 11, 2019, that it held 9,156,378 shares representing 9.95% of the share capital and voting rights (AMF Declaration No. 219C1629 of September 17, 2019), (ii) on January 10, 2020, that it held 4,598,408 shares representing 4.99% of the share capital and voting rights (AMF Declaration No. 220C0173 of January 14, 2020), (iii) on August 21, 2020, that it held 4,793,967 shares representing 5.21% of the share capital and voting rights (AMF declaration No. 220C3269 of August 28, 2020), and (iv) on September 1, 2020, that it held 4,440,785 shares representing 4.82% of the share capital and voting rights (AMF Declaration No. 220C3320 of September 1, 2020).*
- *Crédit Agricole declared (i) on September 16, 2020, that it held 4,766,759 shares representing 5.18% of the share capital and voting rights, indirectly through companies it controls, namely Cacib holding 4,066,987 shares representing 4.42% of the share capital and voting rights and Caceis Bank holding 699,772 shares representing 0.76% of the share capital and voting rights (AMF Declaration No. 220C3782 of September 22, 2020), (ii) on October 1, 2020, that it held 699,772 shares, representing 0.76% of the share capital and voting rights, indirectly through Caceis Bank which it controls (AMF Declaration No. 220C4161 of October 8, 2020).*

(4) Shares acquired under the share buyback program and, in particular, the liquidity agreement (see § 7.1.2, p. 364 et seq.).

(5) The number of voting rights at General Meetings, which is different from the number declared under regulations regarding share ownership thresholds (theoretical voting rights). For regulatory declarations, the total number of voting rights and shares comprising the share capital published each month is calculated based on the total number of voting rights in accordance with Article 223-11 of the AMF General Regulations, i.e. based on all shares carrying voting rights, including shares for which voting rights are withdrawn (treasury shares). The difference between voting rights at General Meetings and theoretical voting rights is immaterial; 0.52% at December 31, 2021 and 0.41% at February 28, 2022.

At December 31, 2021, the Casino group directly and indirectly held 16.77% of the share capital and 16.86% of the voting rights, primarily through La Forézienne de Participations (subsidiary of Casino, Guichard-Perrachon) which directly held 15.78% of the Company's share capital and 15.86% of its voting rights. On February 28, 2022, the Casino group directly and indirectly held 10.27% of the share capital and 10.31% of the voting rights, primarily via La Forézienne de Participations (subsidiary of Casino, Guichard-Perrachon) which directly held 9.28% of the Company's share capital and 9.31% of the voting rights.

To the best of the Company's knowledge, no shareholder other than the companies referred to above and APG Asset Management (see AMF Declaration No. 221C0466) and Société Générale (see AMF Declaration No. 222C0462) held more than 5% of the Company's share capital or voting rights at February 28, 2022.

All declarations of threshold crossings made to the AMF can be found in § 7.2.3.1, B, p. 377 et seq. below.

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 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 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, 2021 to February 28, 2022, the following threshold crossings were declared to the AMF:

- APG Asset Management N.V., acting on behalf of the fund it manages, declared that it had exceeded, on February 26, 2021, following the market acquisition of Mercialys shares, the thresholds of 5% of the share capital and voting rights and that it held, on behalf of the fund, 4,708,042 Mercialys shares representing as many voting rights, *i.e.* 5.12% of the share capital and voting rights (AMF 221C0466);
- The concert made up of Mr Jean-Charles Naouri and the companies that he directly or indirectly controls declared that it had, directly and indirectly, fallen below:
  - for regularization purposes, on August 26, 2020, the threshold of 25% of the share capital of Mercialys and that it held, on that date, 22,834,291 shares representing 18,559,506 voting rights, *i.e.* 24.81% of the share capital and 20.16% of the voting rights (AMF 221C1241). The declarant specified that the financial agreements concerned are exclusively for cash settlement and therefore do not confer any voting rights. It is for this reason that it has only performed the assimilation of the shares concerned in terms of capital,

    On this occasion, Casino, Guichard-Perrachon declared that it had fallen below the threshold of 5% of the Mercialys share capital.
  - on May 21, 2021, the thresholds of 20% of the share capital and voting rights of Mercialys and that it held 18,559,506 Mercialys shares representing as many voting rights, *i.e.* 19.77% of the share capital and voting rights of the Company; this crossing resulting from the exercise, by Mercialys shareholders, of the share-based dividend payment option for the fiscal year ended on December 31, 2020 and the resulting issue, on May 21, 2021, of 1,837,332 Mercialys shares (AMF 221C1241).
  - on February 21, 2022, the threshold of 15% of Mercialys' voting rights and, at that date, it held 15,742,911 shares representing 9,640,288 voting rights, *i.e.* 16.77% of the share capital and 10.27% of the voting rights (AMF 222C0451). The declarant specified that the financial agreements concerned are exclusively for cash settlement and therefore do not confer any voting rights. It is for this reason that it has only performed the assimilation of the shares concerned in terms of capital.

    On this occasion, (i) La Forézienne de Participations declared that it had individually fallen below the thresholds of 15% and 10% of the share capital and voting rights of Mercialys following the off-market disposal of Mercialys shares to Société Générale, and (ii) Casino, Guichard-Perrachon declared that it had individually exceeded the threshold of 5% of Mercialys' share capital following the increase in the number of shares held by assimilation in respect of the aforementioned Total Return Swap agreement;
- on February 22, 2022, Société Générale declared that, following the market acquisition of Mercialys shares, it had exceeded the thresholds of 5% of the share capital and voting rights and that it held 6,667,941 Mercialys shares, representing as many voting rights (of which 6,667,765 shares held directly and 176 shares held by assimilation resulting from the holding of "contract for difference" agreements, to be settled in cash, with no expiry date), *i.e.* 7.10% of the share capital and voting rights (AMF 222C0462).

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 AMF General Regulations, at the date of declaration of the crossing of the threshold, it being specified that the total number of voting rights published monthly is calculated, in accordance with Article 223-11 of the AMF General Regulations, *i.e.* based on all shares potentially carrying voting rights, including shares for which voting rights are withdrawn (treasury shares).

7.2.3.2 Shareholder agreements

To the Company's knowledge, there were no shareholder agreements in effect at February 28, 2022.

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, 2021, the shares held directly by directors and officers represented 23.69% of the share capital and 23.81% of the voting rights at the General Meeting. At February 28, 2022, they represented 17.19% of the share capital and 17.28% of the voting rights.

More specifically, at December 31, 2021 (unchanged at February 28, 2022):

- 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 0.010% of the share capital and voting rights at the General Meeting,
- the shares held by Elizabeth Blaise, Deputy Chief Executive Officer, represented 0.003% of the share capital and voting rights at the General Meeting.

7.2.3.4 Declarations by the managers

To the best of the Company's knowledge, the Company's managers, or similar persons or persons closely associated having close personal relations with them, carried out the following translations on the Company's shares in 2021 and up to February 28, 2022:

Date of declaration	Persons concerned	Financial instrument	Type of transaction	Volume	Unit price *(in euros)*
Dec. 09, 2021	La Forézienne de Participations, director	Shares	Disposal	2,816,595	8.49
Dec. 09, 2021	Casino, Guichard-Perrachon, legal entity related to La Forézienne de Participations, director	Equity derivative instrument	Swap agreement on Mercialys shares	2,816,595	8.49
Dec. 24, 2021	Casino, Guichard-Perrachon, legal entity related to La Forézienne de Participations, director	Call option	Acquisition (1)	2,816,595	0.6645
Jan. 19, 2022	Casino, Guichard-Perrachon, legal entity related to La Forézienne de Participations, director	Call option	Amendment to an existing agreement (2)	2,816,595	0.6645
Feb. 22, 2022	La Forézienne de Participations, director	Shares	Disposal	6,102,623	9.65
Feb. 23, 2022	Casino, Guichard-Perrachon, legal entity related to La Forézienne de Participations, director	Equity derivative instrument	Swap agreement on Mercialys shares	6,102,623	9.65

(1) An agreement entered into on December 22, 2021, updated by an amendment on December 23, 2021, for the acquisition of 2,816,595 call options (to be settled exclusively in cash) at a unit price of Euro 0.6645, exercisable from May 2022 to October 2022.

(2) An amendment to the agreement dated December 22, 2021, updated by an amendment on December 23, 2021, providing for the early settlement of call options over the period between January 17 and February 18, 2022.

7.2.3.5 Employee share ownership

At December 31, 2021, employees held 21,688 shares representing 0.02% 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 5,512 Mercialys registered shares at December 31, 2021.

7.2.4 Securities not representing share capital

None.

7.2.5 Share purchase options, share subscription options and bonus share plans

7.2.5.1 Share purchase options

No share purchase option plan on the Company's shares was in effect in 2021.

7.2.5.2 Share subscription options

No share subscription option plan on the Company's shares was in effect in 2021.

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, 2021 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
04/25/2019	04/25/2019	04/25/2022 (1)	04/26/2024	45,621	0	45,621
04/25/2019	04/25/2019	04/25/2022 (1)	04/26/2024	23,109	14,813	8,296
04/25/2019	04/23/2020	04/23/2023 (2)	04/24/2025	137,779	0	137,779
04/25/2019	04/23/2020	04/23/2023 (3)	04/24/2025	44,904	22,452	22,452
04/25/2019	04/23/2020	04/23/2022 (4)	04/24/2022	5,750	1,550	4,200
04/22/2021	04/22/2021	04/22/2024 (5)	04/23/2026	95,112	0	95,112
04/22/2021	04/22/2021	04/22/2024 (5)	04/23/2026	49,074	19,674	29,400
04/22/2021	04/22/2021	04/22/2023 (4)	04/23/2023	11,800	700	11,100
TOTAL				**413,149**	**59,189**	**353,960**

(1) Bonus shares only vest if the beneficiary is still employed by the Company on the vesting date, and subject to the fulfillment of three company performance criteria: the relative performance of the Mercialys share, dividends included (relative TSR) compared with the performance of the companies making up the EPRA/NAREIT Eurozone index on January 1, 2019, measured between January 1, 2019 and December 31, 2021, for 40% of the initial allocation, organic rental income growth, including pop-up retail outlets, excluding indexation, measured as an annual average over three years between January 1, 2019 and December 31, 2021, for 20% of the initial allocation, and FFO growth measured as an annual average over three years between January 1, 2019 and December 31, 2021, for the remaining 40% of the initial allocation.

(2) Bonus shares only vest if the beneficiary is still employed by the Company on the vesting date, and subject to the fulfillment of three company performance criteria: the relative performance of the Mercialys share, dividends included (relative TSR) compared with the performance of the companies making up the EPRA/NAREIT Eurozone index on January 1, 2020, measured between January 1, 2020 and December 31, 2022, for 35% of the initial allocation, the CDP (Carbon Disclosure Project) rating for 20% of the initial allocation, and FFO growth measured as an annual average over three years between January 1, 2020 and December 31, 2022, for the remaining 45% of the initial allocation.

(3) Bonus shares only vest if the beneficiary is still employed by the Company on the vesting date, and subject to the fulfillment of two company performance criteria: the CDP (Carbon Disclosure Project) rating for 50% of the initial allocation, and FFO growth measured as an annual average over three years between January 1, 2020 and December 31, 2022, for the remaining 50% of the initial allocation.

(4) Bonus shares only vest if the beneficiary is still employed by the Company on the vesting date.

(5) Bonus shares only vest if the beneficiary is still employed by the Company on the vesting date, and subject to the fulfillment of three company performance criteria: the relative performance of the Mercialys share, dividends included (relative TSR) compared with the performance of a specific panel of comparable companies on January 1, 2021, measured between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation, FFO growth measured as an annual average over three years between January 1, 2021 and December 31, 2023, for 33.33% of the initial allocation, and the portfolio certification rate as a % of its value for the remaining 33.33% of the initial allocation.

During the 2021 fiscal year, the bonus share plan implemented on April 25, 2019 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 2021
04/25/2019	04/25/2019	04/25/2021 (1)	04/26/2021	4,160	1,520	2,640
TOTAL				**4,160**	**1,520**	**2,640**

(1) Bonus shares only vest if the beneficiary is still employed by the Company on the vesting date.

Two bonus share plans implemented on April 26, 2018 did not result in the vesting of shares as the performance criteria were not met.

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 2021
04/26/2018	04/26/2018	04/26/2021 (1)	04/27/2023	46,959	46,959	0
04/26/2018	04/26/2018	04/26/2021 (1)	04/27/2023	26,496	26,496	0

(1) Bonus shares only vest if the beneficiary is still employed by the Company on the vesting date, and subject to the fulfillment of three company performance criteria: the relative performance of the Mercialys share, dividends included (relative TSR) compared with the performance of the companies making up the EPRA/NAREIT Eurozone index on January 1, 2018, measured between January 1, 2018 and December 31, 2020, for 50% of the initial allocation, organic rental income growth, including pop-up retail outlets, excluding indexation, measured as an annual average over three years between January 1, 2018 and December 31, 2020, for 25% of the initial allocation, and FFO growth (excluding the carrying cost of the debt financing for 2019 for the 2018 fiscal year) measured as an annual average over three years between January 1, 2018 and December 31, 2020, for the remaining 25% of the initial allocation.



93,886,501
Total number of shares

75%
Free float proportion

1st place
2021 Gaïa ESG ranking

8

ANNUAL GENERAL MEETING

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8.1 Draft resolutions

8.1.1 Agenda

Resolutions within the competence of the Ordinary General Meeting:

- Approval of the separate financial statements for the fiscal year ended December 31, 2021 (1st resolution);
- Approval of the consolidated financial statements for the fiscal year ended December 31, 2021 (2nd resolution);
- Appropriation of income – Setting the dividend (3rd resolution);
- Renewal of the terms of office of Mr Éric Le Gentil, Ms Stéphanie Bensimon, Ms Elisabeth Cunin and Ms Pascale Roque as directors (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 to the corporate officers during or awarded in respect of fiscal year 2021 (8th resolution);
- Approval of the total compensation and benefits of any kind paid during or awarded in respect of fiscal year 2021 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 the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer (12th to 14th resolutions);
- Approval of the compensation policy for directors (15th resolution);
- Approval of the Statutory Auditors' special report on regulated agreements covered by Articles L. 225-38 et seq. of the French Commercial Code (16th resolution);
- Renewal of the term of office of Ernst & Young et Autres as Statutory Auditor and acknowledgement of the termination of the term of office of alternate Statutory Auditor Auditex (17th resolution);
- Renewal of the term of office of KPMG S.A. as Statutory Auditor and acknowledgement of the termination of the term of office of alternate Statutory Auditor Salustro Reydel (18th resolution);
- Opinion on the Company's ambition to fight climate change (19th resolution);
- Authorization for the Company to purchase its treasury shares (20th resolution).

Resolutions within the competence of the Extraordinary General Meeting

- Authorization granted to the Board of Directors to reduce the share capital by canceling treasury shares (21th resolution);
- Delegation of authority granted to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or securities giving immediate and/or future access to the share capital and/or giving entitlement to the allocation of debt securities, through offers intended solely for qualified investors and/or a limited circle of investors acting on their own behalf in accordance with the terms of Article L. 411-2, 1° of the French Monetary and Financial Code (22nd resolution);
- Delegation of authority granted to the Board of Directors to increase the number of shares to be issued in the event of a capital increase carried out with or without preferential subscription rights (23rd resolution);
- Delegation of authority granted to the Board of Directors to issue, without preferential subscription rights, shares or securities giving access to the share capital in the event of a public exchange offer initiated by the Company (24th resolution);
- Overall limit on financial authorizations granted to the Board of Directors (25th resolution);
- Delegation of authority granted to the Board of Directors to increase the share capital, or to sell treasury shares, without shareholders' preferential subscription rights, in favor of members of a Company savings plan (26th resolution).

Resolutions within the competence of the Ordinary General Meeting:

- Powers for completion of formalities (27th resolution).

8.1.2 Resolutions within the competence of the Ordinary General Meeting

Resolutions 1 and 2 – Approval of the financial statements for the fiscal year

PRESENTATION

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 as at December 31, 2021, as well as the transactions reflected in these accounts.

- the annual financial statements show a net result of Euro 33,101,810.16; and
- the consolidated financial statements show a net income attributable to the Group of Euro 62,183,000.

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 have been certified without qualification by the Statutory Auditors (see the Statutory Auditors' reports in chapter 3, § 3.2.3, p. 218 et seq. and § 3.1.3, p. 188 et seq.).

FIRST RESOLUTION

Approval of the separate financial statements for the fiscal year ended December 31, 2021

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, after reviewing the Board of Directors' report and the Statutory Auditors' report, approves the separate financial statements for the fiscal year ended December 31, 2021, as presented to it, together with all of the transactions reflected or mentioned in these reports. The separate financial statements for this period amounted to a profit of Euro 33,101,810.16.

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.

It also notes the transfer to the "Retained earnings" account, in accordance with the resolution adopted by the General Meeting of April 22, 2021, of the dividends allocated for the 2020 fiscal year to the shares held by the Company on the dividend payment date and totaling Euro 77,348.40.

SECOND RESOLUTION

Approval of the consolidated financial statements for the fiscal year ended December 31, 2021

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, after reviewing the Board of Directors' report and the Statutory Auditors' report, approves the consolidated financial statements for the fiscal year ended December 31, 2021, as 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 62,183,000.

Resolution 3 – Appropriation of income – Setting the dividend

PRESENTATION

By the 3rd resolution, the Board of Directors proposes that you approve the distribution of a dividend of Euro 0.92 per share.

The ex-dividend date will be on May 3, 2022 and the dividend will be paid on May 5, 2022.

THIRD RESOLUTION

Appropriation of net income for the year - Dividend setting

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Board of Directors, resolves to allocate the results of the fiscal year ended on the December 31, 2021:

Net income for the year		33,101,810.16€
Allocation to the legal reserve	(-)	183,733.20€
Retained earnings	(+)	297,257,016.37€
Distributable income	**(=)**	**330,175,093.33€**
Dividend *	(-)	86,375,580.92€
Appropriation to "Retained earnings"	(=)	243,799,512.41€

* *(based on a number of shares of 93,886,501, figure including treasury shares, as of December 31, 2021)*

Each share will accordingly receive a dividend of Euro 0.92. The ex-dividend date will be on May 3, 2022 and its payment will take place on May 5, 2022.

In the event of a change in the number of shares eligible for dividends between December 31, 2021 and the ex-dividend date, the total amount of the dividend will be adjusted accordingly and the amount allocated to the "Retained earnings" account will then be determined with regard to the dividend actually paid out.

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 not eligible for the 40% allowance
December 31, 2020			
Interim dividend	None	None	None
Lump sum payment (paid in 2021)	0.43€	None	0.43€
TOTAL	**0.43€**	**NONE**	**0.43€**
December 31, 2019			
Interim dividend (paid in 2019)	0.47€	None	0.47€
Final dividend (paid in 2020)	0.48€	None	0.48€
TOTAL	**0.95€**	**NONE**	**0.95€**
December 31, 2018			
Interim dividend (paid in 2018)	0.50€	None	0.50€
Final dividend (paid in 2019)	0.62€	None	0.62€
TOTAL	**1.12€**	**NONE**	**1.12€**

Resolutions 4 to 7 – Renewal of the terms of office of four directors

PRESENTATION

The Board of Directors is currently composed of ten directors.

On the recommendation of the Appointments, Compensation and Governance Committee, the Board proposes the renewal, for a period of three years, of the four directorships expiring at the end of the General Meeting of April 28, 2022:

- Mr Éric Le Gentil, Director and Chairman of the Board of Directors (4th resolution);
- Ms Stéphanie Bensimon, independent director (5th resolution);
- Ms Élisabeth Cunin, independent director (6th resolution);
- Ms Pascale Roque, independent director (7th resolution).

(see presentation of the Directors proposed for renewal in chapter 4, § 4.1.1.2, B, p. 234, 237, 239 and 242 of the Universal Registration Document 2021).

If the 4th resolution is approved, the Board of Directors will be asked to vote on the renewal of the term of office of Chairman of the Board of Directors, Mr Éric Le Gentil.

If you approve these proposals, the Board will continue to comprise ten directors with equal numbers of women and men and 60% will be independent directors.

FOURTH RESOLUTION

Renewal of the term of office of Mr Éric Le Gentil as director

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Board of Directors and noted that the term of office of Mr Éric Le Gentil expires at the end of this General Meeting, resolves to renew his term of office as director for a period of three years, *i.e.* until the end of the Ordinary General Meeting to be held in 2025 to approve the financial statements for the fiscal year ended on December 31, 2024.

Mr Éric Le Gentil has previously agreed to accept the renewal of his term of office.

FIFTH RESOLUTION

Renewal of the term of office of Ms Stéphanie Bensimon as director

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Board of Directors' report and noted that the term of office of Ms Stephanie Bensimon expires at the end of this General Meeting, resolves to renew her term of office as director for a period of three years, *i.e.* until the end of the Ordinary General Meeting to be held in 2025 to approve the financial statements of the Company's fiscal year ended December 31, 2024.

Ms Stephanie Bensimon has previously agreed to accept the renewal of her term of office.

SIXTH RESOLUTION

Renewal of the term of office of Ms Élisabeth Cunin as director

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Board of Directors and noted that the term of office of Ms Élisabeth Cunin expires at the end of this General Meeting, resolves to renew her term of office as director for a period of three years, *i.e.* until the end of the Ordinary General Meeting to be held in 2025 to approve the financial statements of the Company's fiscal year ended December 31, 2024.

Ms Élisabeth Cunin has previously agreed to accept the renewal of her term of office.

SEVENTH RESOLUTION

Renewal of the term of office of Ms Pascale Roque as director

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the report of the Board of Directors and noted that the term of office of Ms Pascale Roque expires at the end of this General Meeting, resolves to renew her term of office as director for a period of three years, *i.e.* until the end of the Ordinary General Meeting to be held in 2025 to approve the Company's financial statements for the fiscal year ended December 31, 2024.

Ms Pascale Roque has previously agreed to accept the renewal of her term of office.

Resolution 8 – Approval of the information relating to compensation paid to the corporate officers during or awarded in respect of fiscal year 2021

PRESENTATION

Under the 8th resolution, you are requested, pursuant to Article L. 22-10-34 I of the French Commercial Code, to approve all the information referred to in I of Article L. 22-10-9 of the French Commercial Code for the compensation of the Company's corporate officers paid during the fiscal year ended December 31, 2021 or awarded for the same fiscal year for their office, as presented to the General Meeting in the Board of Directors' report on corporate governance.

All information relating to the 2021 compensation policy for corporate officers is presented in the corporate governance section of the 2021 Universal Registration Document (see chapter 4, § 4.2, p. 266 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 the corporate officers during or awarded in respect of the fiscal year ended December 31, 2021

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, pursuant to Article L. 22-10-34 I of the French Commercial Code, having reviewed the Board of Directors' report on corporate governance, including in particular the information relating to the compensation paid during or awarded in respect of the fiscal year ended on December 31, 2021 to the Company's corporate officers by virtue of their office, as it appears in the 2021 Universal Registration Document in chapter 4, § 4.2 approves the information referred to in I of Article L. 22-10-9 of the French Commercial Code as presented to the General Meeting in the aforementioned report.

Resolution 9 – Approval of the total compensation and benefits of any kind paid during or awarded in respect of fiscal year 2021 to Mr Éric Le Gentil, Chairman of the Board of Directors

PRESENTATION

Under the 9th resolution, pursuant to Article L. 22-10-34 II of the French Commercial Code, you are asked to approve the fixed components of the compensation package and benefits of any kind paid during or awarded in respect of the fiscal year ended on December 31, 2021 to Mr Éric Le Gentil, Chairman of the Board of Directors, by virtue of his office, as they are listed and described in the table appearing in the section of the Board of Directors' report on corporate governance in the 2021 Universal Registration Document (see chapter 4, § 4.2.2.2, B.1., p. 276).

Mr Éric Le Gentil's fixed compensation was set at the sum of Euro 225,000.

The principles and criteria used for determining, allocating and awarding the components of the Chairman of the Board of Directors' compensation for the fiscal year 2021 were submitted, pursuant to Article L. 22-10-8 of the French Commercial Code, to the General Meeting held on April 22, 2021, which approved them (by a majority of 99.84%).

The breakdown of the compensation paid during or awarded in respect of fiscal year 2021 to the Chairman of the Board of Directors is presented in appendix 1, p. 411 of the 2021 Universal Registration Document.

NINTH RESOLUTION

Approval of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended December 31, 2021 to Mr Éric Le Gentil, Chairman of the Board of Directors

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, pursuant to Article L. 22-10-34 II of the French Commercial Code, having reviewed the Board of Directors' report on corporate governance, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or awarded during the fiscal year ended December 31, 2021 to Mr Éric Le Gentil, Chairman of the Board of Directors, by virtue of his office, as presented in the Universal Registration Document 2021 in chapter 4, § 4.2.2.2. B.

Resolution 10 – Approval of the total compensation and benefits of any kind paid during or awarded in respect of fiscal year 2021 to Mr Vincent Ravat, Chief Executive Officer

PRESENTATION

Under the 10th resolution, pursuant to Article L. 22-10-34 II of the French Commercial Code, you are asked to approve the fixed, variable and exceptional components of the compensation package and benefits of any kind paid during or awarded in respect of the fiscal year ended December 31, 2021 to Mr Vincent Ravat, Chief Executive Officer, by virtue of his office, as they are listed and described in the table appearing in the section of the Board of Directors' report on corporate governance in the 2021 Universal Registration Document (see chapter 4, § 4.2.2.4, B, 1, p. 282).

Mr Vincent Ravat's fixed compensation was set at the sum of Euro 360,000.

The annual variable compensation is therefore structured around two types of objectives:

- quantifiable objectives, weighted at 80%; and
- qualitative objectives, weighted at 20%, focused on CSR and Human resources.

The Chief Executive Officer's variable compensation is set at 70% of his fixed annual compensation and may equal up to 140% if objectives are exceeded.

In respect of fiscal year 2021, the variable compensation awarded to the Chief Executive Officer amounts to Euro 478,800. The details of how this amount is determined are presented in the corporate governance section of the 2021 Universal Registration Document (see chapter 4, § 4.2.2.4, B, 3, p. 284 et seq.).

Pursuant to Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code, the payment of the variable portion of the Chief Executive Officer's compensation in respect of the 2021 fiscal year is subject to the approval of this resolution by the General Meeting.

The principles and criteria used for determining, allocating and awarding the components of the Chief Executive Officer's compensation for the 2021 fiscal year were submitted, pursuant to Article L. 22-10-8 of the French Commercial Code, to the General Meeting held on April 22, 2021, which approved them (by a majority of 99.33%).

The variable compensation components, of which payment is subject to approval from this General Meeting of April 28, 2022, in this case are determined in accordance with the law (see appendix 2, p. 412 and 413 of the 2021 Universal Registration Document).

TENTH RESOLUTION

Approval of the total compensation and benefits of any kind paid or awarded during the fiscal year ended December 31, 2021 to Mr Vincent Ravat, Chief Executive Officer

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, pursuant to Article L. 22-10-34 II of the French Commercial Code, having reviewed the Board of Directors' report on corporate governance 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 December 31, 2021 to Mr Vincent Ravat, Chief Executive Officer, due to his office, as presented in the Universal Registration Document 2021 in chapter 4, § 4.2.2.4, B.

Resolution 11 – Approval of the total compensation and benefits of any kind paid during or awarded in respect of fiscal year 2021 to Ms Elizabeth Blaise, Deputy Chief Executive Officer

PRESENTATION

Under the 11th resolution, pursuant to Article L. 22-10-34, II of the French Commercial Code, you are asked to approve the fixed, variable and exceptional components of the compensation package and benefits of any kind paid or awarded during or awarded in respect of the fiscal year ended December 31, 2021 or allocated for the same fiscal year to Ms Elizabeth Blaise, Deputy Chief Executive Officer, by virtue of her office, as they are listed and described in the table appearing in the section of the Board of Directors' report on corporate governance in the 2021 Universal Registration Document (see chapter 4, § 4.2.2.6, B, 1, p. 299)

Ms Elizabeth Blaise's fixed compensation, which was set at Euro 265,000, is paid by Mercialys, half of which on the basis of her corporate office and half on the basis of her employment contract in respect of her position as Chief Financial Officer.

The annual variable compensation is therefore structured around two types of objectives:

- quantifiable objectives, weighted at 80%, of which two CSR objectives and extra-financial communication; and
- qualitative objectives, weighted at 20%, linked to the gradual internalization of support functions and the management of Human resources and talents.

In respect of fiscal year 2021, the annual variable compensation awarded to the Deputy Chief Executive Officer amounts to Euro 265,994, paid by Mercialys, half of which on the basis of her corporate function (Euro 132,997) and half in respect of her employment contract (Euro 132,997). The details of how this amount is determined are presented in the corporate governance section of the 2021 Universal Registration Document (see chapter 4, § 4.2.2.6, B, 3, p. 300 et seq.).

Pursuant to Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code, the payment of the variable portion of the compensation of the Deputy Chief Executive Officer in respect of the 2021 fiscal year is subject to the approval of this resolution by the General Meeting.

The principles and criteria used for determining, allocating and awarding the components of the Deputy Chief Executive Officer's compensation for the 2021 fiscal year were submitted, pursuant to Article L. 22-10-8 of the French Commercial Code, to the General Meeting held on April 22, 2021, which approved them (by a majority of 95.78%).

The variable compensation components, of which payment is subject to approval from this General Meeting of April 28, 2022, are in this case determined in accordance with the law (see appendix 3, p. 414 and 415 of the 2021 Universal Registration Document).

ELEVENTH RESOLUTION

Approval of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended December 31, 2021 to Ms Elizabeth Blaise, Deputy Chief Executive Officer

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, pursuant to Article L. 22-10-34 II of the French Commercial Code, having reviewed the Board of Directors' report on corporate governance, 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, 2021 to Ms Elizabeth Blaise, Deputy Chief Executive Officer, by virtue of her office, as presented in the Universal Registration Document 2021 in chapter 4, § 4.2.2.6, B.

Resolution 12 – Approval of the compensation policy for Mr Éric Le Gentil, Chairman of the Board of Directors

PRESENTATION

Pursuant to Article L. 22-10-8, II of the French Commercial Code, the compensation policy for the Chairman of the Board of Directors, by virtue of his office, must be submitted at least once a year for approval by the General Meeting.

Under the 12th resolution, you are asked to approve the principles and components of the compensation of Mr Éric Le Gentil, Chairman of the Board of Directors, determined by the Board of Directors on February 14, 2022 on the recommendation of the Appointments, Compensation and Governance Committee.

In his position as Chairman of the Board of Directors, and particularly the specific assignments entrusted to him, it was decided to pay him a fixed compensation of Euro 225,000, unchanged from fiscal years 2021 and 2020.

Mr Éric Le Gentil does not receive any variable compensation in cash or shares in addition to the attendance-related component included in his compensation as a director.

All the components relating to the compensation of Mr Éric Le Gentil, Chairman of the Board of Directors, are presented in the corporate governance section of the 2021 Universal Registration Document (see chapter 4, § 4.2.2.3, p. 278).

TWELFTH RESOLUTION

Approval of the compensation policy for Mr Éric Le Gentil, Chairman of the Board of Directors

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, pursuant to the provisions of Article L. 22-10-8 II of the French Commercial Code, having reviewed the Board of Directors' report on corporate governance, describing the compensation policy for the Company's corporate officers, approves the compensation policy applicable to Mr Éric Le Gentil, Chairman of the Board of Directors, by virtue of his office, as presented in the 2021 Universal Registration Document, in chapter 4, § 4.2.2.3.

Resolutions 13 and 14 – Approval of the compensation policy for Mr Vincent Ravat, Chief Executive Officer, and Ms Elizabeth Blaise, Deputy Chief Executive Officer

PRESENTATION

Pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for the Chief Executive Officer and the Deputy Chief Executive Officer, by virtue of their offices, must be submitted at least once a year for approval by the General Meeting.

Under the 13th resolution, you are therefore asked to approve the principles and components of the compensation of Mr Vincent Ravat, Chief Executive Officer, determined by the Board of Directors on February 14, 2022 on the recommendation of the Appointments, Compensation and Governance Committee.

In respect of the renewal of his duties as Chief Executive Officer, it was decided to increase his annual fixed compensation to Euro 430,000 (compared to Euro 360,000 for his first term of office) (see chapter 4, § 4.2.2.5, p. 290 et seq.).

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 ownership, 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.

All the information relating to the compensation of Mr Vincent Ravat, Chief Executive Officer, is presented in the corporate governance section of the 2021 Universal Registration Document (see chapter 4, § 4.2.2.5, p. 290 et seq.).

Under the 14th resolution, you are also asked to approve the principles and components of the compensation of Ms Elizabeth Blaise, Deputy Chief Executive Officer, determined by the Board of Directors on February 14, 2022 on the recommendation of the Appointments, Compensation and Governance Committee.

In respect of the renewal of her duties as Deputy Chief Executive Officer, it was decided to increase her fixed compensation to Euro 318,000 euros (compared to Euro 265,000 euros in 2021 for her directorship, as well as her employment contract) with Mercialys SA) (see chapter 4, § 4.2.2.7, p. 304 et seq.).

Her employment contract will be terminated at the end of the General Meeting of April 28, 2022 in the event of a favorable vote of the 14th resolution.

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 ownership, 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.

All information relating to the compensation of Ms Elizabeth Blaise, Deputy Chief Executive Officer, is presented in the corporate governance section of the 2021 Universal Registration Document (see chapter 4, § 4.2.2.7, p. 304 et seq.).

THIRTEENTH RESOLUTION

Approval of the compensation policy for Mr Vincent Ravat, Chief Executive Officer

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, pursuant to the provisions of Article L. 22-10-8 II of the French Commercial Code, having reviewed the Board of Directors' report on corporate governance describing the compensation policy for the Company's corporate officers, approves the compensation policy applicable to Mr Vincent Ravat, Chief Executive Officer, by virtue of his office, as presented in the Universal Registration Document 2021, in chapter 4, § 4.2.2.5.

FOURTEENTH RESOLUTION

Approval of the compensation policy for Ms Elizabeth Blaise, Deputy Chief Executive Officer

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, pursuant to the provisions of Article L. 22-10-8 II of the French Commercial Code, having reviewed the Board of Directors' report on corporate governance, describing the compensation policy for the Company's corporate officers, approves the compensation policy applicable to Ms Elizabeth Blaise, Deputy Chief Executive Officer, by virtue of her office, as presented in the Registration Document. universal 2021, in chapter 4, § 4.2.2.7.

Resolution 15 – Approval of the compensation policy for directors

PRESENTATION

Pursuant to Article L. 22-10-8 II of the French Commercial Code, the compensation policy for Directors, by virtue of their office, must be submitted to the General Meeting for approval at least each year.

Under the 15th resolution, you are asked to approve the compensation policy for directors, determined by the Board of Directors on February 14, 2022, on the recommendation of the Appointments, Compensation and Governance Committee. The total amount of annual compensation for directors, the amount of which has remained unchanged since 2016, would be increased from Euro 325,000 to Euro 370,000.

All the components relating to the compensation policy for directors are presented in the corporate governance section of the 2021 Universal Registration Document (see chapter 4, § 4.2.1.3, p. 269).

FIFTEENTH RESOLUTION

Approval of the compensation policy for directors

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, pursuant to the provisions of Article L. 22-10-8 II of the French Commercial Code, having reviewed the Board of Directors' report on corporate governance describing the compensation policy for the Company's directors, approves the compensation policy for directors, by virtue of their office, as presented in the Universal Registration Document 2021, in chapter 4, § 4.2.1.3.

Resolution 16 – Statutory Auditors' special report on regulated agreements

PRESENTATION

Under the 16th resolution, the Board of Directors proposes that you approve the regulated agreements entered into or performed by the Company during fiscal year ended December 31, 2021 and mentioned in the Statutory Auditors' special report (see p. 356 et seq.).

During fiscal year 2021, no new regulated agreement was signed.

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 - Acknowledgement of the absence of a new agreement

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the special report of the Statutory Auditors on the agreements subject to the provisions of Articles L. 225-38 and L. 225-40 of the French Commercial Code, approves said report in all its provisions and takes note of the conclusions of this report, which does not include any new agreement entered into during the fiscal year ended December 31, 2021, falling within the scope of the aforementioned Articles L. 225-38 and L. 225-40.

Resolutions 17 and 18 - Renewal of the term of office of the Statutory Auditors and acknowledgement of the termination of the terms of office of the alternate Statutory Auditors

PRESENTATION

The terms of office of the permanent Statutory and alternate Statutory Auditors expire at the end of the General Meeting.

Following the process conducted by the Audit, Risks and Sustainable Development Committee, it is proposed to you, under the following 17th and 18th resolutions, to renew the appointments of Statutory Auditors of Ernst & Young et Autres and KPMG SA.

In addition, the Board proposes that you acknowledge the termination of the terms of office of the alternate Statutory Auditors, Auditex and Salustro Reydel. Indeed, Article L. 823-1 of the French Commercial Code offers the possibility, under certain conditions, of not having alternate Statutory Auditors.

SEVENTEENTH RESOLUTION

Renewal of the term of office of Ernst & Young et Autres as Statutory Auditor and acknowledgement of the termination of the term of office of alternate Statutory Auditor of Auditex

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Board of Directors' report and noted that the term of office of Ernst & Young et Autres, the Statutory Auditor, expires at the end of this Meeting, resolves to renew Ernst & Young et Autres in its term of office as Statutory Auditor for a period of six fiscal years, *i.e.* until the Ordinary General Meeting to be held in 2028 to approve the financial statements for the fiscal year ended December 31, 2027.

The General Meeting acknowledges that the term of office of Auditex, alternate Statutory Auditor, expires at the end of this General Meeting, acknowledges the termination of this term of office and decides not to renew or replace it, in accordance with the possibility offered by Article L. 823-1 of the French Commercial Code.

EIGHTEENTH RESOLUTION

Renewal of the term of office of KPMG S.A. as Statutory Auditor and acknowledgement of the termination of the term of office of alternate Statutory Auditor of Salustro Reydel

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Board of Directors' report and noted that the term of office of KPMG S.A., the Statutory Auditor, expires at the end of this Meeting, resolves to renew KPMG SA in its term of office as Statutory Auditor for a period of six fiscal years, *i.e.* until the Ordinary General Meeting to be held in 2028 to approve the financial statements for the fiscal year ended December 31, 2027.

The General Meeting acknowledges that the term of office of Salustro Reydel, alternate Statutory Auditor, expires at the end of this General Meeting, acknowledges the termination of this term of office and decides not to renew or replace it, in accordance with the possibility offered by Article L. 823-1 of the French Commercial Code.

Resolution 19 - Opinion on the Company's ambition to fight climate change

PRESENTATION

Aware of the impact of the real estate sector on the environment but also convinced of the role that a commercial real estate company can play in favor of the socio-ecological transition of the regions, Mercialys unveiled its new CSR ambition in 2021 by 2030, "4 Fair Impacts for 2030". Corporate governance has been structured to identify risks and opportunities related to CSR issues, and to determine the strategic plan and its implementation.

The ten-year plan is structured around four major commitments (each with quantifiable objectives), the first of which specifically addresses the fight against climate change:

1. contribute to carbon neutrality;
2. promote more responsible trade;
3. to be a true regional development partner;
4. to be an involved employer.

In light of the climate emergency and the risks that climate change could pose to society, Mercialys is committed to contributing to carbon neutrality by pursuing an ambitious policy of reducing greenhouse gas emissions and reducing the pressure on natural resources. This policy is structured around the following areas:

A scientifically validated carbon roadmap: after having quantified its footprint carbon through the standard Greenhouse Gas Protocol. Mercialys was the first French commercial real estate company to have its carbon targets approved by the initiative *Science Based Targets* (SBTi) as compatible with limiting the global temperature rise to well below 2°C. With more than 90% of the Company's emissions in scope 3, Mercialys has set itself reduction objectives, both in its direct scope of responsibility (scopes 1 & 2) and in its extended scope of responsibility (scope 3), either:

- reduce Scope 1 & 2 greenhouse gas emissions by 47% between 2017 and 2030 by the market-based method [(1)];
- reduce emissions from tenants' energy consumption by 46% per sq.m.;
- reduce its employees' travel-related emissions by 26% (scope 3);
- reduce emissions related to the treatment of waste produced by the centers by 26% per metric ton of waste produced.

Development of the use of renewable energies: Mercialys promotes the use of renewable energies by installing solar power plants are on the roof and in the car parks of its centers, as well as by subscribing to a renewable and French electricity offer.

Optimization of energy consumption: through installation and replacement of more energy efficient equipment, such as LEDs for lighting, Mercialys has continuously reduced its energy consumption since 2015. In addition, in order to limit its need for artificial lighting, Mercialys favors natural lighting by installing skylights in the galleries during renovations. These measures allow an improvement in the energy efficiency of its centers.

Collaboration with retailers and service providers: aware that the fight against climate change goes beyond its scope of direct responsibility, Mercialys involves its stakeholders in its approach by raising their awareness and cooperating with them to reduce their carbon footprint.

As the transparency of the implementation of the CSR policy is decisive in maintaining a relationship of trust between the company and the various stakeholders, all the actions carried out and the associated key indicators are detailed annually in the Statement of Non-Financial Performance (DPEF) audited by an independent third party, even if Mercialys is not subject to this bond, included in the chapter on Corporate Social Responsibility of the Universal Registration Document. In addition to the indicators and associated objectives, the Company also details in this chapter the risks and opportunities linked to climate change as well as the associated governance, in accordance with all the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It should also be noted that the variable annual compensation of the Chief Executive Officer and the Deputy Chief Executive Officer, but also of all employees, includes the CSR performance dimension of Mercialys.

Therefore, the Board of Directors of Mercialys wants the General Meeting of shareholders to vote in favor of the areas and objectives relating to the fight against climate change. The progress of the ten-year strategy to combat climate change will be resubmitted to the General Meeting of shareholders to be held in 2026. If this resolution is not adopted, the Company will make its best efforts to establish a dialogue with shareholders who have voted against the strategy in question and will analyze the need to put in place measures to obtain better shareholder support.

(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.

NINETEENTH RESOLUTION

Opinion on the Company's ambition to fight climate change

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, having reviewed the Company's strategy to combat climate change described in the notice of meeting, issues a favorable opinion on the Company's meeting this ten-year plan.

Resolution 20 – Purchase by the Company of its treasury shares

PRESENTATION

As every year, under the 20th resolution, it is proposed that you renew the authorization given to the Company to purchase its own shares under a buyback program.

Details of the objectives of the share buyback program are provided below in the 20th resolution and in the description of the share buyback program in chapter 7, § 7.1.2, p. 364 et seq. of the 2021 Universal Registration Document.

In the event of a public tender 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 2021, transactions on treasury shares were as follows:

- purchase of 5,525,032 shares; and
- sale of 5,542,346 shares.

At December 31, 2021, the Company held 491,593 shares (0.52% of capital) including 104,480 shares allocated for the purpose of covering any stock option, savings or bonus share plans, and 387,113 shares under the liquidity agreement.

Authorization would be granted within the following limits:

Authorization ceiling

- 10% of the share capital
- Maximum repurchase price: Euro 13 per share (excluding acquisition costs)
- Indicative maximum budget (based on the share capital and treasury shares held at December 31, 2021): Euro 115.7 million, corresponding to 8,897,057 shares.

Term of the authorization

Eighteen months

TWENTIETH RESOLUTION

Authorization for the Company to purchase its treasury shares

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, after having read the Board of Directors' report, authorizes the Board of Directors to purchase or arrange for the purchase of the Company's 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 the European regulation applicable to market abuse (and specifically European regulations 596/2014 of April 16, 2014 and 2016/1052 of March 8, 2016), primarily for the following purposes:

- 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 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 scheme 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.

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, 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.

The purchase price of the shares shall not exceed thirteen (13) Euro (excluding purchase costs) per share with a par value of one (1) Euro.

This authorization may be implemented within the limit of a number of shares representing 10% of the Company's share capital on the date of this General Meeting, *i.e.*, for example, 8,897,057 shares based on the share capital as at December 31, 2021, net of 491,593 treasury shares, up to a maximum of Euro 115.7 million. note that when the Company's shares are purchased under a liquidity agreement, the number of these shares taken into account when calculating the 10% threshold referred to 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 terminates and replaces the authorization previously granted by the 17th resolution of the General Meeting of April 22, 2021.

In the event of a public tender 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 or strategic transactions undertaken and announced before the launch of the public tender offer.

Consequently, full powers are granted to the Board of Directors, with the option to delegate, to implement this authorization, to place any stock market orders, to enter into any agreements in particular with a view to keeping registers of share purchases and sales, to allocate or reallocate the shares acquired to the various objectives pursued in compliance with the legal and regulatory provisions applicable, to make all declarations to the French financial markets authority and carry out any other formalities, and, in general, to take all requisite action.

8.1.3 Resolutions within the competence of the Extraordinary General Meeting

Resolution 21 – Capital reduction by canceling shares acquired under Company buyback programs

PRESENTATION

The 21st resolution would allow the Board of Directors, if it deems it appropriate, to reduce the share capital, on one or more occasions, by canceling all or part of the shares that the Company may acquire pursuant to an authorization granted by the General Meeting of shareholders.

Authorization ceiling

10% of the share capital per period of twenty-four months

Term of the authorization

Eighteen months

TWENTY-FIRST RESOLUTION

Authorization granted to the Board of Directors to reduce the share capital by canceling treasury shares

The General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having reviewed reports from the Board of Directors and the Statutory Auditors, authorizes the Board of Directors, in accordance with the provisions of Article L. 22-10-62 of the French Commercial Code, to reduce the share capital, on one or more occasions, by canceling, within the limit of 10% of the existing share capital on the date of cancellation (*i.e.* adjusted to take account of transactions affecting the share capital since the effective date of this resolution), shares acquired by the Company pursuant to an authorization granted by the Ordinary General Meeting of shareholders, per twenty-four month period.

The General Meeting grants full powers to the Board of Directors, with the option to subdelegate under the conditions provided for by law, to carry out such share capital reduction operation(s) within the limits set above and, in particular, to record the completion of the capital reduction and allocate the difference between the purchase price of the shares and their nominal amount to the reserve or share premium account, according to choice, to amend the articles of association accordingly and complete any formalities.

The authorization is granted for a period of eighteen months from the date of this General Meeting and supersedes the unused portion of the previous delegation of the same nature granted by the General Meeting of April 22, 2021 in its 18th resolution.

Resolution 22 - Capital increase without shareholders' preferential subscription rights through offers addressed exclusively to qualified investors and/or to a limited circle of investors acting on their own behalf in accordance with the provisions of Article L. 411-2, 1° of the French Monetary and Financial Code

PRESENTATION

The 22nd resolution would allow the Board of Directors to issue shares or securities giving access to the share capital of the Company or of any company in which it directly or indirectly holds an interest through offers referred to in Article L. 411-2, 1° of the French Monetary and Financial Code (private placements made with qualified investors or a restricted circle of investors provided that these investors are acting on their own behalf).

This delegation would be suspended during a public tender offer, unless authorized by the General Meeting.

The securities' issue price would be set in such a way that the Company would receive for each share issued an amount at least equal to the minimum required by the regulations in force on the date of issue, which is currently an amount equal to the weighted average of the prices of the last three trading sessions on the Euronext Paris regulated market prior to the start of the offer, less a discount of 10%.

Delegation ceiling

- Share capital increase: par value of Euro 9.3 million (less than 10% of the share capital at December 31, 2021)
- Debt securities: Euro 200 million

Transactions will be deducted from the ceilings provided for in the 25th resolution.

Term of the delegation

Twenty-six months

TWENTY-SECOND RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital by issuing, without preferential subscription rights, shares and/or securities giving immediate and/or future access to the share capital and/or giving entitlement to the allocation of debt securities, through an offer intended solely for qualified investors and/or a limited circle of investors acting on their own behalf in accordance with the terms of Article L. 411-2, 1° of the French Monetary and Financial Code

The General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, after having reviewed the Board of Directors' and Statutory Auditors' reports, in accordance with the provisions of Articles L. 225-129, L. 225-129-2, L. 225-132, L. 225-135, L. 225-136, L. 22-10-49, L. 22-10-52 and L. 228-91 et seq. of the French Commercial Code:

- authorizes the Board of Directors, with the option to subdelegate under the conditions provided for by law, to decide, on one or more occasions, in the proportions and at the times it sees fit, both in France and abroad, on the issue, by way of offers intended solely for qualified investors and/or a limited circle of investors pursuant to the terms of Article L. 411-2, 1° of the French Monetary and Financial Code, of Company shares or any other securities giving access by any means, immediately or in the future, to the Company's share capital, through the allocation, at the Company's discretion, of new or existing Company shares, or a combination of both, or even existing shares in another company in which it has a direct or indirect equity interest. The subscription may be made either in cash or by offsetting debt;
- resolves that the securities thus issued, and giving entitlement to the allocation of new or existing Company shares or existing shares in another company in which it has a direct or indirect, equity interest, may consist of debt securities or be related to the issue of such securities, or allow the issue thereof as intermediate securities. They may, in particular, take the form of subordinated or non-subordinated securities with a fixed or indefinite term, and may be denominated in euros or the equivalent value in another currency or any monetary unit established by reference to multiple currencies.

The total nominal amount of the Company shares that may be issued immediately and/or in the future under this authorization may not exceed Euro nine million three hundred thousand (9,300,000) or the equivalent value on the same date in any other currency, plus, where applicable, the nominal amount of the additional shares to be issued to safeguard, in accordance with legal and regulatory provisions, and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities giving access to the Company's equity securities. note that, in any event, the nominal amount of the capital increases completed under this resolution may not, in accordance with Article L. 225-136-2 of the French Commercial Code, exceed 20% of the share capital per year.

The total nominal amount of the debt securities that the Company may issue on the basis of this authorization may not exceed Euro two hundred (200) million or the equivalent value in any other currency or in any monetary unit established by reference to multiple currencies.

The General Meeting resolves to cancel shareholders' preferential subscription rights to shares and securities giving access to the share capital to be issued to qualified investors and/or to a limited circle of investors acting on their own behalf in accordance with the terms of Article L. 411-2, 1° of the French Monetary and Financial Code.

This authorization automatically entails, for the benefit of holders of securities to be issued and giving access to the Company's share capital, shareholders' waiver of their preferential subscription rights to the Company's equity securities to which said securities may grant entitlement.

The General Meeting resolves that if subscriptions have not absorbed the entire securities issue, the Board of Directors may limit the issue to the number of subscriptions received, provided that this is at least three-quarters of the issue originally planned.

The issue price of the shares to be set by the Board of Directors will be no less than the minimum stipulated by the regulations in force on the issue date, currently set out in Articles L. 225-136-1, L. 22-10-52, 1, and R. 22-10-32 of the French Commercial Code, which is the weighted average price of the last three trading sessions on the Euronext Paris regulated market prior to the launch of the offer, less a 10% discount, and after correction, if necessary, of this average in the event of a difference on the date of dividend entitlement.

The issue price of the securities giving access to the share capital and the number of shares to which these securities will give entitlement, to be set by the Board of Directors, will be such that the amount received immediately by the Company plus, if applicable, any amount that may subsequently be received by the Company is, for every share issued as a result of the issue of these securities, no less than the issue price defined in the paragraph above.

Within the limits set by the General Meeting and in accordance with the law, the Board of Directors has full powers, with the option to subdelegate, to implement this authorization, to set the terms, type and characteristics of the issue(s), in particular, the issue price (with or without premium) of the shares and other securities to be issued, to determine the method of payment for the shares or securities giving access to the share capital to be issued immediately or in the future and, where applicable, the terms and conditions of their buyback or exchange, with a view to holding or cancelling them, to record the completion of the resulting capital increases, to charge the issue costs against the premium, to amend the articles of association and, where applicable, to request the admission of the shares and other securities issued to trading on a regulated market.

In particular, the Board of Directors may:

- set, for immediate debt security issues, the amount, duration and currency of issue, may decide whether or not said securities are subordinated, their interest rate (fixed, variable, zero-coupon, indexed or other) and their payment date, interest capitalization terms, redemption terms and type (fixed or variable, with or without premium), amortization terms based on market conditions, as well as the circumstances under which they will give entitlement to Company shares and any other terms of issue (including, the granting of guarantees or sureties);
- modify, for the life of the securities concerned, the terms of the securities issued or to be issued in accordance with applicable formalities;
- take all necessary measures to protect the rights of holders of securities giving future rights to new Company shares, in accordance with legal and regulatory requirements and, where applicable, contractual stipulations providing for other adjustments;
- potentially suspend the exercise of the rights attached to these securities for a period set in accordance with the legal and regulatory requirements;
- enter into any and all agreements, in particular with credit institutions, take all measures and complete any formalities to ensure the implementation and successful completion of any issue decided under this delegation;
- deduct, where applicable, the costs of the capital increases from corresponding premiums and, if it deems it appropriate, deduct from this amount the sums needed to raise the legal reserve to one-tenth of the new share capital after each issue.

This delegation is granted for a period of twenty-six months from the date of this General Meeting. It supersedes, where applicable, the unused portion of any previous delegation of authority for the same purpose.

The Board of Directors may not, without prior authorization from the General Meeting, use this authorization once a third party has filed a proposal for a public tender offer for the Company's securities, and until the end of the offer period.

Resolution 23 – Option to increase the amount of issues in the event of excess requests in the context of capital increases with or without shareholders' preferential subscription rights

PRESENTATION

The purpose of the 23rd resolution is to authorize the Board of Directors, within the context of capital increases completed with or without preferential subscription rights (19th and 20th resolutions of the General Meeting of April 22, 2021, and the 22nd resolution of the General Meeting of April 28, 2022), to increase the initial amount of the issues, in the event of oversubscription, in accordance with current regulations.

The price would be the same as that used for the initial issue.

This delegation would be suspended during a public tender offer, unless authorized by the General Meeting.

Delegation ceiling

15% of the initial issue

Transactions will be deducted from the ceilings provided for in the 25th resolution.

Term of the delegation

Twenty-six months

TWENTY-THIRD RESOLUTION

Delegation of authority granted to the Board of Directors to increase the number of shares to be issued in the event of a capital increase carried out with or without preferential subscription rights

The General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' and Statutory Auditors' reports, authorizes the Board of Directors, with the option to subdelegate pursuant to legal requirements, in accordance with Articles L. 225-129-2, L. 225-135-1, L. 22-10-49 and R. 225-118 of the French Commercial Code, on the occasion of any issue carried out under the 19th to 20th resolutions of this General Meeting of April 22, 2021, and the 22nd resolution of this Meeting to issue a greater number of shares or securities than that initially set within the time limits and ceilings provided for by the regulations applicable on the issue date (currently within thirty days from the closing of the subscription period, up to a limit of 15% of the initial issue and at the same price as the initial issue) and subject to the ceiling set out in the resolution under which the issue is decided and the overall ceiling provided for in the 25th resolution.

This delegation is granted for a period of twenty-six months from the date of this General Meeting. It supersedes, where applicable, the unused portion of any previous delegation of authority for the same purpose.

The Board of Directors may not, without prior authorization from the General Meeting, use this authorization once a third party has filed a proposal for a public tender offer for the Company's securities, and until the end of the offer period.

Resolution 24 – Capital increase as part of a public tender offer initiated by the Company

PRESENTATION

It is offered to you under the 24th resolution to authorize the Board of Directors, for a period of 26 months, to issue shares or securities giving access to the Company's share capital in the event of a public tender offer made by the Company over the period of 26 months. securities of another listed company. This option may prove necessary for the Company to pursue its development strategy.

This delegation would be suspended during a public tender offer, unless authorized by the General Meeting.

Delegation ceiling

- Capital increase: Euro 9.3 million (less than 10% of the share capital at December 31, 2021)
- Debt securities: Euro 200 million

Transactions will be deducted from the ceilings provided for in the 25th resolution.

Term of the delegation

Twenty-six months

TWENTY-FOURTH RESOLUTION

Delegation of authority granted to the Board of Directors to issue, without preferential subscription rights, shares or securities giving access to the share capital in the event of a public exchange offer initiated by the Company

The General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' and the Statutory Auditors' reports, in accordance with Articles L. 225-129 to L. 225-129-2, L. 22-10-49, L. 22-10-54 and L. 228-91 et seq. of the French Commercial Code, authorizes the Board of Directors, with the option to subdelegate in accordance with legal requirements, to decide on the issue of shares in the Company and/or securities giving access by any means, immediately or in the future, to the Company's share capital, as consideration for securities tendered as part of a mixed or alternative public exchange offer, initiated by the Company, in France or abroad, in respect of the securities of a company whose shares are listed on one of the regulated markets referred to in Article L. 22-10-54 of the French Commercial Code.

The General Meeting resolves to cancel, as necessary, shareholders' preferential subscription rights to these shares or securities.

The total nominal amount of the Company shares that may be issued immediately and/or in the future under this authorization may not exceed Euro nine million three hundred thousand (9,300,000) or the equivalent value on the same date in any other currency, plus, where applicable, the nominal amount of the additional shares to be issued to safeguard, in accordance with legal and regulatory provisions, and, where applicable, contractual provisions providing for other adjustments, the rights of holders of securities giving access to the Company's equity securities.

The total nominal amount of the debt securities that the Company may issue on the basis of this authorization may not exceed Euro two hundred (200) million or the equivalent value in any other currency or in any monetary unit established by reference to multiple currencies.

This authorization automatically entails, for the benefit of holders of securities to be issued and giving access to the Company's share capital, shareholders' waiver of their preferential subscription rights to the Company's equity securities to which said securities may grant entitlement.

The Board of Directors shall have full powers, with the option to subdelegate, to implement this authorization and, in particular, to set the exchange ratio and, where applicable, the amount of the cash balance to be paid, to record the number of securities tendered for the exchange, to set the dates and conditions of issue, in particular the price, the dividend entitlement date, the payment methods, the nature and the characteristics of the securities to be issued, to suspend the issue of the securities to be issued and, if applicable, the exercise of the rights attached to the securities to be issued, under the circumstances and within the limits set out by regulatory and contractual provisions and, where applicable, to delay such exercise, to record on the liabilities side of the balance sheet the share premium from which any transaction costs and fees will be deducted, to record the completion of capital increases, to amend the articles of association accordingly and complete all formalities and declarations, to request any authorizations that may prove necessary for the completion and successful conclusion of the transactions authorized by this delegation and, more generally, to take all requisite action.

This delegation is granted for a period of twenty-six months from the date of this General Meeting. It supersedes, where applicable, the unused portion of any previous delegation of authority for the same purpose.

The Board of Directors may not, without prior authorization from the General Meeting, use this authorization once a third party has filed a proposal for a public tender offer for the Company's securities, and until the end of the offer period.

Resolution 25 – Overall limit on financial authorizations

PRESENTATION

The purpose of the 25th resolution is to limit the total amount of issues of equity securities or debt securities that may be carried out on the basis of the 19th, 20th and 26th resolutions of the General Meeting of April 22, 2021 and the 22nd to 24th resolutions of the General Meeting of April 28, 2022.

Authorization ceilings

Overall ceiling on capital increases: Euro 46.5 million (less than 50% of the share capital at December 31, 2021)

Overall ceiling for capital increases without preferential subscription rights: Euro 9.3 million (*i.e.* less than 10% of the share capital at December 31, 2021)

Overall ceiling for debt securities issuance: Euro 200 million.

TWENTY-FIFTH RESOLUTION

Overall limit on financial authorizations granted to the Board of Directors

The General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' report, resolves that:

- the total nominal amount of debt securities issues that may be carried out on the basis of the 19th, 20th and 26th resolutions of the General Meeting of April 22, 2021 and the 22th to 24th resolutions of this General Meeting, or on the basis of any resolutions of the same nature that may succeed said resolutions during the validity of this delegation, may not exceed two hundred (200) millions of euros or its equivalent in foreign currencies or in euros. any unit of account established by reference to several currencies;
- the total nominal amount of the capital increases that may be carried out immediately and/or in the future, on the basis of the 19th, 20th and 26th resolutions of the General Meeting of April 22, 2021 and the 22nd to 24th resolutions of this shareholders' Meeting, may not exceed Euro forty-six million five hundred thousand (46,500,000) or the equivalent value on the same date in any other currency, it being specified that the total amount of the capital increases that may be carried out immediately and/or in the future, without preferential subscription rights, within the framework of the 20th and 26th resolutions of the General Meeting of April 22, 2021 and the 22nd to 24th resolutions of this General Meeting may not exceed Euro nine million three hundred thousand (9,300,000), not including, for each of the amounts, the nominal amount of the additional shares to be issued to preserve the rights of holders of securities giving access to the Company's share capital.

The General Meeting acknowledges that the total amount of Euro forty-six million does not include the nominal amount of the shares:

- to be issued, where applicable, for the benefit of members of a Company savings plan, as part of the issues decided on under the 26th resolution;
- to be allocated to employees and executive corporate officers in the event of free shares to be issued by way of a capital increase as part of the 29th resolution of the General Meeting of April 22, 2021.

Resolution 26 – Capital increase reserved for members of a Company savings plan

PRESENTATION

It is proposed to you under the 26th resolution to authorize the Board of Directors to increase the share capital or to sell treasury shares for the benefit of the members of a company savings plan of the Company and its related companies.

You are asked to waive shareholders' preferential subscription rights to the shares and securities giving access to the share capital that may be issued under this authorization. The share subscription price, in accordance with the provisions of Article L. 3332-19 of the French Labor Code, may not be less than the average share price for the 20 trading sessions prior to the date on which the decision is taken to set the opening date for the subscription period, less a discount of no more than 30%, or 40% when the plan's lockup period is 10 years or more.

However, if it sees fit, the Board may decide to reduce or cancel the discount granted in order to take into account any legal, regulatory and tax provisions applicable under foreign law.

The Board of Directors may also decide to award bonus shares or other securities giving access to the Company's share capital, it being understood that the total benefit resulting from this allocation and, where applicable, from matching contribution and discount on the subscription price, may not exceed the legal or regulatory limits.

Ceiling

2% of the share capital on the day of the Meeting (excluding adjustments)

Transactions will not be deducted from the ceilings provided for in the 25th resolution.

Term of the delegation

Twenty-six months

TWENTY-SIXTH RESOLUTION

Delegation of authority granted to the Board of Directors to increase the share capital, or to sell treasury shares, without shareholders' preferential subscription rights, in favor of members of a Company savings plan

The General Meeting, voting in accordance with the quorum and majority conditions required for Extraordinary General Meetings, having reviewed the Board of Directors' and the Statutory Auditors' reports, in accordance with the provisions of Articles L. 3332-1 et seq. of the French Labor Code and Article L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code, authorizes the Board of Directors, in accordance with legal requirements, with the option to subdelegate, to increase the Company's share capital, on one or more occasions, by issuing equity securities or securities giving access to the Company's share capital, reserved for members of the Company savings plan or that of related companies under the terms set out in Article L. 233-16 of the French Commercial Code.

The total number of shares that may be issued under this authorization may not exceed 2% of the total number of shares representing the Company's share capital at the date of this meeting, plus any additional shares to be issued to protect the rights of beneficiaries, in accordance with applicable legal and regulatory requirements, it being specified that this ceiling is independent of the ceiling referred to in the 25th resolution of this General Meeting.

The share subscription price, set in accordance with the provisions of Article L. 3332-19 of the French Labor Code, may not be less than the average share price for the 20 trading sessions prior to the date on which the decision is taken to set the opening date for the subscription period, less a discount of no more than 30%, or 40% when the plan's lockup period is 10 years or more, given that the General Meeting expressly authorizes the Board of Directors, if it sees fit, to reduce or cancel the discount granted in order to take into account any legal, regulatory and tax provisions applicable under foreign law.

The General Meeting also resolves that the Board of Directors may decide to allocate bonus shares or other securities giving access to the Company's share capital, it being understood that the total benefit resulting from this allocation and any matching contribution and discount on the subscription price, may not exceed legal or regulatory limits.

The General Meeting specifically resolves to waive, for the benefit of the beneficiaries of any capital increases decided on by virtue of this authorization, shareholders' preferential subscription rights to the shares or other securities giving access to the share capital to be issued as well as to the Company shares to which the securities issued under this authorization may give entitlement. In addition, in the event of a bonus allocation of shares or other securities giving access to the share capital, said shareholders waive any rights attached to said shares or securities, including any portion of the reserves, profits or premiums that may be incorporated into the share capital.

The General Meeting authorizes the Board of Directors, in accordance with and under the terms of Article L. 225-135-1 of the French Commercial Code, to issue a greater number of shares than that initially set, at the same price as the initial issue, up to the limit set out above.

The General Meeting grants full powers to the Board of Directors, with the option to delegate or sub-delegate in accordance with legal requirements, to implement this authorization and carry out this, or these, issue(s) up to the limits set above, on the dates, within the time limits and in accordance with the terms and conditions that it will set in accordance with the statutory and legal requirements, and more specifically:

- to decide whether beneficiaries may subscribe for shares directly or through collective investment vehicles, and to set the scope for capital increases reserved for members of a savings plan;
- to set the amounts of capital increases, the terms and conditions of issues, the characteristics of shares and, where applicable, other equity securities, the dates and durations of subscription periods, and any terms and conditions and deadlines set for shareholders to pay up their shares as well as the seniority conditions that must be met by subscribers for new shares;
- at its sole discretion, after each capital increase, to deduct the costs of the capital increases from the related premiums and deduct from this amount the sums needed to increase the legal reserve to one tenth of the new share capital;
- to record the amount of capital increases in relation to the amount of shares that will actually be subscribed and to amend the articles of association in line with direct or deferred capital increases; and
- in general, to enter into all agreements, take all measures and complete all formalities necessary for the issue, listing and admission to trading of the securities whose issue is authorized.

The authorization is granted for a period of twenty-six months from the date of this General Meeting and supersedes, for the unused portion, the previous delegation granted by the General Meeting of April 22, 2021 in its 28th resolution.

8.1.4 Resolution within the competence of the Ordinary General Meeting

Resolution 27 – Powers for formalities

PRESENTATION

The 27th resolution is a standard resolution that permits legal publication and formalities to be carried out.

TWENTY-SEVENTH RESOLUTION

Powers for completion of formalities

The General Meeting, voting in accordance with the quorum and majority conditions required for Ordinary General Meetings, 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 COMPONENTS AWARDED IN RESPECT OF OR PAID DURING FISCAL YEAR 2021 TO THE CHAIRMAN OF THE BOARD OF DIRECTORS, MR ÉRIC LE GENTIL

Compensation components put to the vote	Amounts paid during fiscal year 2021	Amounts awarded in respect of fiscal year 2021 or accounting valuation	Presentation
Fixed compensation	**€225,000**	**€225,000**	All details are specified in chapter 2, § 4.2.2.2, p. 276 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 previous fiscal year.
Compensation allocated on account of the directorship	**€40,000**	**€40,000**	Mr Éric Le Gentil receives compensation due to his position as a director. The gross amount of compensation linked to his directorship has been set at a gross amount of €15,000, comprising an annual fixed component of €5,000 and an annual variable component of €10,000 awarded on the basis of attendance at Board meetings. As a member of the Strategy and Transformation Committee and the Appointments and Compensation Committee, Mr Éric Le Gentil received, like the other members of these Committees, an additional compensation comprising an annual fixed component totaling the gross amount of €8,000 in 2021, and an annual variable component totaling the gross amount of €17,000. Detailed information relating to compensation on account of the directorship is presented in chapter 4, § 4.2.1.1 and § 4.2.1.2, p. 266 et seq.
Benefits of all kinds	**Not applicable**	**€3,760**	In 2021, the Chairman of the Board of Directors benefited from the payment of contributions to the Mercialys provident fund and mutual insurance company.
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 COMPONENTS AWARDED IN RESPECT OF OR PAID DURING FISCAL YEAR 2021 TO THE CHIEF EXECUTIVE OFFICER, MR VINCENT RAVAT

Compensation components put to the vote	Amounts paid during fiscal year 2021	Amounts awarded in respect of fiscal year 2021 or accounting valuation	Presentation
Fixed compensation	**€360,000**	**€360,000**	All details are specified in chapter 4, § 4.2.2.4, p. 279 et seq.
Annual variable compensation	**€252,000**	**€478,800**	At the General Meeting of April 22, 2021, the shareholders approved the method for determining and awarding the variable compensation for the Chief Executive Officer for the 2021 fiscal year (9th resolution). The amount of the variable portion, expressed as a percentage, breaks down as follows: • **quantifiable objectives** (80% of the total variable compensation): • for FFO growth: 200% achieved representing €100,800, • for the EBITDA margin: 200% achieved representing €75,600, • for the difference between the change in footfall in Mercialys shopping centers and that of the national index (on a like-for-like basis and on a comparable opening week), at a rate of 200% representing €50,400, • for the acceleration of the Company's digital transformation: development of last-mile activities achieved at 200% representing €75,600, • in respect of the debt refinancing carried out at 200% representing €25,200, • for the disposals of assets during the fiscal year: 200% achieved representing €75,600; • **qualitative objectives** (20% of the total variable compensation): • in terms of Social and Environmental Responsibility: improvement of the performance of sites contributing to the creation of value and responsible and long-term oriented growth achieved at 150% representing €37,800, • in terms of human resources and talent management: promoting diversity in the workforce, developing and diversifying skills, developing the internal training program, positively improving satisfaction achieved at 150% representing €37,800. 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 chapter 4, § 4.2.2.4, B, 3, p. 284 et seq.
Multi-annual variable compensation	**Not applicable**	**Not applicable**	Mr Vincent Ravat does not receive multi-annual variable compensation in cash, but is the beneficiary of bonus share plans, which did not result in any shares vesting in 2021 for his corporate office.
Exceptional compensation	**Not applicable**	**Not applicable**	Mr Vincent Ravat did not receive any exceptional compensation in 2021 or due for fiscal year 2021, in accordance with the compensation policy as described in chapter 4, § 4.2.2.4, p. 279 et seq.
Stock options, performance shares or any other long-term benefits	**Not applicable**	**46,497 bonus shares valued at €251,549**	Pursuant to the authorization granted by the Extraordinary General Meeting of April 22, 2021 (29th resolution), the Board of Directors' meeting of April 22, 2021 decided to allocate 46,497 shares to Mr Vincent Ravat, which may be increased to 59,516 shares if the performance criteria are exceeded. Bonus shares become vested on April 22, 2024 only if the beneficiary is still present at the Company (in its capacity as corporate officer) on the vesting date, and subject to fulfillment of three performance criteria. Details relating to the bonus shares awarded in fiscal year 2021 are described in chapter 4, § 4.2.2.4, B, 4, p. 288 et seq.

Compensation components put to the vote	Amounts paid during fiscal year 2021	Amounts awarded in respect of fiscal year 2021 or accounting valuation	Presentation
Benefits of all kinds	**€35,065**	**€35,065**	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. The Chief Executive Officer may also benefit from an indemnity relating to a non-competition clause. In the event of termination of his position, the Chief Executive Officer will be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of his employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of this clause. In exchange, the Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of his annual fixed compensation, which will be paid in installments during its term. Benefits of all kinds are described in chapter 4, § 4.2.2.4, B, 2, p. 283.
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 COMPONENTS AWARDED IN RESPECT OF OR PAID DURING FISCAL YEAR 2021 TO THE DEPUTY CHIEF EXECUTIVE OFFICER, MS ELIZABETH BLAISE

Compensation components put to the vote	Amounts paid during fiscal year 2021	Amounts awarded in respect of fiscal year 2021 or accounting valuation	Presentation
Fixed compensation	**€265,000**	**€265,000** (including €132,500 for her corporate office and €132,500 in respect of her employment contract)	Since February 13, 2019, Ms Elizabeth Blaise has received half of her compensation as Deputy Chief Executive Officer and half as a Company employee. All details are specified in chapter 4, § 4.2.2.6, p. 295 et seq.
Annual variable compensation	**€106,000 (including €53,000 for her corporate office and €53,000 in respect of her employment contract)**	**€265,994** (including €132,997 for her corporate office and Euro €132,997 in respect of her employment contract)	At the General Meeting of April 22, 2021, the shareholders approved the method for determining the variable compensation due to the Deputy Chief Executive Officer in respect of the 2021 fiscal year (10th resolution). The amount of the variable portion for her directorship, expressed as a percentage, breaks down as follows: • **quantifiable objectives** (80% of the total variable compensation): • for FFO growth: 200% achieved representing €58,300, • for the EBITDA margin: 200% achieved representing €43,725, • for the EPRA and Transparency Awards: 200% achieved representing €29,150, • in respect of the implementation of action plans for the deployment of the new MERY 2030 sustainable development plan, which is 200% complete, representing €29,150, • for the refinancing of the debt, which was carried out at 200%, representing €43,725, • for the disposals of assets during the fiscal year: 200% achieved representing €29,150; • **qualitative objectives** (20% of the total variable compensation): • in respect of the internalization of functions terminated by Mercialys under the Services Agreement by the end of 2021 achieved at 125%, representing €18,219, • in terms of human resources and talent management: promoting diversity in the workforce, developing and diversifying skills, developing the internal training program, developing and diversifying skills, making a positive change in satisfaction achieved at 100% representing €14,575. 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. As with fixed compensation, half of her annual variable compensation is paid for her role as Deputy Chief Executive Officer and half in respect of her employment contract. Full details relating to the variable compensation are presented in chapter 4, § 4.2.2.6, B, 3, p. 300 et seq.
Multi-annual variable compensation	**Not applicable**	**Not applicable**	Ms Elizabeth Blaise does not receive multi-annual variable compensation in cash, but is the beneficiary of bonus share plans, which did not give rise to any vesting in 2021 for her corporate office.
Exceptional compensation	**Not applicable**	**Not applicable**	Ms Elizabeth Blaise did not receive any exceptional compensation paid in 2021 or due for fiscal year 2020, in accordance with the compensation policy as described in chapter 4, § 4.2.2.6, p. 295 et seq.

Compensation components put to the vote	Amounts paid during fiscal year 2021	Amounts awarded in respect of fiscal year 2021 or accounting valuation	Presentation
Stock options, performance shares or any other long-term benefits	**Not applicable**	**27,382 bonus shares valued at €148,137**	Pursuant to the authorization granted by the Extraordinary General Meeting of April 22, 2021 (29th resolution), the Board of Directors' meeting of April 22, 2021, decided to allocate 27,382 shares to Ms Elizabeth Blaise, which may be increased to 35,596 shares if the performance criteria are exceeded. Bonus shares become vested on April 22, 2024 only if the beneficiary (in its capacity as corporate officer) is still present at the Company on the vesting date, and subject to fulfillment of three performance criteria. Details relating to the bonus shares awarded in fiscal year 2021 are described in chapter 4, § 4.2.2.6, B, 4, p. 302 et seq.
Benefits of all kinds	**€32,945**	**€32,945** (including €29,800 for her corporate office and €3,145 for her employment contract)	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. 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 position, the Deputy Chief Executive Officer would be bound by a non-competition and non-solicitation obligation that would apply for a period not to exceed the time of her employment in the Company, up to a maximum of one year, it being specified that the Company may reduce or waive the application of such clause. In exchange, the Deputy Chief Executive Officer would be paid a monthly compensation equivalent to one-twelfth of 50% of her annual fixed compensation which will be paid in installments during its term. Benefits of all kinds are described in chapter 4, § 4.2.2.6, B, 2, p. 299 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.

8.2 Statutory Auditors' reports

8.2.1 Statutory Auditors' report on the capital reduction

General Meeting of April 28, 2022

TWENTY-FIRST RESOLUTION

To the Shareholders,

In our capacity as Statutory Auditors of your company and pursuant to Article L. 22-10-62 of the French Commercial Code in the event of a capital reduction through the cancellation of purchased shares, we have prepared this report to inform you of our assessment of the terms and conditions of the planned capital reduction.

Your Board of Directors proposes that you delegate to it, for a period of twenty-six months from the date of this Meeting, all powers to cancel, up to a maximum of 10% of its share capital, per period of twenty-four months, shares purchased pursuant to the implementation of your company's authorization to purchase its own shares under the provisions of the aforementioned article.

We carried out the procedures which we considered necessary with regard to the professional guidelines issued by the French National Association of Statutory Auditors relating to this type of undertaking. These procedures led us to examine whether the terms and conditions of the planned capital reduction, which are not likely to affect shareholder equality, are lawful.

We have no matters to report on the terms and conditions of the planned capital reduction.

Paris-La Défense and Lyon, on March 15, 2022

The Statutory Auditors

KPMG S.A.

Régis Chemouny

ERNST & YOUNG et Autres

Nicolas Perlier

8.2.2 Statutory Auditors' report on the issue of shares and other securities, with and/or without preferential subscription rights, provided for in resolutions 22 to 25

General Meeting of April 28, 2022

RESOLUTION NO. 22 TO 25

To the Shareholders,

In our capacity as Statutory Auditors of your Company and pursuant to Articles L. 228-92 and L. 225-135 et seq. of the French Commercial Code, we hereby present to you our report on proposals to delegate various issues of shares and/or securities to the Board of Directors, transactions on which you are asked to vote.

Your Board of Directors proposes to you, on the basis of its report:

- that, for a period of 26 months, it should be authorized to decide on the following transactions and to set the final terms and conditions of these issues and proposes, where applicable, to cancel your preferential subscription rights;
  - issue with cancellation of preferential subscription rights by offers made exclusively to qualified investors and/or a restricted circle of investors pursuant to Article L. 411-2 of the French Monetary and Financial Code (22nd resolution) of Company shares or any other securities giving access, by any means, immediately or in the future, to the Company's share capital, through the allocation, at the Company's discretion, of new or existing Company shares, or a combination of the two, or existing shares in another company in which it has a direct or indirect equity interest. The subscription may be made either in cash or by offsetting debt. The securities thus issued and giving entitlement to the allocation of new or existing Company shares or existing shares in another company in which it has a direct or indirect equity interest, may consist of debt securities or be related to the issue of such securities, or allow the issue thereof as intermediate securities. They may, in particular, take the form of subordinated or non-subordinated securities with a fixed or indefinite term, and may be denominated in euros or the equivalent value in another currency or any monetary unit established by reference to multiple currencies;
- delegate to it, by the 23rd resolution, for a period of 26 months from the date of this General Meeting, the authority necessary to issue a greater number of shares or securities than that initially set, in the event of excess demand in the context of capital increases carried out in respect of the 19th and 20th resolutions of the General Meeting of April 22, 2021, and of the 22nd resolution of the General Meeting of April 28, 2022, within the time frame and limits provided for by the regulations applicable on the date of the issue and subject to the ceiling provided for in the resolution pursuant to which the issue is decided and the overall ceiling provided for in the 25th resolution;
- to delegate to it, for a period of 26 months, the authority needed to issue, in the event of a public exchange offer launched by the Company (24th resolution) shares and/or securities giving access, by any means, immediately or in the future, to the Company's share capital in exchange for securities contributed to a mixed or alternative public exchange offer, launched by the Company in France or abroad in the securities of a company whose shares are admitted to one of the regulated markets referred to in Article L. 22-10-54 of the French Commercial Code.

The total nominal amount of capital increases likely to be carried out immediately or in the future may not, in accordance with the 25th resolution, exceed Euro 46.5 million in respect of the 19th, 20th and 26th resolutions of the General Meeting of April 22, 2021 and the 22nd to 24th resolutions of the General Meeting of April 28, 2022, 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 in respect of the 20th and 26th resolutions of the General Meeting of April 22, 2021 and the 22nd to 24th resolutions of the General Meeting of April 28, 2022. The total nominal amount of the debt securities that may be issued may not, in accordance with the 25th resolution, exceed Euro 200 million or its equivalent in foreign currencies or in any unit of account established by reference to several currencies for the 19th, 20th and 26th resolutions of the General Meeting of April 22, 2021 and the 22nd to 24th resolutions of the General Meeting of April 28, 2022.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113 et seq. of the French Commercial Code. It is our responsibility to give our opinion on the fairness of the figures taken from the financial statements, on the proposed cancellation of the preferential subscription rights and on certain other information concerning these transactions, given in this report.

We carried out the procedures which we considered necessary with regard to the professional guidelines issued by the French National Association of Statutory Auditors relating to this type of undertaking. These procedures consisted of verifying the content of the Board of Directors' report on these transactions and the methods used to determine the issue price of the capital securities to be issued.

Subject to a subsequent review of the terms and conditions of any issues that may be decided, we have no matters to report on the methods used to determine the issue price of the capital securities to be issued, presented in the Board of Directors' report in respect of the 22nd resolution.

Moreover, since this report does not specify the methods used to determine the issue price of the capital securities to be issued as part of the implementation of the 24th resolution, we cannot give our opinion on the choice of the components used to calculate this issue price.

As the final terms and conditions under which the issues will be carried out have not been set, we do not express an opinion on them nor, consequently, on the proposal to cancel the preferential subscription right granted to you under the 22nd and 24th resolutions.

In accordance with Article R. 225-116 of the French Commercial Code, if necessary, we will prepare an additional report, when these authorizations are used by your Board of Directors in the event of the issue of securities granting access to other capital securities or granting entitlement to the allocation of debt securities, in the event of the issue of securities granting access to capital securities yet to be issued and in the event of the issue of securities without preferential subscription rights.

The Statutory Auditors

Paris-La Défense, March 10, 2022
KPMG S.A.
Régis Chemouny
Partner

Lyon, March 10, 2022
ERNST & YOUNG et Autres
Nicolas Perlier
Partner

8.2.3 Statutory Auditors' report on the capital increase reserved for members of a company savings plan

Annual General Meeting of April 28, 2022

TWENTY-SIXTH RESOLUTION

To the Shareholders,

In our capacity as Statutory Auditors of your company and pursuant to the mission provided for in Articles L. 225-135 et seq. as well as Article L. 22-10-52 of the French Commercial Code, we present to you our report on the proposal to delegate to the Board of Directors the authority to decide on a capital increase through the issue of ordinary shares without preferential subscription rights reserved for employees of your company and of its affiliates in accordance with the conditions set out in Article L. 233-16 of the French Commercial Code, for a maximum amount set at 2% of the share capital, the transaction on which you are asked to vote.

This capital increase is submitted for your approval in accordance with the provisions of Article L. 225-129-6 of the French Commercial Code and Articles L. 3332-18 et seq. of the French Labor Code.

Your Board of Directors proposes, on the basis of its report, that you delegate to it, for a period of twenty-six months, the authority to decide on a capital increase and to cancel your preferential subscription rights to the ordinary shares to be issued. Where applicable, it will be responsible for setting the final issue terms and conditions for this transaction.

The Board of Directors is responsible for preparing a report in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code. It is our responsibility to give our opinion on the fairness of the figures taken from the financial statements, on the proposed cancellation of the preferential subscription rights and on certain other information concerning the issue, given in this report.

We carried out the procedures which we considered necessary in respect of the professional guidelines issued by the French National Association of Statutory Auditors (CNCC) relating to this type of undertaking. These procedures consisted of verifying the content of the Board of Directors' report on this transaction and the methods used to determine the issue price of the shares.

Subject to a subsequent review of the yet to be determined terms and conditions for the capital increase, we have no matters to report on the methods used to determine the issue price of the ordinary shares to be issued, presented in the Board of Directors' report.

As the final terms and conditions under which the capital increase would be carried out have not been set, we do not express an opinion on them and, consequently, on the proposal to waive your preferential subscription right.

In accordance with Article R. 225-116 of the French Commercial Code, if necessary, we will prepare an additional report, when this delegation is used by your Board of Directors.

Paris-La Défense and Lyon, on March 15, 2022

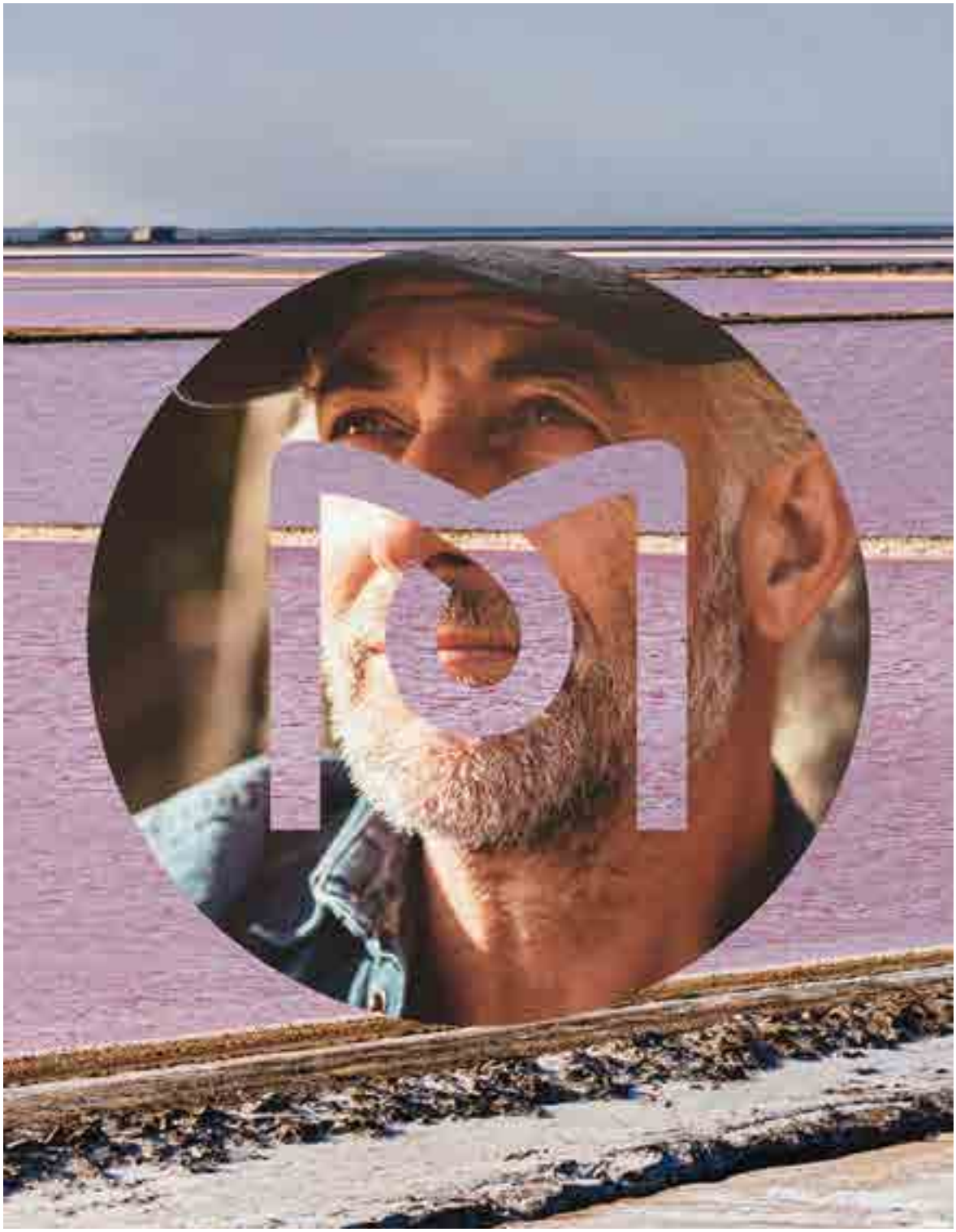
The Statutory Auditors

KPMG S.A.

Régis Chemouny

ERNST & YOUNG et Autres

Nicolas Perlier



50
Shopping centers

813,330 sq.m.
Gross leasable area

>900
Number of retailers

9

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9.1 Information about the Company

9.1.1 History of the Company

Mercialys was incorporated in 1999 under the name of Patounor. It had no business activity until 2005.

In line with its objective of actively managing its real estate portfolio and enhancing the value of its assets, the Casino group took steps to reorganize its portfolio by transferring some of its real estate assets in France to a newly incorporated real estate investment company, a subsidiary of L'Immobilière Groupe Casino, taking the form of a *Société d'Investissement Immobilier Cotée* (SIIC), equivalent to a real estate investment trust (REIT).

Accordingly, in 2005, the Casino group decided to transfer to Mercialys, without retroactive effect, as a partial contribution of assets under the legal regime for demergers (excluding contributions of securities), a set of premises housing large specialty stores and shopping centers at sites where Casino group hypermarkets and supermarkets are located, as well as cafeterias and a few sites with franchise supermarkets or convenience stores leased to third parties.

Associated contracts, in particular related leases, were also transferred. However, the premises housing Casino group hypermarkets and supermarkets (with the exception of four supermarkets), including adjoining parking lots and (almost all) service stations, and the majority of Casino group convenience stores were not transferred. The Casino group remains the owner of such premises. The Casino group intended to retain direct ownership of all hypermarkets, supermarkets, adjoining parking lots and service stations, which make up its core business, as well as its non-retail properties (warehouses and office buildings), and transfer to Mercialys only income-generating shopping centers.

These asset contributions made up 146 of the Company's portfolio of 147 real estate assets, the Company having acquired one small asset before the contributions were made.

In addition, SCI Vendôme Commerces, a subsidiary of AXA, transferred ownership of a shopping center to Mercialys.

These transactions were definitively concluded on October 14, 2005.

On October 12, 2005, Mercialys was listed on the Paris stock exchange through a capital increase by way of a public offering.

On November 24, 2005, the Company opted for the French tax regime applicable to SIICs in order to benefit, as at November 1, 2005, from an exemption from corporate tax on rental revenues and capital gains generated from the disposal of real estate assets or some investments in real estate companies. In order to benefit from this tax exemption, SIICs are required to pay out at least 95% of their tax-exempt rental profits in dividends to their shareholders and at least 70% of their exempt profits from the disposal of real estate assets or some 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.

In 2006, L'Immobilière Groupe Casino sold 10,935,000 Mercialys shares in a block sale to institutional investors, reducing the Casino group stake from 75.29% to 60.30%. SCI Vendôme Commerces consequently increased its stake in the Company and Generali and Cardif Assurances Vie groups acquired stakes in the Company.

As compensation for the contribution by Vindémia – a subsidiary of the Casino group – of four shopping centers located in Reunion Island, in December 2007, Mercialys issued 2,231,041 shares, increasing Casino's stake in the Company to 61.48%.

On May 19, 2009, the Casino group transferred a portfolio of 25 assets to Mercialys as part of the "Alcudia/L'Esprit Voisin" program. This multi-annual program, launched in July 2006, was implemented to renovate, restructure, amalgamate and create value on hundreds of sites operated jointly with the Casino group. The portfolio consisted of four distinct asset types: three shopping centers; seven extensions of shopping centers in advanced development (CDEC and PC obtained), programs delivered "turnkey" to Mercialys by Casino; ten units of hypermarket surfaces (reserve and/or sales) to be transformed into shopping center extensions by Mercialys; five buildings of hypermarkets or supermarkets in complex condominium assets in an urban environment, making it necessary to consolidate properties before major restructuring and implementation of projects. As compensation for these contributions, the Company issued 14,191,700 shares, bringing Casino's stake in its share capital to 66.08% at the time of the contribution.

As part of this asset contribution, shareholders decided at Casino, Guichard-Perrachon's Ordinary General Meeting of May 19, 2009 to pay an additional dividend in kind to all Casino group shareholders in the form of one (1) Mercialys share for every eight (8) Casino shares held. This had the effect of transferring 14,013,439 Mercialys shares to these shareholders and reduced Casino, Guichard Perrachon's stake in the Company to 50.89%.

In 2012, Mercialys embarked on a new strategic plan based on its vision of *foncière commerçante* ("retail-based real estate"), with the aim to stand out even more, stimulate demand and proactively expand its offering. The roll-out of this business strategy was supported by a standardization of Mercialys' financial structure, which involved raising Euro 1 billion in debt, partly *via* a bond issue.

While remaining a key shareholder, Casino reduced its stake in 2012 to 40.17% of the share capital. A new Partnership agreement was submitted to the Board of Directors. The fundamental principle of the agreement, under which Casino develops and manages a pipeline of development projects that are then acquired by Mercialys to drive its growth was maintained on the same financial terms.

To mark the success of its first development phase and the launch of its new strategy, Mercialys wanted to return to shareholders their initial contributions by means of an exceptional dividend payout, approved by the General Meeting of April 13, 2012.

In 2013, Mercialys continued to implement the "L'Esprit Voisin" program with the launch of 12 projects to be delivered in 2013 and 2014. These comprised 120 new stores with a full-year rental value of Euro 8.6 million and newly built or redeveloped GLA of 29,600 sq.m.. In addition, Mercialys continued the asset sell-off program initiated in 2012 with the aim of refocusing the portfolio around the assets that best fit its strategy. Following the number of 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..

Mercialys exceeded its operating and financial objectives in 2014. Its dynamic portfolio of shopping centers outperformed the French market. The focus also returned to growth in 2014, with a record gross investment of Euro 522 million for delivered and ongoing projects and acquisitions. Mercialys' solid performance demonstrates its robust and resilient business model, built on value creation underpinned by both the fundamentals of the retail real estate sector and Mercialys' own strengths.

2015 was a year of changes. Mercialys showed it could strike global deals with international retailers and attract new and innovative retailers. Its success was reflected in reletting, letting of redeveloped large food stores and cafeterias and large-scale projects such as the Toulouse shopping center extension and retail park. The development pipeline also entered a new phase in 2015, when Mercialys acquired ten large food stores for redevelopment, either fully owned or at 51% *via* joint subsidiaries held with BNPP REIM France. Mercialys also continued to develop its innovative local real estate model by establishing a city-center retail segment. In this context, Mercialys acquired five sites for redevelopment from Monoprix for Euro 110.6 million, generating an immediate net yield of 5.9%.

In 2016, Mercialys achieved excellent operational performance. This performance illustrated the leverage from the renovation of existing assets on Mercialys' sites. Besides the reversion, organic growth has been generated by the reletting of cafeterias vacated by the Casino group, by another double-digit increase in Casual Leasing rents, and by shopping center extensions located on reclassified hypermarket surfaces. The extension of the Espaces Fenouillet shopping center in Toulouse, the largest project carried out for Mercialys to date, was also delivered in 2016. Mercialys has proven its ability to let this site successfully. This achievement resulted in a footfall of more than a million visitors in the first two months of opening.

In 2017, the management indicators were once again very promising, with a +6.1% rise in Funds From Operations (FFO), excluding the impact of disposals concluded during the year. Furthermore, Mercialys delivered 12 projects in 2017, generating Euro 5.2 million in additional rental income on an annual basis for an average net yield of 7.4%. Mercialys has also enriched its portfolio of development projects, which represented total potential investments of Euro 825 million at the end of 2017. These projects involve 32 of the 57 shopping centers and high-street retail assets owned by the Company at the end of the year. They represent Euro 50 million in potential additional rental income with a highly accretive average yield rate of 6.7%, making a significant contribution to FFO and NAV growth in the medium and long term.

In 2018, Mercialys continued its excellent trend, outperforming the national shopping center market, despite the social unrest that strongly impacted the suburban shopping centers in the fourth quarter. The year was marked by the inauguration of the flagship extension-renovation project for the Port site on Reunion Island, generating an additional annual rental income of Euro 4.6 million for a yield on cost of 6.2%. 45 new stores were opened on the additional 9,200 sq.m. of space. Mercialys also delivered three large food store transformation projects on the Annecy, Besançon and Brest sites, proving its ability to generate value during surface area renovation operations. Acting according to changing consumer habits, throughout 2018, Mercialys worked to develop five strategic transformation pillars aimed at adapting its centers to new consumer expectations. This reflection on the form and future use of retail assets aims to proactively develop Mercialys' sites, in order to guarantee their attractiveness, local presence, and to ensure their long-term value. Finally, Mercialys also prepared the change to its governance announced in early February 2019, to split the roles of Chairman of the Board of Directors and Chief Executive Officer.

In 2019, Mercialys' assets recorded excellent performance, well above the national average, in terms of footfall and retailer sales. In a context marked by the increasing polarization of retail real estate, Mercialys capitalized on a portfolio that is focused on key areas in dynamic medium-sized cities and refined customer knowledge with tools enabling it to implement offers and events that are tailored to visitors, helping boost their loyalty. In addition, the selection of the right retailers for each catchment area, particularly in terms of price positioning, is still a core part of Mercialys' rental policy as it is crucial for ensuring the attractiveness of its sites and their revenue profile. At the same time, the Loan To Value was kept under control as Mercialys successfully continued its asset rotation policy. Lastly, significant progress was made with projects focused on the core use of assets and the sustainability of their local foothold: inauguration of a first health center (Furiani), delivery of two trial coworking sites (Angers and Grenoble), tests for food delivery from a shopping center's restaurants (Angers) and delivery of interior and exterior fittings to promote customer comfort, with potential for redeployment at many other sites (Toulouse).

In 2020, Mercialys' activity was particularly marked by a context of high uncertainty linked to the Covid-19 pandemic, which led to the closure of businesses considered as "non-essential" twice and for a total of three months. During this complex period, Mercialys was nevertheless able to continue to optimize its balance sheet, in particular by disposing of assets for a net cash-in of approximately Euro 150 million. The Company also continued its investments aimed at developing the multi-use of its assets, on the one hand through the coworking activity and on the other hand *via* the deployment of its Ocitô marketplace enabling the points of sale in the shopping centers of the Company's assets to develop a local e-commerce activity, and even beyond their catchment area, thanks to delivery services (express delivery, shipping) in particular.

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 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 of 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 French-registered *société anonyme* (limited liability company) 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 operations

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 purchase of existing assets from third-party companies.

2. Construction lease

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 buildings which the latter undertakes to construct according to a defined program binding on the lessor.

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 lease

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 shopping centers exist already and no construction is necessary.

Like all leases lasting over 12 years, long-term ground leases must be registered in the land registry.

4. Property finance lease

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 at the latest at the end of the lease. The way they work is that the owner of the real estate asset (the *crédit-bailleur*, or lessor) grants the right to use it 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 takes 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 to use to the owner; or (iii) to commit to a new lease period with the agreement of the lessor.

The property finance lease, like any lease, must be registered in the land registry when it runs for over 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.

The joint-ownership regime, regulated by the Law of July 10, 1965 and the Decree of March 17, 1967, applies to shopping centers where the ownership of hypermarkets or supermarkets, 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.

The shares in common areas, which are attributed based on the rental value of the Company's lot(s), surface area and location, are taken into account when calculating its number of voting rights at joint-ownership meetings and its 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.

Other real estate assets are subject to regulations governing what is known as "division by volume". This concept issues from the practice and necessity of organizing complexes on which public property (roads, railways, metro lines) and various types of private property (offices, apartment buildings, shopping centers) have been built.

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 base for land taxes) and to apportion the relative ownership rights to several precisely determined volumes, with easements, if applicable, benefiting other volumes.

If, in the description of the volume division, no details are given as to the allotment of such elements, they are considered for the common use of all 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 pursuant to the ALUR Law No. 2014-366 of March 24, 2014 on housing and urban redevelopment.

The lifespan of commercial operating permits (*Autorisation d'exploitation commerciale* – AEC) is modified by Decree No. 2016-1728 of December 15, 2016: a lifespan generally lasting three years, it is extended to five years for projects of more than 2,500 sq.m. of sales area, and within seven years for projects larger than 6,000 sq.m.

As a result of this reform, building permits are now valid for three years, rather than two.

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 prefectoral 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, p. 106 et seq.

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.

Details of the resources implemented to prevent environmental risks are provided in chapter 2, § 2.1, p. 86 et seq. and § 2.2, p. 92 et seq. and § 2.4, p. 103 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. Security 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.

Note 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 one person for every 3 sq.m. (in the basement, ground floor and first floor of the selling area), whereas it used to be every 2 to 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 three years for category 1 and 2 establishments, and every five 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 Law No. 2007-297 of March 5, 2007 (Article 16 of the French "Official Journal" of March 7, 2007), stating 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) published in the "Official Journal" on June 19, 2014, and Decree No. 2014-1317 of November 3, 2014, published in the "Official Journal" on November 5, 2014, changed some of the rules concerning commercial leases.

Commercial leases have a minimum term of nine 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.

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.

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 notice issued by the lessor, in the six months preceding the contractual expiry of the lessee, 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, *via* 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 administration or 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 public limited company. Board members are appointed by the Ordinary General Meeting of shareholders.

2. Directorship – 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 previous year and held in the year in which their term of office expires. Directors may be reappointed when their directorship expires.

No one may be appointed as a Board member or permanent representative of a legal entity 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 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 previous 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 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 chapter 4, § 4.1.2, p. 250).

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 directorship 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 chapter 4, § 4.1.2, p. 250, for a description of the limitations 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 15, 2021. 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 rules can be found in § 9.1.5, p. 433 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 and dividends 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 per cent (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. Dividend

When the financial statements for the 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 dividend

The Board of Directors may decide to pay one or more interim dividends, subject to conditions required by law, before the financial statements are approved.

4. Payment of dividend and interim dividend

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 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 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 five 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 Board of Directors' Rules of Procedure

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. The Board of Directors is partly renewed each year.

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 with videoconferencing or telecommunications systems, under the conditions set out hereafter, may represent another director subject to prior authorization from the Board of Directors.

   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 who take part in the session.

   The participation of persons attending the Board meeting by videoconference or telecommunications is certified on the attendance register by the signature of the Chairman of the meeting.

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 French 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.

Email use 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 Board members

1. The Board of Directors may receive total annual compensation determined by shareholders at 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 portion 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.

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 when they exceed a certain amount, 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 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 Chief Executive Officer provides the following information to the Board of Directors at least once every half-year period:

- 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;
- 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;
- a table showing the number of employees of the Company and its main subsidiaries.

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.

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. The Chief Executive Officer exercises these powers within the limits of the corporate purpose and subject to the powers expressly assigned for shareholder meetings and the Board of Directors under the legislation applicable. The Chief Executive Officer represents the Company in its dealings with third parties.

However, the Board of Directors has decided to submit for its prior authorization, as an internal measure, any operation exceeding Euro ten million (10,000,000), and particularly:

- 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 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 limit does not apply for the Group's internal operations, which will 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 when appointing the Deputy Chief Executive Officer.

The Chief Executive Officer may temporarily delegate all or part of his or her powers to the Deputy Chief Executive Officer or to a member of the Management Committee.

In addition, Senior Management, represented by the Chief Executive Officer or the Deputy Chief Executive Officer, may be authorized for a renewable one-year period to carry out, within the limits of the total amounts set each year by the Board of Directors, the following operations requiring the joint approval of the Chief Executive Officer and the Deputy Chief Executive Officer, if a Deputy Chief Executive Officer is in place. If the Deputy Chief Executive Officer is indisposed temporarily or for an extended period, the Chief Executive Officer may act alone to carry out these operations:

- Deposits, sureties and guarantees:

Senior Management is authorized, with an option to subdelegate:

i) for one year from the Board's decision, to grant in the Company's name deposits, sureties and guarantees up to a limit of Euro 10 million and to continue with any deposits, sureties and guarantees granted previously;

ii) for one year from the Board's decision, to grant in the Company's name deposits, sureties and guarantees to guarantee the commitments made by the controlled companies as defined by section II of Article L. 233-16 of the French Commercial Code, without any limits concerning the amounts; and

iii) for one year from the Board's decision, to grant in the Company's name deposits, sureties and guarantees in relation to the tax and customs authorities without any limits concerning the amounts.

- Loans, confirmed credit facilities, all financing agreements and cash advances:

Senior Management is authorized to 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 an annual limit of Euro 100 million.

- Short-term negotiable securities:

Senior Management is authorized, for a one-year period, to negotiate and set up a short-term negotiable securities program for a maximum of Euro 500 million and to negotiate and issue short-term negotiable securities up to a maximum of Euro 500 million.

- Bond issues:

Senior Management is authorized to issue bonds for a maximum total of Euro 300 million per year, and in this regard to determine the characteristics and terms and to carry out any related capital market transactions.

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. Senior Management regularly informs the Board of Directors of the use of such authorizations.

All of these authorizations apply to transactions concerning both the Company itself and the companies that it directly or indirectly controls.

The Chief Executive Officer's directorship is freely determined by the Board of Directors, but may not exceed three years. The Chief Executive Officer may be reappointed. On reaching the age limit of seventy-five (75), the Chief Executive Officer will remain in office until his or her term expires.

If the Chief Executive Officer is temporarily indisposed, the Board of Directors provisionally appoints a Chief Executive Officer whose directorship will end on the date when the Chief Executive Officer is able to perform his or her duties again.

As proposed by the Chief Executive Officer, the Board of Directors may appoint one or more individuals to support the Chief Executive Officer, serving as Deputy Chief Executive Officers.

The maximum number of Deputy Chief Executive Officers is set at five.

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. In relation to third parties, the Deputy Chief Executive Officers have the same powers as the Chief Executive Officer.

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 one million (1,000,000) and Euro ten million (10,000,000) will be able to be carried out by the Deputy Chief Executive Officer exclusively with the Chief Executive Officer's approval.

Any transaction or commitment exceeding Euro ten million (10,000,000) will be subject to prior authorization by the Board of Directors in accordance with the stipulations of Article 8 above.

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.

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.

The minutes of each committee meeting will be drawn up, except where otherwise provided, under the authority of the committee Chairman and sent to the committee members. They are also made available to all Board members once they have been approved by the committee. The committee Chairman will report to the Board of Directors on his/her 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 on August 22, 2005, the Board of Directors instituted an Audit Committee, called the Audit, Risks and Sustainable Development Committee since October 24, 2017, an Appointments and Compensation Committee, called the Appointments, Compensation and Governance Committee since January 20, 2021, and an Investment Committee, called the Strategy and Transformation Committee since January 20, 2021.

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 Audit, Risks and Sustainable Development Committee may consult any person of its choice from the Group's functional Departments, including outside the presence of Senior Management. The Audit, Risks and Sustainable Development Committee may, in the performance of its missions, call on any outside advisor or expert it deems useful.

The Audit, Risks and Sustainable Development 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 Audit, Risks and Sustainable Development Committee's missions and remit

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 Audit, Risks and Sustainable Development Committee reviews the full-year and half-year financial statements of the Company and 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 Audit, Risks and Sustainable Development 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.

The Audit, Risks and Sustainable Development Committee ensures that the Statutory Auditors, with whom it has regular contact, comply with the independence conditions defined by the corresponding legislation. As such, it examines all their dealings with the Group and issues an opinion on the fees they request.

The Audit, Risks and Sustainable Development Committee approves services other than account certification that may be provided by the Statutory Auditors or members of their network in accordance with the relevant legislation. It defines the procedure for approval under the conditions set by the relevant authorities, when applicable.

It monitors the Statutory Auditors' performance of their mission.

The Audit, Risks and Sustainable Development Committee reports to the Board of Directors on the results of the mission to certify the accounts, the way this mission has contributed to the integrity of the financial information, and its role 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 relation to the procedures for 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.

The Audit, Risks and Sustainable Development Committee periodically reviews the internal control procedures and, in general, the audit, accounting and management procedures in force in the Company and the Group, liaising with the Chief Executive Officer, Internal Audit Departments and the Statutory Auditors. The Audit, Risks and Sustainable Development Committee acts as the liaison body between the Board of Directors, the Group's Statutory Auditors and the Internal Audit Departments.

The Audit, Risks and Sustainable Development Committee is also responsible for examining any transaction, fact or event that may 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.

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 With regard to sustainable development

The Audit, Risks and Sustainable Development Committee reviews the directions 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 the objectives set beforehand. It also oversees the gradual implementation and ramping up of this policy, and assesses the Group's contribution to sustainable development.

Article 11 Appointments, Compensation and Governance Committee

11.1 Members – Organization

The Appointments, Compensation and Governance Committee has a minimum of three members, with a majority of independent directors. The Appointments, Compensation and Governance Committee must not must 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.

Liaising with the Chief Executive Officer, the Appointments, Compensation and Governance Committee is able to count on the cooperation of the Group's Human Resources Department and Administration and Financial Department, 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 Appointments, Compensation and Governance 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.

11.2 Appointments, Compensation and Governance Committee's missions and remit

11.2.1 Missions relating to compensation

The Committee's mission is to:

- 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 for the Chief Executive Officer and, if applicable, the Deputy Chief Executive Officer(s), and, proposing, if applicable, the qualitative and quantifiable criteria for determining the variable component of this compensation;
- 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 Committee's missions include:

- periodically reviewing the structure, size and composition of the Board of Directors;
- reviewing the candidates for positions as directors in relation to their business experience and expertise, as well as the extent to which they are representative in terms of economic, social and cultural aspects;
- 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;
- obtaining disclosure of all useful information relating to the conditions for recruitment, compensation and status of the Group's senior executives;
- 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.

Article 12 Strategy and Transformation Committee

12.1 Members – Organization

The committee is made up of six members, including four independent members, and the Chairman of the Board of 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. Its opinions are adopted based on a simple majority of the committee members.

The Chief Executive Officer is invited to attend all of the Strategy and Transformation Committee's meetings.

Liaising with the Chief Executive Officer, the Strategy and Transformation Committee is able to count on the cooperation of the functional and operational Departments of the Company and its subsidiaries concerned.

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 Strategy and Transformation Committee's missions and remit

The Strategy and Transformation Committee's mission is to:

- prepare and provide clarifications for work concerning the Board of Directors' decisions relating to the strategies of the Company and more generally the Group, including: areas for development, opportunities for external growth or divestments, significant partnership agreements and operations on the Company's capital;
- assist the Board of Directors with its decisions relating to authorizations granted previously to Senior Management;
- monitor changes in the Group's competitive environment;
- more generally, assist the Board of Directors, which may refer any matters relating to the strategy and development of the Company and the Group to the Strategy and Transformation Committee.

The Strategy and Transformation Committee's remit covers the following:

- reviewing the investment strategy and ensuring that acquisitions and disposals are consistent with this strategy; in this respect, the Committee is regularly informed of any investment and divestment projects carried out;
- reviewing and issuing an opinion on the annual investment budget.

The Strategy and Transformation Committee is responsible for the implementation and monitoring of any Group development plan that may be drawn up by the Board of Directors. In this respect, it will regularly report to the Board of Directors on progress made with such plans.

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 concern them. In accordance with Article 20 of the AFEP-MEDEF Code (revised in January 2020), they must refrain from taking part in discussions and votes concerning deliberations on the subjects concerned.

Each director must consult the Chairman of the Board before engaging in any activity or accepting any position or obligation that might place him or her in a position of conflict of interest, even if this is merely potential. The Chairman may refer such matters to the Appointments, Compensation and Governance Committee and/or the Board of Directors.

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.

Once a year, the Board of Directors organizes a discussion on how it operates. The Board of Directors also conducts a regular appraisal of its own operations, entrusted by the Chairman of the Board of Directors to the Appointments, Compensation and Governance Committee.

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.

Article 20 Share holdings – Transactions involving Company securities

Each director, whether an individual, legal entity or permanent representative, undertakes to hold the number of shares set out in the Company's articles of association as a minimum. 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 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 15, 2021.

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 chapter 7, § 7.2, p. 372 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. 428 et seq.

The powers of the Board of Directors are described in chapter 4, § 4.1.2, A, p. 250 et § 4.1.3, p. 253 et seq., and in chapter 9, § 9.1.5, II, p. 433. As regards share issues and share buybacks, the powers delegated to the Board of Directors are indicated in chapter 7, § 7.2.2, p. 373. Agreements signed by the Company that are amended or can potentially be terminated in the event of a change of ownership of the Company are mentioned in chapter 6, § 6.2, p. 344 et seq.

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 ownership. Such a change of ownership will be considered to be effective in each of the following cases:

- in the event that the share of capital and voting rights held by Casino, Guichard-Perrachon, and/or its subsidiaries as well as any entity directly or indirectly controlling Casino, in the Company falls below 10%; or
- in the event that a third party, which may include Casino, Guichard-Perrachon, 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; or
- in the event that a third party, which may include, Casino, Guichard-Perrachon and/or its subsidiaries as well as any entity directly or indirectly controlling Casino, acting alone or in concert, might hold more than 50% of the Company's share capital and/or voting rights.

Furthermore, the contract for issuing the Euro 550 million in bonds arranged on December 2, 2014, and the Euro 200 million tap issue on the existing bond on November 27, 2015, that reaches maturity on March 31, 2023, the contract for issuing the bonds arranged in connection with the Euro 150 million private placement on November 3, 2017 that reaches maturity on November 3, 2027, the contract for issuing the Euro 300 million in bonds arranged on February 27, 2018 that reaches maturity on February 27, 2026, and the contract for issuing the Euro 300 million in bonds arranged on July 7, 2020 provide for an early

redemption option, which can be exercised by investors in the event of a downgrade in Mercialys's long-term senior debt rating, but only if this downgrade is attributable to a change in the Company's control. A change in ownership shall be deemed effective if a third party (*i.e.* any person other than Casino, Guichard-Perrachon and 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 in the event of (i) a withdrawal of the rating by a rating agency, (ii) a downgrade in the rating to non-investment grade (*i.e.* a downgrade of at least two notches on the current BBB rating), or, (iii) if the rating is already in the non-investment grade category, a downgrade of at least one notch.

9.2.2 Research and development, patents and licenses

Mercialys's 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 concerns problems relating to roads on a site on Reunion Island. Nevertheless, the risk seems insignificant, given that the amount to which the dispute relates makes up less than 2% of recurring earnings for 2021.

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 Permanent Statutory Auditors

Ernst & Young et Autres

12, place des Saisons

92400 Courbevoie Paris-La Défense 1

Signatory partner: Nicolas Perlier (since fiscal year 2016)

Date of first appointment: August 19, 1999 (articles of incorporation)

Renewal: General Meeting of April 20, 2016

Date of expiry of term of office: at the end of the Ordinary General Meeting to be held on April 28, 2022 to approve the financial statements for the fiscal year ended December 31, 2021

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 20, 2016

Date of expiry of the term of office: at the end of the Ordinary General Meeting to be held on April 28, 2022 to approve the financial statements for the fiscal year ended December 31, 2021

9.3.1.2 Alternate Statutory Auditors

Auditex

Alternate Statutory Auditor for Ernst & Young et Autres

12, place des Saisons

92400 Courbevoie Paris-La Défense 1

Date of first appointment: May 6, 2010

Renewal: General Meeting of April 20, 2016

Date of expiry of the term of office: at the end of the Ordinary General Meeting to be held on April 28, 2022 to approve the financial statements for the fiscal year ended December 31, 2021

Salustro Reydel

Alternate Statutory Auditor for KPMG SA

Tour Eqho

2, avenue Gambetta

CS 60055

92066 Paris-La Défense Cedex

Date of first appointment: April 20, 2016

Date of expiry of the term of office: at the end of the Ordinary General Meeting to be held on April 28, 2022 to approve the financial statements for the fiscal year ended December 31, 2021

9.3.1.3 Fees for the Statutory Auditors and members of their networks covered by the Group

Years covered [1] : December 31, 2021 and December 31, 2020

	Ernst & Young				KPMG SA			
	Amount (ex. tax)		%		Amount (ex. tax)		%	
	2021	2020	2021	2020	2021	2020	2021	2020
Recurring audit reviews								
Independent audits, certification, review of individual and consolidated financial statements [2]								
• Mercialys SA (parent company)	167,500	161,500	63%	59%	167,500	161,500	86%	79%
• Fully consolidated subsidiaries	63,700	59,700	24%	22%	28,300	26,300	14%	13%
• Sustainability Performance Statements review	33,500	33,500	13%	12%		-		-
Non-recurring reviews								
• Mercialys SA – Interim dividend		5,000		2%		5,000		2%
• Subsidiaries – Interim dividend		1,500		1%		-		
• Mercialys – Various transactions [3]		12,500		5%		12,500		6%
TOTAL	**231,200**	**273,700**	**100%**	**100%**	**195,800**	**205,300**	**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) For 2020, corresponds to the fees related to the issuance of a comfort letter as part of a Euro 300 million bond issue, and for 2019, for fees relating to the application of IFRS 16.

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.

To the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all subsidiaries included in the scope of consolidation. I also declare that the management report (see cross-reference table on page 447) gives an accurate account of the development of the business, results and financial position of the Company and all subsidiaries included in the scope of consolidation, and describes the main risks and uncertainties to which they are exposed."

In accordance with Article 19 of Directive 2003/71/CE, the following information is included by reference in this Universal Registration Document:

- in respect of the fiscal year ended on December 31, 2020:

The management report, the consolidated financial statements, the Company's annual financial statements and the related Statutory Auditors' reports, included in the Universal Registration Document for the fiscal year 2020 filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*) on March 17, 2021, under the filing number D. 21-0140, respectively on pages 462, 138 to 196, 201 to 233, 197 to 200 and 227 to 231;

- in respect of the fiscal year ended on December 31, 2019:

The management report, the consolidated financial statements, the Company's annual financial statements and the related Statutory Auditors' reports, included in the Universal Registration Document for the fiscal year 2019 filed with the French Financial Markets Authority on March 23, 2020, under the filing number D. 20-0160, respectively on pages 389, 118 to 171, 176 to 199, 172 to 175 and 200 to 203;

The information included in these two Universal Registration Documents, other than the information included above, is either replaced or updated by the information present in this Universal Registration Document. Both Universal Registration Documents are available for viewing at the Company's head office and on its website www.Mercialys.com.

Paris, on March 15, 2022

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:

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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 AMF General Regulations:

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9.4.3 Management report of the Board of Directors

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:

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	Chapters / paragraphs	Pages
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9.5 Subject index and glossary

9.5.1 Subject index

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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.

Asbestos Technical report (DTA)

The asbestos technical report (*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).

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).

Built-up area

The total built-up area occupied by buildings or parts of buildings in a shopping center.

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.

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.

CNCC *(Conseil National des Centres Commerciaux)*

The CNCC, the National Shopping Centers Council, is the French professional organization that brings together all professionals in the shopping center industry (developers, managers, investors, brands, retailers, consultants and service providers) (www.cncc.com).

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 five years but may be unlocked in exceptional circumstances.

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.

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.

EBITDA

Earnings before interest, taxes, depreciation and amortization. The equivalent term in French accounting is *excédent brut d'exploitation*.

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 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 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 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.

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.

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.

Financial rating

Rating agencies (Standard & Poor's in Mercialys's 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.

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.

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 "CO_2 equivalent", because the greenhouse effect attributed to CO_2 is defined as 1 and the effects of other substances are expressed relative to that of CO_2.

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.

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.

ICC (Construction Cost Index)

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 archaeological heritage sites.

ILC (Retail Rent Index)

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).

Interest Coverage Ratio (ICR)

Ratio indicating the rate of cover of financial expenses: relationship between EBITDA and net cost of financial debt.

Invoiced rents

Rents invoiced by Mercialys to its tenants, excluding lease rights and despecialization indemnities.

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.

LFS (Large Food Store)

This is a food store whose gross leasable area is in excess of 750 sq.m..

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.

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..

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.

Net rental income

Rental revenues, net of expenses on buildings and rental charges and property taxes not rebillable to tenants.

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 revenues including tax. note that the consolidated occupancy cost ratio reported by Mercialys does not include large food stores.

Pension Savings Plan

A 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.

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.

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.

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.

Rental revenues

Rents invoiced by Mercialys to its tenants, including lease rights and despecialization indemnities.

Retail Parks

Term used to denote an open-air shopping center with a parking lot shared by all outlets.

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.

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 the CNCC, a shopping center must have at least 20 stores or services, with a gross leasable area (GLA) of at least 5,000 sq.m..

SIIC (Real Estate Investment Company)

The tax regime of SIICs (listed real estate investment companies) 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), SIICs are exempt from corporate tax.

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.).

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.

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.

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.

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.

Notes:

Notes:

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MERCIALYS

16-18, rue du Quatre-Septembre - 75002 Paris

E-mail: contact@mercialys.com

www.mercialys.com